

NMHG HOLDING CO
Form 10-K/A
May 12, 2006

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-K/A

Amendment No. 2

ANNUAL REPORT PURSUANT TO SECTIONS 13(a) OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2005

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No 333-89248

NMHG HOLDING CO.

(Exact name of registrant as specified in its charter)

Delaware
**(State or Other Jurisdiction of
Incorporation or Organization)**

31-1637659
**(I.R.S. Employer
Identification No.)**

650 NE Holladay Street, Suite 1600
Portland, Oregon
(Address of Principal Executive Offices)

97232
(Zip Code)

Registrant's telephone number, including area code: (503) 721-6000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
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None	None
Securities registered pursuant to Section 12(g) of the Act:	
None	

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES **NO**

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

YES **NO**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES **NO**

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements

incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2 of the Act)

YES NO

Aggregate market value of the outstanding common equity held by nonaffiliates of the registrant as of June 30, 2005 (the last business day of the registrant's most recently completed second fiscal quarter): None.

As of February 28, 2006, the registrant had 100 shares of common stock outstanding, all of which was held by an affiliate of the registrant.

DOCUMENTS INCORPORATED BY REFERENCE

None

The registrant meets the conditions set forth in General Instruction I 1(a) and (b) of Form 10-K and is therefore filing this Form 10-K/A with the reduced disclosure format.

EXPLANATORY NOTE

This Amendment No. 2 to the annual report on Form 10-K for the fiscal year ended December 31, 2005 is being filed to include in Part IV, Item 15, the financial statements with respect to Sumitomo-NACCO Materials Handling Company, Ltd. filed as Exhibit 99.2, which were omitted from the annual report on Form 10-K for the year ended December 31, 2005 filed on March 1, 2006. In accordance with Rule 12b-15 under the Securities and Exchange Act of 1934, as amended, the text of the amended item is set forth in its entirety in this Amendment No. 2.

This Amendment No. 2 does not update any other disclosures to reflect developments since the original date of filing the Form 10-K for the year ended December 31, 2005.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) (1) and (2) The response to Item 15(a)(1) and (2) is set forth beginning at page F-1 of this Annual Report on Form 10-K.

(a) (3) Listing of Exhibits See the exhibit index beginning at page X-1 of this Annual Report on Form 10-K.

(b) The response to Item 15(b) is set forth beginning at page X-1 of this Annual Report on Form 10-K.

(c) Financial Statement Schedules and Separate Financial Statements The response to Item 15(c) is set forth beginning at page F-50 as well as Exhibits 99.1 and 99.2 of this Amendment No. 2 to the Annual Report on Form 10-K. Exhibits 99.1 and 99.2 present the separate financial statements and notes thereto for NMHG Financial Services, Inc. and Sumitomo-NACCO Materials Handling Company, Ltd., respectively, as required in accordance with Rule 3-09 of Regulation S-X. All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NMHG Holding Co.

By: /s/ Michael K. Smith

Michael K. Smith
Vice President, Finance and
Information Systems, and Chief
Financial Officer
(principal financial and accounting
officer)

May 12, 2006

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Reginald R. Eklund	President and Chief Executive Officer (principal executive officer), Director	May 12, 2006
Reginald R. Eklund		
/s/ Michael K. Smith	Vice President, Finance and Information Systems, and Chief Financial Officer (principal financial and accounting officer)	May 12, 2006
Michael K. Smith		
* Owsley Brown II	Director	May 12, 2006
Owsley Brown II		
* Eiichi Fujita	Director	May 12, 2006
Eiichi Fujita		
* Robert M. Gates	Director	May 12, 2006
Robert M. Gates		
* Leon J. Hendrix, Jr.	Director	May 12, 2006
Leon J. Hendrix, Jr.		
* Dennis W. LaBarre	Director	May 12, 2006
Dennis W. LaBarre		
* Richard de J. Osborne	Director	May 12, 2006
Richard de J. Osborne		
* Alfred M. Rankin, Jr.	Director	May 12, 2006
Alfred M. Rankin, Jr.		
* Claiborne R. Rankin	Director	May 12, 2006
Claiborne R. Rankin		
* Ian M. Ross	Director	May 12, 2006
Ian M. Ross		
* Michael E. Shannon	Director	May 12, 2006

Michael E. Shannon

* Britton T. Taplin Director May 12, 2006

Britton T. Taplin

* David F. Taplin Director May 12, 2006

David F. Taplin

* Frank F. Taplin Director May 12, 2006

Frank F. Taplin

* John F. Turben Director May 12, 2006

John F. Turben

* Eugene Wong Director May 12, 2006

Eugene Wong

* Michael K. Smith, by signing his name hereto, does hereby sign this Amendment No. 2 to the Annual Report on Form 10-K on behalf of each of the above named and designated directors of the Company pursuant to a Power of Attorney executed by such persons and filed with the Securities and Exchange Commission.

/s/ Michael K. Smith

May 12, 2006

Michael K. Smith,
Attorney-in-Fact

SUPPLEMENTAL INFORMATION TO BE FURNISHED WITH REPORTS FILED PURSUANT TO SECTION 15(d) OF THE ACT BY REGISTRANTS WHICH HAVE NOT REGISTERED SECURITIES PURSUANT TO SECTION 12 OF THE ACT

The registrant has not sent any annual report covering the registrant's last fiscal year or proxy material with respect to any annual or other meeting of security holders.

**ANNUAL REPORT ON FORM 10-K
ITEM 8, ITEM 15(a)(1) AND (2), AND ITEM 15(c)
FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE
FINANCIAL STATEMENTS
FINANCIAL STATEMENT SCHEDULE
YEAR ENDED DECEMBER 31, 2005
NMHG HOLDING CO.
PORTLAND, OREGON**

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FORM 10-K
ITEM 15(a)(1) AND (2)
NMHG HOLDING CO. AND SUBSIDIARIES
LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

The following consolidated financial statements of NMHG Holding Co. and Subsidiaries are incorporated by reference in Item 8:

Report of Ernst & Young LLP, Independent Registered Public Accounting Firm For each of the three years in the period ended December 31, 2005

Consolidated Statements of Operations and Comprehensive Income Years ended December 31, 2005, 2004 and 2003

Consolidated Balance Sheets December 31, 2005 and 2004

Consolidated Statements of Cash Flows Years ended December 31, 2005, 2004 and 2003

Consolidated Statements of Stockholder's Equity Years ended December 31, 2005, 2004 and 2003

Notes to Consolidated Financial Statements

NMHG Holding Co. Report of Management

The following consolidated financial statement schedule of NMHG Holding Co. and Subsidiaries and separate financial statements are included in Item 15(c):

Schedule II Valuation and Qualifying Accounts

Separate Financial Statements of Significant Subsidiaries not consolidated and fifty percent or less owned persons

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

REPORT OF ERNST & YOUNG LLP, INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of NMHG Holding Co.

We have audited the accompanying consolidated balance sheets of NMHG Holding Co. (a wholly owned subsidiary of NACCO Industries, Inc.) and Subsidiaries (collectively the Company) as of December 31, 2005 and 2004, and the related consolidated statements of operations and comprehensive income, stockholder's equity and cash flows for each of the three years in the period ended December 31, 2005. Our audits also included the financial statement schedule listed in Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of NMHG Holding Co. and Subsidiaries at December 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2005, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 2, the consolidated financial statements for the year ended December 31, 2004 have been restated.

/s/ Ernst & Young LLP

Cleveland, Ohio

February 24, 2006

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NMHG HOLDING CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	2005	2004 (a) (In millions)	2003
Revenues	\$ 2,399.9	\$ 2,056.9	\$ 1,779.6
Cost of sales	2,055.1	1,748.8	1,467.3
Gross Profit	344.8	308.1	312.3
Operating Expenses			
Selling, general and administrative expenses	289.2	272.2	256.2
NACCO management fee	9.3	9.0	8.1
Reversals of restructuring charges	(1.2)	(1.4)	(0.8)
	297.3	279.8	263.5
Operating Profit	47.5	28.3	48.8
Other income (expense)			
Interest expense	(34.9)	(33.7)	(35.1)
Loss on interest rate swap agreements		(0.2)	(1.5)
Income from unconsolidated affiliates	7.3	5.7	3.6
U.S. Customs award		6.7	
Other net	2.6	0.3	1.8
	(25.0)	(21.2)	(31.2)
Income Before Income Taxes and Minority Interest	22.5	7.1	17.6
Income tax provision (benefit)	4.5	(3.2)	1.8
Income Before Minority Interest	18.0	10.3	15.8
Minority interest income	0.1	0.4	0.6
Net Income	18.1	10.7	16.4
Other comprehensive income (loss)			
Foreign currency translation adjustment	(28.7)	20.6	35.8
Reclassification of hedging activity into earnings, net of \$0.7 tax expense in 2005; (\$1.1) tax benefit in 2004 and \$0.3 tax expense in 2003.	1.1	(1.7)	0.5
Current period cash flow hedging activity, net of (\$2.5) tax benefit in 2005; \$1.1 tax expense in 2004; and \$0.8 tax expense in 2003.	(3.9)	1.7	1.3
Minimum pension liability adjustment, net of (\$1.0) tax benefit in 2005; (\$5.6) tax benefit in 2004 and (\$0.4) tax benefit in 2003	(0.8)	(8.7)	(6.5)
	(32.3)	11.9	31.1

Comprehensive Income	\$ (14.2)	\$ 22.6	\$ 47.5
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See Notes to Consolidated Financial Statements.

(a) As restated. See Note 2.

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**NMHG HOLDING CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

	December 31	
	2005	2004 (a)
	(In millions, except share data)	
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 121.2	\$ 97.4
Accounts receivable, net of allowances of \$8.7 in 2005 and \$6.0 in 2004	273.5	254.6
Tax advances, parent company	2.6	7.9
Inventories	333.1	319.6
Deferred income taxes	25.8	15.6
Prepaid expenses and other	25.8	23.2
Total Current Assets	782.0	718.3
Property, Plant and Equipment, Net	225.9	238.1
Goodwill	350.5	353.3
Other Non-current Assets	97.3	95.2
Total Assets	\$ 1,455.7	\$ 1,404.9
LIABILITIES AND STOCKHOLDER S EQUITY		
Current Liabilities		
Accounts payable	\$ 300.9	\$ 303.9
Accounts payable, affiliate	20.9	25.2
Revolving credit agreements	23.9	9.2
Current maturities of long-term debt	11.5	11.8
Note payable, parent company	39.0	
Accrued payroll	29.1	28.2
Accrued warranty obligations	27.7	28.3
Other current liabilities	131.7	117.9
Total Current Liabilities	584.7	524.5
Long-term Debt	267.1	269.5
Self-insurance Liabilities	55.2	46.8
Other Non-current Liabilities	121.1	117.2
Minority Interest		0.1
Stockholder s Equity		
Common stock, par value \$1 per share, 100 shares authorized; 100 shares outstanding		
Capital in excess of par value	202.6	202.6
Retained earnings	257.0	243.9
Accumulated other comprehensive income (loss):		
Foreign currency translation adjustment	17.4	46.1

Minimum pension liability adjustment	(47.9)	(47.1)
Deferred gain (loss) on cash flow hedging	(1.5)	1.3
	427.6	446.8
Total Liabilities and Stockholder s Equity	\$ 1,455.7	\$ 1,404.9

See Notes to Consolidated Financial Statements.

(a) As restated. See Note 2.

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NMHG HOLDING CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31		
	2005	2004 (a)	2003
	(In millions)		
Operating Activities			
Net income	\$ 18.1	\$ 10.7	\$ 16.4
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	41.1	41.9	44.1
Deferred income taxes	(8.7)	(2.1)	6.2
Reversals of restructuring charges	(1.2)	(1.4)	(0.8)
Minority interest income	(0.1)	(0.4)	(0.6)
Gain on sale of assets	(1.1)	(0.2)	
Other	(0.1)	8.9	10.1
Working capital changes:			
Affiliate receivable/ payable	11.3	17.0	(6.5)
Accounts receivable	(39.0)	(14.1)	(31.9)
Inventories	(31.6)	(71.5)	(5.3)
Other current assets	(0.6)	(0.1)	(0.5)
Accounts payable and other liabilities	23.8	91.3	18.9
Net cash provided by operating activities	11.9	80.0	50.1
Investing Activities			
Expenditures for property, plant and equipment	(43.6)	(33.4)	(27.6)
Proceeds from the sale of assets	9.8	13.4	16.5
Proceeds from the sale of businesses	3.9		
Capital grants	0.9	2.1	
Other-net	(1.1)	0.6	
Net cash used for investing activities	(30.1)	(17.3)	(11.1)
Financing Activities			
Additions to long-term debt and revolving credit agreements	31.1	36.7	25.4
Reductions of long-term debt and revolving credit agreements	(21.5)	(57.2)	(54.4)
Cash dividends paid	(5.0)	(5.0)	(5.0)
Notes receivable/payable, parent company	39.0		
Financing fees paid	(0.5)	(0.8)	(0.1)
Net cash provided by (used) for financing activities	43.1	(26.3)	(34.1)
Effect of exchange rate changes on cash	(1.1)	(0.3)	1.5

Cash and Cash Equivalents

Increase for the period	23.8	36.1	6.4
Balance at the beginning of the period	97.4	61.3	54.9
Balance at the end of the period	\$ 121.2	\$ 97.4	\$ 61.3

See Notes to Consolidated Financial Statements.

(a) As restated. See Note 2.

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NMHG HOLDING CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDER S EQUITY

	Year Ended December 31		
	2005	2004 (a)	2003
	(In millions)		
	\$	\$	\$
Common Stock			
Capital in Excess of Par Value			
Beginning balance	202.6	198.2	198.2
Capital contribution from parent company		4.4	
	202.6	202.6	198.2
Retained Earnings			
Beginning balance	243.9	238.2	226.8
Net income	18.1	10.7	16.4
Cash dividends	(5.0)	(5.0)	(5.0)
	257.0	243.9	238.2
Accumulated Other Comprehensive Income (Loss)			
Beginning balance	0.3	(11.6)	(42.7)
Foreign currency translation adjustment	(28.7)	20.6	35.8
Minimum pension liability adjustment	(0.8)	(8.7)	(6.5)
Current period cash flow hedging activity	(3.9)	1.7	1.3
Reclassification of hedging activity into earnings	1.1	(1.7)	0.5
Total Stockholder s Equity	(32.0)	0.3	(11.6)
	\$ 427.6	\$ 446.8	\$ 424.8

See Notes to Consolidated Financial Statements.

(a) As restated. See Note 2.

NMHG HOLDING CO. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular Amounts in Millions, Except Percentage Data)

NOTE 1 Principles of Consolidation and Nature of Operations

The Consolidated Financial Statements include the accounts of NMHG Holding Co. (NMHG Holding, the parent company), a Delaware corporation, and subsidiaries (NMHG or the Company). NMHG Holding is a wholly owned subsidiary of NACCO Industries, Inc. (NACCO).

NMHG designs, engineers, manufactures, sells, services and leases a comprehensive line of lift trucks and aftermarket parts marketed globally under the Hyster and Yale brand names. The Company manages its operations as two reportable segments: wholesale manufacturing (NMHG Wholesale) and retail distribution (NMHG Retail). NMHG Wholesale includes the manufacture and sale of lift trucks and related service parts, primarily to independent and wholly owned Hyster and Yale retail dealerships. Lift trucks and component parts are manufactured in the United States, Northern Ireland, Scotland, The Netherlands, China, Italy, Japan, Mexico, the Philippines and Brazil. NMHG Retail includes the sale, leasing and service of Hyster and Yale lift trucks and related service parts by wholly owned retail dealerships and rental companies. The sale of service parts represents approximately 13%, 15% and 15% of total NMHG revenues as reported for 2005, 2004 and 2003, respectively.

The Consolidated Financial Statements include the accounts of NMHG's wholly owned domestic and international manufacturing and retail subsidiaries. Also included is Shanghai Hyster Forklift Ltd., a 70% owned joint venture in China. All significant intercompany accounts and transactions among the consolidated companies are eliminated in consolidation.

Investments in Sumitomo-NACCO Materials Handling Company, Ltd. (SN), a 50% owned joint venture, and NMHG Financial Services, Inc. (NFS), a 20% owned joint venture, are accounted for by the equity method. SN operates manufacturing facilities in Japan and the Philippines from which the Company purchases certain components and internal combustion engines and lift trucks. Sumitomo Heavy Industries, Inc. owns the remaining 50% interest in SN. Each shareholder of SN is entitled to appoint directors representing 50% of the vote of SN's board of directors. All matters related to policies and programs of operation, manufacturing and sales activities require mutual agreement between the Company and Sumitomo Heavy Industries, Inc. prior to a vote of SN's board of directors. NFS is a joint venture with GE Capital Corporation (GECC), formed primarily for the purpose of providing financial services to independent and wholly owned Hyster and Yale lift truck dealers and National Account customers in the United States. National Account customers are large customers with centralized purchasing and geographically dispersed operations in multiple dealer territories. The Company's percentage share of the net income or loss from its equity investments is reported on the line Income from unconsolidated affiliates in the Other income (expense) portion of the Consolidated Statements of Operations and Comprehensive Income.

NMHG HOLDING CO. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular Amounts in Millions, Except Percentage Data)

NOTE 2 Significant Accounting Policies

Restatement: During 2004, NACCO did not charge the NACCO management fees to the Company during portions of the year. Subsequently, it was determined that the 2004 financial results should include the management fees that were not charged as an equity contribution to the Company. The impact of reflecting this change in the Company's 2004 statement of operations and balance sheet are reflected in the tables below.

	As Previously Reported	Adjustment for NACCO Fee	As Restated
Revenues	\$ 2,056.9		\$ 2,056.9
Cost of sales	1,748.8		1,748.8
Gross Profit	308.1		308.1
Operating Expenses			
Selling, general and administrative expenses	272.2		272.2
NACCO management fee	2.3	6.7	9.0
Reversals of restructuring charges	(1.4)		(1.4)
	273.1	6.7	279.8
Operating Profit	35.0	(6.7)	28.3
Other income (expense)			
Interest expense	(33.7)		(33.7)
Loss on interest rate swap agreements	(0.2)		(0.2)
Income from unconsolidated affiliates	5.7		5.7
U.S. Customs award	6.7		6.7
Other net	0.3		0.3
	(21.2)		(21.2)
Income Before Income Taxes and Minority Interest	13.8	(6.7)	7.1
Income tax provision (benefit)	(0.9)	(2.3)	(3.2)
Income Before Minority Interest	14.7	(4.4)	10.3
Minority interest income	0.4		0.4
Net Income	\$ 15.1	\$ (4.4)	\$ 10.7

NMHG HOLDING CO. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Tabular Amounts in Millions, Except Percentage Data)

	As Previously Reported	Adjustment for NACCO Fee	As Restated
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 97.4	\$	\$ 97.4
Accounts receivable, net of allowances	254.6		254.6
Tax advances, parent company	7.9		7.9
Inventories	319.6		319.6
Deferred income taxes	15.6		15.6
Prepaid expenses and other	23.2		23.2
Total Current Assets	718.3		718.3
Property, Plant and Equipment, Net	238.1		238.1
Goodwill	353.3		353.3
Other Non-current Assets	95.2		95.2
Total Assets	\$ 1,404.9	\$	\$ 1,404.9
LIABILITIES AND STOCKHOLDER S EQUITY			
Current Liabilities			
Accounts payable	\$ 303.9	\$	\$ 303.9
Accounts payable, affiliate	25.2		25.2
Revolving credit agreements	9.2		9.2
Current maturities of long-term debt	11.8		11.8
Accrued payroll	28.2		28.2
Accrued warranty obligations	28.3		28.3
Other current liabilities	117.9		117.9
Total Current Liabilities	524.5		524.5
Long-term Debt	269.5		269.5
Self-insurance Liabilities	46.8		46.8
Other Non-current Liabilities	117.2		117.2

Minority Interest	0.1		0.1
Stockholder s Equity			
Common stock, par value \$1 per share, 100 shares authorized; 100 shares outstanding			
Capital in excess of par value	198.2	4.4	202.6
Retained earnings	248.3	(4.4)	243.9
Accumulated other comprehensive income (loss):			
Foreign currency translation adjustment	46.1		46.1
Minimum pension liability adjustment	(47.1)		(47.1)
Deferred gain on cash flow hedging	1.3		1.3
	446.8		446.8
Total Liabilities and Stockholder s Equity	\$ 1,404.9	\$	\$ 1,404.9

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NMHG HOLDING CO. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular Amounts in Millions, Except Percentage Data)

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and judgments. These estimates and judgments affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities (if any) at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: Cash and cash equivalents include cash in banks and highly liquid investments with original maturities of three months or less.

Accounts Receivable, Net of Allowances: Allowances are maintained against accounts receivable for doubtful accounts. Allowances for doubtful accounts are maintained for estimated losses resulting from the inability of customers to make required payments. These allowances are based on both recent trends of certain customers estimated to be a greater credit risk as well as general trends of the entire customer pool. Accounts are written off against the allowance when it becomes evident that collection will not occur. See also the Company's revenue recognition policy regarding allowances for product returns and product discounts.

Inventories: Inventories are stated at the lower of cost or market. Cost is determined under the last-in, first-out (LIFO) method for manufactured inventories in the United States and for certain retail inventories. The first-in, first-out (FIFO) method is used with respect to all other inventories. Reserves are maintained for estimated obsolescence or excess inventory equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. Upon a subsequent sale or disposal of the impaired inventory, the corresponding reserve for impaired value is relieved to ensure that the cost basis of the inventory reflects any write-downs.

Property, Plant and Equipment, Net: Property, plant and equipment are recorded at cost. Depreciation and amortization are provided in amounts sufficient to amortize the cost of the assets, including assets recorded under capital leases, over their estimated useful lives using the straight-line method. Buildings are depreciated using a 40-year life, improvements to land and buildings are depreciated over 20 and 15 years, respectively, and equipment is depreciated over estimated useful lives ranging from three to 12 years. Capital grants received for the acquisition of equipment are recorded as reductions of the related equipment cost and reduce future depreciation expense. Repairs and maintenance costs are generally expensed when incurred.

Long-Lived Assets: The Company periodically evaluates long-lived assets for impairment when changes in circumstances or the occurrence of certain events indicate the carrying amount of an asset may not be recoverable. Upon identification of indicators of impairment, the Company evaluates the carrying value of the asset by comparing the estimated future undiscounted cash flows generated from the use of the asset and its eventual disposition with the asset's net carrying value. If the carrying value of an asset is considered impaired, an impairment charge is recorded for the amount that the carrying value of the long-lived asset exceeds its fair value.

Goodwill: Goodwill represents the excess purchase price paid over the fair value of the net assets acquired. The Company evaluates the carrying value of goodwill for impairment annually as of May 1st and between annual evaluations if changes in circumstances or the occurrence of certain events indicate potential impairment. When evaluating whether goodwill is impaired, the Company compares the fair value of the reporting unit to which the goodwill is assigned to the reporting unit's carrying amount. Impairment exists when the carrying amount of goodwill exceeds its fair value. The Company estimates the fair value of the reporting unit using a model developed by the Company which incorporates estimates of future cash flows, allocations of certain assets and cash flows among reporting units, future growth rates and management judgment regarding the applicable discount rates to discount those estimated cash flows. The results of the testing indicated goodwill was not impaired.

Self-insurance Liabilities: The Company is generally self-insured for product liability, environmental liability, and medical and workers' compensation claims. An estimated provision for claims reported and for claims incurred but not yet reported under the self-insurance programs is recorded and revised periodically based on industry trends, historical experience and management judgment. In addition, industry trends are considered within management's judgment for

valuing claims. Changes in assumptions for such matters as legal

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judgments and settlements, legal defense costs, inflation rates, medical costs and actual experience could cause estimates to change in the near term. For product liability, catastrophic coverage is retained for potentially significant individual claims.

Revenue Recognition: Revenues are generally recognized when title transfers and risk of loss passes as customer orders are completed and shipped. For National Account customers, revenue is recognized upon customer acceptance. Products generally are not sold with the right of return. However, based on the Company's historical experience, a portion of aftermarket parts sold is estimated to be returned due to reasons such as product failure, which, subject to certain terms and conditions, the Company will agree to accept. The Company records estimated reductions to revenues at the time of the sale based upon this historical experience and the limited right of return provided to the Company's dealers.

The Company also records estimated reductions to revenues for customer programs and incentive offerings, including special pricing agreements, price competition, promotions and other volume-based incentives. Truck sales revenue is recorded net of projected discounts. The estimated discount amount is based upon historical trends for each truck model. In addition to standard discounts, dealers can also request additional discounts that allow them to offer price concessions to customers. From time to time, NMHG offers special incentives to increase retail share or dealer stock and offers certain customers volume rebates if a specified cumulative level of purchases is obtained. Additionally, the Company provides for the estimated cost of product warranties at the time revenues are recognized.

NMHG sells some lift trucks with multiple deliverables, including future product maintenance. Under these arrangements, the revenue related to the undelivered portion is determined based on vendor specific objective evidence and deferred until it can be properly recognized under company policy in accordance with the Emerging Issues Task Force (EITF) Release No. 00-21, Accounting for Revenue Arrangements with Multiple Deliverables. Maintenance revenues are recognized in proportion to expected maintenance expenses.

Advertising Costs: Advertising costs are expensed as incurred. Total advertising expense was \$13.4 million, \$12.3 million, and \$9.3 million in 2005, 2004 and 2003, respectively.

Product Development Costs: Expenses associated with the development of new products and changes to existing products are charged to expense as incurred. These costs amounted to \$50.0 million, \$50.8 million, and \$51.0 million in 2005, 2004 and 2003, respectively.

Foreign Currency: Assets and liabilities of foreign operations are translated into U.S. dollars at the fiscal year-end exchange rate. The related translation adjustments are recorded as a separate component of stockholder's equity, except for the Company's Mexican operations. The U.S. dollar is considered the functional currency for the Company's Mexican operations and, therefore, the effect of translating assets and liabilities from the Mexican peso to the U.S. dollar is recorded in results of operations. Revenues and expenses of all foreign operations are translated using average monthly exchange rates prevailing during the year.

Financial Instruments and Derivative Financial Instruments: Financial instruments held by the Company include cash and cash equivalents, accounts receivable, accounts payable, revolving credit agreements, long-term debt and forward foreign currency exchange contracts. The Company does not hold or issue financial instruments or derivative financial instruments for trading purposes.

The Company uses forward foreign currency exchange contracts to partially reduce risks related to transactions denominated in foreign currencies. These contracts hedge firm commitments and forecasted transactions relating to cash flows associated with sales, purchases and intercompany notes denominated in currencies other than the subsidiaries' functional currencies. Changes in the fair value of forward foreign currency exchange contracts that are effective as hedges are recorded in accumulated other comprehensive income (OCI). Deferred gains or losses are reclassified from OCI to the Consolidated Statement of Operations and Comprehensive Income in the same period as the gains or losses from the underlying transactions are recorded and are generally recognized in cost of sales.

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Prior to refinancing its outstanding debt in May 2002, the Company used interest rate swap agreements to partially reduce risks related to floating rate financing agreements which were subject to changes in the market rate of interest. Terms of the interest rate swap agreements required the Company to receive a variable interest rate and pay a fixed interest rate. The Company's interest rate swap agreements and its variable rate financings were predominately based upon the three-month LIBOR (London Interbank Offered Rate). Changes in the fair value of interest rate swap agreements that were effective as hedges were recorded in OCI. Deferred gains or losses were reclassified from OCI to the Consolidated Statement of Operations and Comprehensive Income in the same period as the gains or losses from the underlying transactions were recorded and were recognized in interest expense. Prior to the cessation of hedge accounting resulting from refinancing, the balance in OCI for NMHG's interest rate swap agreements that qualified for hedge accounting was a loss of \$4.2 million. This balance was amortized into the statement of operations over the original remaining lives of the terminated interest rate swap agreements in accordance with the provisions in Statement of Financial Accounting Standards (SFAS) No. 133, Accounting for Derivative Instruments and Hedging Activities.

Interest rate swap agreements and forward foreign currency exchange contracts held by the Company which qualified as hedges have been designated as hedges of forecasted cash flows. The Company does not currently hold any nonderivative instruments designated as hedges or any derivatives designated as fair value hedges as defined in SFAS No. 133.

Cash flows from hedging activities are reported in the Consolidated Statements of Cash Flows in the same classification as the hedged item, generally as a component of cash flows from operations.

Recently Issued Accounting Standards

Accounting Standards adopted in 2005:

SFAS No. 153: In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 153, Exchanges of Nonmonetary Assets An Amendment of APB Opinion No. 29. SFAS No. 153 amends APB Opinion No. 29, Accounting for Nonmonetary Transactions. The amendments made by SFAS No. 153 are based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. Further, the amendments eliminate the narrow exception for nonmonetary exchanges of similar productive assets and replace it with a broader exception for exchanges of nonmonetary assets that do not have commercial substance. Previously, APB No. 29 required that the accounting for an exchange of a productive asset for a similar productive asset or an equivalent interest in the same or similar productive asset should be based on the recorded amount of the asset relinquished. The provisions in SFAS No. 153 are effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The adoption of SFAS No. 153 did not have a material impact on the Company's financial position or results of operations.

EITF No. 05-6: In June 2005, the EITF reached a consensus on EITF No. 05-6, Determining the Amortization Period for Leasehold Improvements. EITF No. 05-6 requires that leasehold improvements acquired in a business combination or purchased subsequent to the inception of a lease be amortized over the lesser of the useful life of the assets or a term that includes renewals that are reasonably assured at the date of the business combination or purchase. The guidance is effective for periods beginning after June 29, 2005. The adoption of EITF No. 05-6 did not have a material impact on the Company's financial position or results of operations.

FIN No. 47: In March 2005, the FASB issued Interpretation (FIN) No. 47, Accounting for Conditional Asset Retirement Obligations, an Interpretation of FASB Statement No. 143, which clarifies that the term, conditional asset retirement obligation, as used in FASB Statement No. 143, Accounting for Asset Retirement Obligations, refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. However, the obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and (or) method of settlement. FIN No. 47 requires that the uncertainty about the timing and (or) method of settlement of a conditional asset retirement obligation be factored into the measurement of the liability when sufficient information exists. FIN

No. 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. FIN No. 47 is effective for

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fiscal years ending after December 15, 2005. The adoption of FIN No. 47 did not have a material impact on the Company's financial position or results of operations.

Accounting Standards adopted in 2004:

FSP No. 109-1: In December 2004, the FASB issued FASB Staff Position (FSP) No. 109-1, Application of FASB Statement No. 109, Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004. FSP 109-1 is intended to clarify that the domestic manufacturing deduction should be accounted for as a special deduction (rather than a rate reduction) under SFAS No. 109, Accounting for Income Taxes. A special deduction is recognized under SFAS 109 as it is earned.

FSP No. 109-2: In December 2004, the FASB issued FSP No. 109-2, Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004. FSP 109-2 provides guidance under SFAS No. 109, Accounting for Income Taxes, with respect to recording the potential impact of the repatriation provisions of the American Jobs Creation Act of 2004 (the Jobs Act) on enterprises' income tax expense and deferred tax liability. The Jobs Act was enacted on October 22, 2004. FSP 109-2 states that an enterprise is allowed time beyond the financial reporting period of enactment to evaluate the effect of the Jobs Act on its plan for reinvestment or repatriation of foreign earnings for purposes of applying SFAS No. 109. During 2005, the Company repatriated \$56.0 million subject to the Dividend Exclusion provisions of the Jobs Act and recorded \$2.5 million of tax expense related to this repatriation of foreign earnings.

EITF No. 02-14: In July 2004, the FASB ratified EITF Issue No. 02-14, Whether an Investor Should Apply the Equity Method of Accounting to Investments Other Than Common Stock. EITF No. 02-14 addresses whether the equity method of accounting applies when an investor does not have an investment in voting common stock of an investee but exercises significant influence through other means. EITF No. 02-14 states that an investor should only apply the equity method of accounting when it has investments in either common stock or in-substance common stock of a corporation, provided that the investor has the ability to exercise significant influence over the operating and financial policies of the investee. The accounting provisions of EITF No. 02-14 were effective for reporting periods beginning after September 15, 2004. The adoption of EITF No. 02-14 did not have a material impact on the Company's financial position or results of operations.

FSP Nos. FAS 106-1 and FAS 106-2: In January 2004, the FASB issued FSP No. FAS 106-1 and in May 2004 issued FSP No. FAS 106-2 both titled Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (FSP 106-1 and FSP 106-2). FSP 106-1 allows companies to make a one-time election to defer the accounting for the effects of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Medicare Act) that was signed into law on December 8, 2003. The Medicare Act establishes a prescription drug benefit, as well as a federal subsidy to sponsors of retiree health care benefits that are at least actuarially equivalent to Medicare's prescription drug coverage.

SFAS No. 106, Employers' Accounting for Postretirement Benefits Other than Pensions, requires presently enacted changes in relevant laws to be considered in current period measurements of the accumulated postretirement benefit obligation and the net postretirement benefit costs. FSP 106-2 supersedes FSP 106-1 and provides guidance on the accounting for the effects of the Medicare Act for employers that sponsor postretirement health care plans which provide prescription drug benefits. FSP 106-2 requires those employers to provide certain disclosures regarding the effect of the federal subsidy provided by the Medicare Act. Under the guidance of FSP 106-1, the Company elected to defer accounting for the effects of the Medicare Act. This deferral remains in effect until the appropriate effective date of FSP 106-2. For entities that elected deferral and for which the impact was significant, FSP 106-2 was effective for the first interim or annual period beginning after June 15, 2004. Entities for which FSP 106-2 did not have a significant impact were permitted to delay recognition of the effects of the Medicare Act until the next regularly scheduled measurement date following the issuance of FSP 106-2. The Company adopted FSP 106-2 at its September 30, 2004 measurement date. The adoption of FSP 106-2 and the effect of the Medicare Act did not have a significant impact on the Company's financial position or results of operations.

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Revised SFAS No. 132: In December 2003, the FASB issued SFAS No. 132 (Revised) (Revised SFAS No. 132), Employer's Disclosure about Pensions and Other Postretirement Benefits. Revised SFAS No. 132 retains disclosure requirements in the original SFAS No. 132 and requires additional disclosures relating to assets, obligations, cash flows and net periodic benefit cost. For pension and post-retirement plans, Revised SFAS No. 132 was effective for fiscal years ending after December 15, 2003, except that certain disclosures were effective for fiscal years ending after June 15, 2004. Interim period disclosures were effective for interim periods beginning after December 15, 2003. The Company has made the required disclosures in these financial statements.

Accounting Standards adopted in 2003:

SFAS No. 143: On January 1, 2003, the Company adopted SFAS No. 143, Accounting for Asset Retirement Obligations. SFAS No. 143 provides accounting requirements for retirement obligations associated with tangible long-lived assets, including: (i) the timing of liability recognition; (ii) initial measurement of the liability; (iii) allocation of asset retirement cost to expense; (iv) subsequent measurement of the liability; and (v) financial statement disclosures. SFAS No. 143 requires that an asset's retirement cost should be capitalized as part of the cost of the related long-lived asset and subsequently allocated to expense using a systematic and rational method. The adoption of SFAS No. 143 did not have a material impact on the Company's financial position or results of operations.

SFAS No. 146: On January 1, 2003, the Company adopted SFAS No. 146, Accounting for Exit or Disposal Activities. SFAS No. 146 supersedes EITF No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). SFAS No. 146 requires that liabilities for one-time termination benefits that will be incurred over future service periods should be measured at fair value as of the termination date and recognized over the future service period. This Statement also requires that liabilities associated with disposal activities be recorded when incurred. These liabilities should be adjusted for subsequent changes resulting from revisions to either the timing or amount of estimated cash flows, discounted at the original credit-adjusted risk-free rate. Interest on the liability would be accreted and charged to expense as an operating item. SFAS No. 146 may effect the periods in which costs are recognized for workforce reductions or facility closures, although the ultimate amount of costs recognized will be the same as previous accounting guidance.

SFAS No. 149: On April 30, 2003, the FASB issued SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities. SFAS No. 149 amends and clarifies accounting for derivatives and hedging based on decisions made: (a) previously as part of the Derivative Implementation Group process, (b) in connection with other FASB projects and (c) regarding other issues raised, including the characteristics of a derivative that contains a financing component. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003. The adoption of SFAS No. 149 did not have a material impact on the Company's financial position or its results of operations.

SFAS No. 150: On May 15, 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. SFAS No. 150 provides guidance on how an entity classifies and measures certain financial instruments with characteristics of both liabilities and equity. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. SFAS No. 150 requires the recognition of a cumulative effect of a change in accounting transition adjustment for financial instruments existing at the adoption date. On October 29, 2003, the FASB deferred indefinitely the application of the requirements of SFAS No. 150 as they apply to noncontrolling interests of a limited-life subsidiary. The adoption of the remaining provisions of SFAS No. 150 did not have a material impact on the Company's financial position or its results of operations.

EITF No. 00-21: On July 1, 2003, the Company prospectively adopted EITF No. 00-21, Accounting for Revenue Arrangements with Multiple Deliverables. EITF No. 00-21 addresses when and how an arrangement involving multiple deliverables should be divided into separate units of accounting, as well as how the arrangement consideration should be measured and allocated to the separate units of accounting in the arrangement. The adoption of this standard did not have a material impact on the Company's financial position or its results of operations.

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Accounting Standards Not Yet Adopted:

SFAS No. 151: In December 2004, the FASB issued SFAS No. 151, Inventory Costs. SFAS No. 151 requires abnormal amounts of inventory costs related to idle facility, freight handling and wasted material expenses to be recognized as current period charges. Additionally, SFAS No. 151 requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The standard is effective for fiscal years beginning after June 15, 2005. The Company does not expect the adoption of SFAS No. 151 to have a material impact on the Company's financial position or results of operations.

SFAS No. 154: In May 2005, the FASB issued SFAS No. 154, Accounting Changes and Error Corrections. SFAS No. 154 replaces Accounting Principles Board (APB) Opinion No. 20, Accounting Changes and SFAS No. 3, Reporting Accounting Changes in Interim Financial Statements. SFAS No. 154 requires retrospective application to prior periods' financial statements of a voluntary change in accounting principle unless it is impracticable. APB No. 20 previously required that most voluntary changes in accounting principle be recognized by including the cumulative effect of changing to the new accounting principle in net income in the period of the change. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company does not expect the adoption of SFAS No. 154 to have a material impact on the Company's financial position or results of operations.

SFAS No. 155: In February 2006, the FASB issued SFAS No. 155, Accounting for Certain Hybrid Financial Instruments, an amendment of FASB Statements No. 133 and 140. SFAS No. 155 resolves issues addressed in SFAS No. 133 Implementation Issue No. D1, Application of Statement 133 to Beneficial Interests in Securitized Financial Assets, and permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation; clarifies which interest-only strips and principal-only strips are not subject to the requirements of SFAS No. 133; establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation; clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives; and amends SFAS No. 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS No. 155 is effective for all financial instruments acquired or issued after the beginning of the first fiscal year that begins after September 15, 2006. The Company is currently evaluating the effect the adoption of SFAS No. 155 will have on its financial position or results of operations.

Reclassifications: Certain amounts in the prior periods' Consolidated Financial Statements have been reclassified to conform to the current period's presentation. The financial statements for 2004 have been restated to reflect the correction of an error.

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NOTE 3 Restructuring and Other Transactions

Restructuring Charges

The changes to the Company's restructuring accruals are as follows:

	Severance	Lease Impairment	Other	Total
NMHG Wholesale				
Balance at January 1, 2003	\$ 9.3	\$	\$ 0.9	\$ 10.2
Foreign currency effect	0.3			0.3
Reversal	(0.3)			(0.3)
Payments	(2.6)		(0.3)	(2.9)
Balance at December 31, 2003	6.7		0.6	7.3
Foreign currency effect	0.4			0.4
Reversal	(1.1)			(1.1)
Payments	(1.8)		(0.5)	(2.3)
Balance at December 31, 2004	4.2		0.1	4.3
Foreign currency effect	(0.4)			(0.4)
Reversal	(1.2)			(1.2)
Payments	(0.8)		(0.1)	(0.9)
Balance at December 31, 2005	\$ 1.8	\$	\$	\$ 1.8
NMHG Retail				
Balance at January 1, 2003	\$ 1.5	\$ 0.1	\$	\$ 1.6
Provision (reversal), net	(0.7)	0.2		(0.5)
Payments	(0.4)	(0.1)		(0.5)
Balance at December 31, 2003	0.4	0.2		0.6
Reversal	(0.3)			(0.3)
Payments	(0.1)			(0.1)
Balance at December 31, 2004		0.2		0.2
Payments		(0.2)		(0.2)
Balance at December 31, 2005	\$	\$	\$	\$

2002 Restructuring Program

As announced in December 2002, NMHG Wholesale has phased out its Lenoir, North Carolina lift truck component facility and restructured other manufacturing and administrative operations, primarily its Irvine, Scotland lift truck assembly and component facility. As such, NMHG Wholesale recognized a restructuring charge of approximately \$12.5 million during 2002. Of this amount, \$3.8 million related to a non-cash asset impairment charge for a building, machinery and tooling, which was determined based on current market values for similar assets and broker quotes compared with the net book value of these assets, and \$8.7 million related to severance and other employee benefits to

be paid to approximately 615 manufacturing and administrative employees. Severance payments of \$0.8 million, \$1.8 million and \$1.4 million were made to approximately 51, 122 and 169 employees during 2005, 2004 and 2003, respectively. Payments are expected to continue through 2006. In addition, \$1.2 million, \$1.1 million and \$0.3 million of the amount accrued at December 31, 2002 were reversed in 2005, 2004 and 2003, respectively, as a result of a reduction in the estimate of employees eligible to receive severance payments as well as a reduction in the average amount to be paid to each employee. Included in the table above under "Other" is \$0.9 million accrued for post-employment medical benefits, of which \$0.1 million, \$0.5 million and \$0.3 million were paid out during 2005, 2004 and 2003, respectively. Approximately \$3.5 million, \$6.6 million and \$9.3 million of restructuring related costs, which were primarily related to

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manufacturing inefficiencies and were not eligible for accrual as of December 31, 2002, were expensed in 2005, 2004 and 2003, respectively, and are not shown in the table above. Of the \$3.5 million additional costs incurred in 2005, \$3.3 million is classified as Cost of sales and \$0.2 million is classified as Selling, general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Income for the year ended December 31, 2005. Of the \$6.6 million additional costs incurred in 2004, \$5.9 million is classified as Cost of sales and \$0.7 million is classified as Selling, general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Income for the year ended December 31, 2004. Of the \$9.3 million additional costs incurred during 2003, \$9.0 million is classified as Cost of sales and \$0.3 million is classified as Selling, general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Income for the year ended December 31, 2003.

2001 Restructuring Programs

During 2001, management committed to the restructuring of certain operations in Europe for both the NMHG Wholesale and NMHG Retail segments of the business. As such, NMHG Wholesale recognized a restructuring charge of approximately \$4.5 million for severance and other employee benefits to be paid to approximately 285 direct and indirect factory labor and administrative personnel in Europe. Payments of \$1.2 million to 17 employees were made in 2003. No further payments are expected.

NMHG Retail recognized a restructuring charge of approximately \$4.7 million in 2001, of which \$0.4 million related to lease termination costs and \$4.3 million related to severance and other employee benefits to be paid to approximately 140 service technicians, salesmen and administrative personnel at wholly owned dealers in Europe. Severance payments of \$0.1 million to one employee and \$0.4 million to seven employees were made during 2004 and 2003, respectively. In addition, \$0.3 million and \$0.7 million of the amount accrued during 2001 was reversed during 2004 and 2003, respectively, as a result of a reduction in the estimate of the total number of employees to receive severance as well as a reduction in the average amount to be paid to each employee. No additional severance payments are anticipated under this program. In addition, the lease impairment accrual was increased by \$0.2 million during 2003 as a result of additional lease expense. Lease payments of \$0.1 million were made in 2003. Final lease payments of \$0.2 million were made during 2005.

Other Transactions

NMHG recognized income of \$6.7 million in 2004 from U.S. Customs anti-dumping settlements related to certain internal-combustion industrial lift trucks imported from Japan. The settlement is included in Other income (expense) in the Company's Consolidated Statements of Operations and Comprehensive Income for the year ended December 31, 2004. The Company does not expect to receive any additional material awards from U.S. Customs related to the anti-dumping action.

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NOTE 4 Inventories

Inventories are summarized as follows:

	December 31	
	2005	2004
Manufactured inventories:		
Finished goods and service parts	\$ 157.9	\$ 146.0
Raw materials and work in process	184.5	174.2
Total manufactured inventories	342.4	320.2
Retail inventories	30.2	29.9
Total inventories at FIFO	372.6	350.1
LIFO reserve	(39.5)	(30.5)
	\$ 333.1	\$ 319.6

The cost of certain manufactured and retail inventories, including service parts, has been determined using the LIFO method. At December 31, 2005 and 2004, 65% and 62%, respectively, of total inventories were determined using the LIFO method.

NOTE 5 Property, Plant and Equipment, Net

Property, plant and equipment, net includes the following:

	December 31	
	2005	2004
Land and land improvements	\$ 20.6	\$ 21.4
Plant and equipment:		
NMHG Wholesale	457.9	459.1
NMHG Retail	77.4	107.7
	535.3	566.8
Property, plant and equipment, at cost	555.9	588.2
Less allowances for depreciation and amortization	330.0	350.1
	\$ 225.9	\$ 238.1

Total depreciation and amortization expense on property, plant and equipment was \$40.8 million, \$41.6 million and \$43.9 million during 2005, 2004 and 2003, respectively.

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NOTE 6 Intangible Assets

Intangible assets other than goodwill, which are subject to amortization, are as follows:

	December 31	
	2005	2004
Gross carrying amount	\$ 2.3	\$ 2.4
Less: Accumulated amortization	1.2	0.9
 Net Balance	 \$ 1.1	 \$ 1.5

Amortization expense for intangible assets was \$0.3 million, \$0.3 million and \$0.2 million in 2005, 2004 and 2003, respectively. Expected annual amortization expense of other intangible assets is \$0.2 million for each of the five years from 2006 through 2010. The weighted average amortization period for other intangible assets is 12 years. Following is a summary of goodwill by segment at December 31, 2005 and 2004:

	Carrying Amount of Goodwill		
	Wholesale	Retail	Consolidated
Balance at January 1, 2004	\$ 351.3	\$	\$ 351.3
Foreign currency translation	2.4		2.4
Other	(0.4)		(0.4)
 Balance at December 31, 2004	 353.3		 353.3
Foreign currency translation	(3.8)		(3.8)
Other	1.0		1.0
 Balance at December 31, 2005	 \$ 350.5	 \$	 \$ 350.5

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NOTE 7 Current and Long-term Financing

The following table summarizes the Company's available and outstanding borrowings.

	December 31	
	2005	2004
Total outstanding borrowings:		
Revolving credit agreements	\$ 23.9	\$ 9.2
Capital lease obligations and other term loans	30.4	33.5
Note payable, parent company	39.0	
Senior Notes	248.2	247.8
 Total debt outstanding	 \$ 341.5	 \$ 290.5
 Current portion of borrowings outstanding	 \$ 74.4	 \$ 21.0
 Long-term portion of borrowings outstanding	 \$ 267.1	 \$ 269.5
 Total available borrowings, net of limitations, under revolving credit agreements	 \$ 164.4	 \$ 136.1
 Unused revolving credit agreements	 \$ 140.5	 \$ 126.9
 Weighted average stated interest rate on total borrowings	 9.4%	 9.5%
 Annual maturities of total debt, excluding capital leases are as follows:		
2006		\$ 70.9
2007		3.0
2008		3.0
2009		253.0
2010		2.9
Thereafter		\$ 332.8

Interest paid on total debt was \$32.5 million, \$30.7 million and \$31.5 million during 2005, 2004 and 2003, respectively.

NMHG's primary financing is provided by a secured, floating-rate revolving credit facility (the Facility) and \$250.0 million of unsecured 10% Senior Notes that were issued in May 2002.

The Facility was modified during 2005 to, among other things, increase the size of the facility to \$175.0 million from \$135.0 million, reduce the applicable interest rate margins and extend the term until December 2010. The maximum availability is governed by a borrowing base derived from advance rates against the inventory and accounts receivable

of the borrowers, as defined in the Facility. Adjustments to reserves booked against these assets, including inventory reserves, will change the eligible borrowing base and thereby impact the liquidity provided by the Facility. The borrowers include NMHG Holding Co. and certain domestic and foreign subsidiaries of NMHG Holding Co. Borrowings bear interest at a floating rate, which can be either a base rate or LIBOR, as defined, plus an applicable margin. The current applicable margins, effective December 31, 2005, for domestic base rate loans and LIBOR loans were 1.0% and 2.0%, respectively. The revolving credit facility also requires the

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payment of a fee of 0.375% per annum on the unused commitment. The margins and unused commitment fee are subject to quarterly adjustment based on a leverage ratio.

The domestic floating rate of interest applicable to the Facility on December 31, 2005 was 8.0%, including the applicable floating rate margin. The Facility includes a subfacility for foreign borrowers which can be denominated in British pound sterling or euros. Included in the borrowing capacity is a \$20.0 million overdraft facility available to foreign borrowers. At December 31, 2005, there was \$15.0 million outstanding under these foreign subfacilities. The Facility is guaranteed by certain domestic and foreign subsidiaries of NMHG Holding Co. and is secured by substantially all of the assets, other than property, plant and equipment, of the borrowers and guarantors, both domestic and foreign, under the Facility. At December 31, 2005, the borrowing base under the Facility was \$126.3 million, which has been reduced by the commitments or availability under certain foreign credit facilities and an excess availability requirement of \$10.0 million. There were no domestic borrowings outstanding under this facility at December 31, 2005.

The terms of the Facility provide that availability is reduced by the commitments or availability under a foreign credit facility of the borrowers and certain foreign working capital facilities. A foreign credit facility commitment of approximately U.S. \$18.0 million on December 31, 2005, denominated in Australian dollars, reduced the amount of availability under the Facility. In addition, availability under the Facility was reduced by \$5.5 million for a working capital facility in China and by \$15.2 million for other letters of credit. If the commitments or availability under these facilities are increased, availability under the Facility will be reduced. The \$126.3 million of borrowing base capacity under the Facility at December 31, 2005 reflected reductions for these foreign credit facilities.

During 2002, NMHG issued \$250.0 million of 10% Senior Notes, which mature on May 15, 2009. The Senior Notes are senior unsecured obligations of NMHG Holding Co. and are guaranteed by substantially all of NMHG's domestic subsidiaries. NMHG Holding Co. has the option to redeem all or a portion of the Senior Notes on or after May 15, 2006 at the redemption prices set forth in the Indenture governing the Senior Notes. The proceeds from the Senior Notes were reduced by an original issue discount of \$3.1 million resulting in an effective interest rate of 10.1%. Both the Facility and terms of the Senior Notes include restrictive covenants which, among other things, limit the payment of dividends to NACCO to no greater than \$5.0 million annually, subject to additional restrictions and limitations. The Facility also requires NMHG to meet certain financial tests, including, but not limited to, minimum excess availability, maximum capital expenditures, maximum leverage ratio and minimum fixed charge coverage ratio tests. The borrowers must maintain aggregate excess availability under the revolving credit facility of at least \$10.0 million. At December 31, 2005, NMHG was in compliance with all covenants.

NMHG paid financing fees of approximately \$0.5 million, \$0.7 million and \$0.1 million in 2005, 2004 and 2003, respectively. The fees paid in 2005 and 2004 were related to amendments to the Facility. These fees were deferred and are being amortized as interest expense in the Consolidated Statements of Operations and Comprehensive Income over the respective terms of the financing facilities.

NOTE 8 Financial Instruments and Derivative Financial Instruments

Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to the short-term maturities of these instruments. The fair values of revolving credit agreements and long-term debt, excluding capital leases, were determined using current rates offered for similar obligations. At December 31, 2005, the fair value of revolving credit agreements and long-term debt, excluding capital leases, was \$306.5 million compared with the book value of \$292.0 million. At December 31, 2004, the fair value of revolving credit agreements and long-term debt, excluding capital leases, was \$301.1 million compared with the book value of \$275.1 million. Financial instruments that potentially subject the Company to concentration of credit risk consist principally of accounts receivable and derivatives. The large number of customers comprising the Company's customer base and their dispersion across many different industries and geographies mitigates concentration of credit risk on

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accounts receivable. To further reduce credit risk associated with accounts receivable, the Company performs periodic credit evaluations of its customers, but does not generally require advance payments or collateral. The Company enters into derivative contracts with high-quality financial institutions and limits the amount of credit exposure to any one institution.

Derivative Financial Instruments

Foreign Currency Derivatives: NMHG held forward foreign currency exchange contracts with total notional amounts of \$282.1 million and \$276.2 million at December 31, 2005 and 2004, respectively, primarily denominated in British pound sterling, euros, Japanese yen, Australian dollars, Canadian dollars, Mexican pesos and Swedish kroner. The fair value of these contracts was estimated based on quoted market prices and approximated a net liability of \$3.4 million and a net asset of \$3.0 million at December 31, 2005 and 2004, respectively.

For the years ended December 31, 2005 and 2004, there was no ineffectiveness of forward foreign currency exchange contracts. Forward foreign currency exchange contracts are used to hedge transactions expected to occur within the next 12 months. Based on market valuations at December 31, 2005, the amount of net deferred loss included in OCI at December 31, 2005 of \$1.5 million is expected to be reclassified into the Consolidated Statement of Operations and Comprehensive Income over the next 12 months, as those transactions occur.

Interest Rate Derivatives: As a result of the refinancing of NMHG's floating-rate revolving credit facility in 2002, NMHG terminated all of its interest rate swap agreements in 2002. Prior to the refinancing, however, certain of these interest rate swap agreements qualified for hedge accounting treatment in accordance with SFAS No. 133, as amended. As such, the mark-to-market effect of these interest rate swap agreements was previously recognized in OCI.

Prior to the cessation of hedge accounting resulting from the May 9, 2002 refinancing, the balance in OCI for NMHG's interest rate swap agreements that qualified for hedge accounting was a loss of \$4.2 million. This balance was being amortized into the Consolidated Statement of Operations and Comprehensive Income over the original remaining lives of the terminated interest rate swap agreements in accordance with the provisions of SFAS No. 133, as amended. The amount of amortization of OCI included in the Consolidated Statement of Operations and Comprehensive Income on the line *Loss on interest rate swap agreements* was \$0.2 million and \$1.5 million for the years ended December 31, 2004 and 2003, respectively. The entire \$4.2 million loss was fully amortized as of December 31, 2004.

NOTE 9 Leasing Arrangements

The Company leases certain office, manufacturing and warehouse facilities, retail stores and machinery and equipment under noncancellable capital and operating leases that expire at various dates through 2012. NMHG Retail also leases certain lift trucks that are carried in its rental fleet or subleased to customers. Many leases include renewal and/or fair value purchase options.

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Future minimum capital and operating lease payments at December 31, 2005 are:

	Capital Leases	Operating Leases
2006	\$ 4.3	\$ 54.7
2007	2.5	41.7
2008	1.8	28.0
2009	1.2	17.8
2010	0.7	8.6
Subsequent to 2010	2.1	1.6
Total minimum lease payments	12.6	\$ 152.4
Amounts representing interest	2.2	
Present value of net minimum lease payments	10.4	
Current maturities	3.5	
Long-term capital lease obligation	\$ 6.9	

Rental expense for all operating leases was \$58.1 million, \$63.9 million and \$57.4 million for 2005, 2004 and 2003, respectively. The Company also recognized \$73.3 million, \$72.9 million and \$74.2 million for 2005, 2004 and 2003, respectively, in rental income on subleases of equipment under operating leases in which it was the lessee. These subleases were primarily related to lift trucks, in which the Company derives revenues in the ordinary course of business under rental agreements with its customers. The sublease rental income for these lift trucks is included in Revenues and the related rent expense is included in Cost of sales in the Consolidated Statements of Operations and Comprehensive Income for each period. Aggregate future minimum rentals to be received under noncancellable subleases of lift trucks as of December 31, 2005 are \$156.3 million.

Assets recorded under capital leases are included in property, plant and equipment and consist of the following:

	December 31	
	2005	2004
Plant and equipment	\$ 56.0	\$ 81.0
Less: accumulated amortization	40.3	57.5
	\$ 15.7	\$ 23.5

Amortization of plant and equipment under capital leases is included in depreciation expense in each of the years ended December 31, 2005, 2004 and 2003.

Capital lease obligations of \$3.9 million, \$4.7 million and \$3.4 million were incurred in connection with lease agreements to acquire plant and equipment during 2005, 2004 and 2003, respectively. Included in the 2004 obligation is an airplane lease which was previously accounted for as an operating lease and is now being accounted for as a capital lease. The airplane is now included in property, plant, and equipment on the Consolidated Balance Sheet.

NOTE 10 Guarantees and Contingencies

Various legal and regulatory proceedings and claims have been or may be asserted against the Company relating to the conduct of its business, including product liability, environmental and other claims. These proceedings and claims are incidental to the ordinary course of business of the Company. Management believes that it has meritorious defenses and will vigorously defend itself in these actions. Any costs that management estimates will be paid as a result of these claims are accrued when the liability is considered probable and the amount can be reasonably estimated. Although the ultimate disposition of these proceedings is not presently determinable,

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management believes, after consultation with its legal counsel, that the likelihood is remote that material costs will be incurred in excess of accruals already recognized.

Under various financing arrangements for certain customers, including independently owned retail dealerships, NMHG provides guarantees of the residual values of lift trucks, or recourse or repurchase obligations such that NMHG would be obligated in the event of default by the customer. Terms of the third-party financing arrangements for which the Company is providing a guarantee generally range from one to five years. Total guarantees and amounts subject to recourse or repurchase obligations at December 31, 2005 and 2004 were \$216.2 million and \$203.7 million, respectively. Losses anticipated under the terms of the guarantees, recourse or repurchase obligations are not significant and reserves have been provided for such losses in the accompanying Consolidated Financial Statements. Generally, NMHG retains a security interest in the related assets financed such that, in the event that NMHG would become obligated under the terms of the recourse or repurchase obligations, NMHG would take title to the assets financed. The fair value of collateral held at December 31, 2005 was approximately \$235.3 million, based on Company estimates. The Company estimates the fair value of the collateral using information regarding the original sales price, the current age of the equipment and general market conditions that influence the value of both new and used lift trucks. See also Note 15 for a discussion of the amount of these guarantees provided to related parties. NMHG provides a standard warranty on its lift trucks, generally for six to twelve months or 1,000 to 2,000 hours. For the new 1 to 8 ton trucks, NMHG provides an extended powertrain warranty of two years or 2,000 hours as part of the standard warranty. In addition, NMHG sells extended warranty agreements which provide additional warranty up to two to five years or up to 2,400 to 10,000 hours. The specific terms and conditions of those warranties vary depending upon the product sold and the country in which NMHG does business. The Company estimates the costs that may be incurred under its standard warranty programs and records a liability for such costs at the time product revenue is recognized. In addition, revenue received for the sale of extended warranty contracts is deferred and recognized in the same manner as the costs incurred to perform under the warranty contracts, in accordance with FASB Technical Bulletin 90-1, Accounting for Separately Priced Extended Warranty and Product Maintenance Contracts. Factors that affect the Company's warranty liability include the number of units sold, historical and anticipated rates of warranty claims and the cost per claim. NMHG also maintains a quality enhancement program under which it provides for specifically identified field product improvements in its warranty obligation. Accruals under this program are determined based on estimates of the potential number of claims to be processed and the cost of processing those claims. The Company periodically assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary.

Changes in the Company's current and long-term warranty obligations, including deferred revenue on extended warranty contracts, are as follows:

	2005	2004
Balance at the beginning of the year	\$ 40.5	\$ 40.3
Warranties issued	33.2	32.5
Settlements made	(32.7)	(32.7)
Foreign currency effect	(0.7)	0.4
Balance at December 31	\$ 40.3	\$ 40.5

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NOTE 11 Income Taxes

The Company is included in the consolidated federal income tax return filed by NACCO. The Company's tax-sharing agreement with NACCO provides that federal income taxes are computed by the Company on a separate-return basis, except that net operating loss and tax credit carryovers that benefit the consolidated tax return are advanced to the Company and are repaid as utilized on a separate-return basis. To the extent that these carryovers are not used on a separate-return basis, the Company is required, under conditions pursuant to the tax-sharing agreement, to refund to NACCO the balance of carryovers advanced and not used by the Company.

The components of income before income taxes and provision for income taxes for the years ended December 31 are as follows:

	2005	2004 (a)	2003
Income (loss) before income taxes and minority interest			
Domestic	\$ (12.3)	\$ 0.4	\$ 6.3
Foreign	34.8	6.7	11.3
	\$ 22.5	\$ 7.1	\$ 17.6
Income tax provision (benefit)			
Current tax provision (benefit):			
Federal	\$ 5.2	\$ (6.7)	\$ (8.4)
State	0.3	(0.4)	0.6
Foreign	7.4	5.1	3.5
Total current	12.9	(2.0)	(4.3)
Deferred tax provision (benefit):			
Federal	(12.7)	3.2	9.9
State	1.6	(1.1)	(1.3)
Foreign	(2.7)	(4.4)	(3.6)
Total deferred	(13.8)	(2.3)	5.0
Increase in valuation allowance	5.4	1.1	1.1
	\$ 4.5	\$ (3.2)	\$ 1.8

(a) As restated. See Note 2.

The Company made income tax payments of \$18.9 million, \$13.4 million and \$19.3 million during 2005, 2004 and 2003, respectively. During the same period, income tax refunds totaled \$13.7 million, \$25.5 million and \$17.0 million, respectively.

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A reconciliation of the federal statutory and effective income tax for the years ended December 31 is as follows:

	2005	2004 (a)	2003
Income before income taxes and minority interest	\$ 22.5	\$ 7.1	\$ 17.6
Statutory taxes at 35.0%	\$ 7.9	\$ 2.5	\$ 6.2
Valuation allowance	5.4	1.1	1.1
Foreign statutory rate differences	(10.4)	(1.8)	(2.8)
State income taxes	(0.4)	(1.0)	(0.5)
State law changes	1.6		
Tax controversy resolution	(1.2)	(1.3)	
Export benefits	(0.3)	(0.7)	(0.3)
Equity earnings	(0.2)	(2.2)	(1.3)
Repatriation dividend	2.3		
Other-net	(0.2)	0.2	(0.6)
Income tax provision (benefit)	\$ 4.5	\$ (3.2)	\$ 1.8
Effective income tax rate	20.0%	(45.1%)	10.2%

(a) As restated. See Note 2.

The tax benefit from controversy resolution recognized during 2005 and 2004 of \$1.2 million and \$1.3 million, respectively, related to certain tax issues that were provided for in prior years for which the applicable statute of limitations expired or due to settlement of tax audits with various tax jurisdictions. The comparability of the effective income tax rate for 2004 versus 2003 was also affected by the recognition of deferred tax assets for foreign tax credits as a result of the American Jobs Creation Act of 2004 (Jobs Act).

The Company does not provide for deferred taxes on certain unremitted foreign earnings. Management has decided that earnings of foreign subsidiaries have been and will be indefinitely reinvested in foreign operations and, therefore, the recording of deferred tax liabilities for unremitted foreign earnings is not required. As of December 31, 2005, the cumulative unremitted earnings of the Company's foreign subsidiaries are \$197.2 million. It is impracticable to determine the amount of unrecognized deferred taxes with respect to these earnings; however, foreign tax credits would be available to partially reduce U.S. income taxes in the event of a distribution.

The 2005 financial results of the Company reflect the impact of the repatriation provisions included in the Jobs Act. The repatriation subject to the Dividend Exclusion provisions of the Jobs Act during 2005 was \$56.0 million, and the Company recorded tax expense of \$2.5 million related to this repatriation, of which \$2.3 million was federal tax expense and \$0.2 million was state tax expense. The Company expects that it will meet all of the Domestic Reinvestment requirements during 2005 as set forth in the safe harbor rules as outlined in Section 8.03(b) of IRS Notice 2005-10.

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A detailed summary of the total deferred tax assets and liabilities in the Company's Consolidated Balance Sheets resulting from differences in the book and tax basis of assets and liabilities follows:

	December 31	
	2005	2004
Deferred tax assets		
Accrued expenses and reserves	\$ 55.4	\$ 49.5
Accrued pension benefits	17.0	17.3
Tax attribute carryforwards	32.9	29.7
Employee benefits	12.9	11.7
Other	1.6	1.8
 Total deferred tax assets	 119.8	 110.0
Valuation allowance	(18.8)	(15.2)
	 \$ 101.0	 \$ 94.8
 Deferred tax liabilities		
Depreciation and amortization	\$ 24.8	\$ 24.4
Inventories	4.2	8.0
 Total deferred tax liabilities	 29.0	 32.4
 Net deferred tax asset	 \$ 72.0	 \$ 62.4

The Company periodically reviews the need for a valuation allowance against deferred tax assets and recognizes these deferred tax assets to the extent that realization is more likely than not. Based upon a review of earnings history and trends, forecasted earnings and the relevant expiration of carryforwards, the Company believes that the valuation allowances provided are appropriate. At December 31, 2005, the Company had \$94.9 million of gross net operating loss carryforwards which expire, if unused, in years 2006 through 2025 and \$54.0 million which are not subject to expiration. Additionally, at December 31, 2005, the Company had \$23.8 million of capital loss carryforwards, which expire if unused in years 2007 through 2010. The Company also had \$2.8 million of foreign tax credit carryforwards, which expire, if unused, in 2010 through 2015.

The net valuation allowance provided against certain deferred tax assets during 2005 increased by \$3.6 million. The increase in the total valuation allowance included an increase in the valuation allowance provided for certain current and prior year losses identified in the amount of \$5.4 million partly offset by a decrease in the overall U.S. dollar value of valuation allowances previously recorded in foreign currencies of approximately \$1.8 million.

The tax returns of the Company and certain of its subsidiaries are being examined by various taxing authorities. The Company has not been informed of any material assessment for which an accrual has not been previously provided resulting from such examinations and the Company would vigorously contest any material assessment. Management believes that any potential adjustment would not materially affect the Company's financial condition or results of operations.

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NOTE 12 Retirement Benefit Plans

Defined Benefit Plans: The Company participates in the defined benefit pension plans of NACCO for certain employee groups. These plans provide benefits based on years of service and average compensation during certain periods. The Company's policy is to make contributions to fund these plans within the range allowed by applicable regulations. Plan assets consist primarily of publicly traded stocks, investment contracts and government and corporate bonds.

In 1996, pension benefits were frozen for employees covered under NMHG's U. S. plans, except for those NMHG employees participating in collective bargaining agreements. As a result, as of January 1, 2005, in the United States only certain NMHG employees covered under collective bargaining agreements will earn retirement benefits under defined benefit pension plans. Other employees of the Company, including NMHG employees whose pension benefits were frozen, will receive retirement benefits under defined contribution retirement plans.

The Company uses a September 30 measurement date for its defined benefit plans with the exception of its defined benefit plan for employees in The Netherlands. The Netherlands plan uses a December 31 measurement date. The assumptions used in accounting for the defined benefit plans were as follows for the years ended December 31:

	2005	2004	2003
United States Plans			
Weighted average discount rates	5.60%	6.00%	6.00%
Rate of increase in compensation levels	3.75%	3.75%	3.75%
Expected long-term rate of return on assets	9.00%	9.00%	9.00%

Non-U.S. Plans

Weighted average discount rates	4.00% - 5.25%	4.75% - 5.75%	5.50%
Rate of increase in compensation levels	3.00% - 3.50%	3.00% - 3.75%	3.50%
Expected long-term rate of return on assets	4.00% - 9.00%	5.25% - 9.00%	5.50%-9.00%

Set forth below is a detail of the net periodic pension expense for the defined benefit plans for the years ended December 31:

	2005	2004	2003
United States Plans			
Service cost	\$ 0.3	\$ 0.3	\$ 0.3
Interest cost	4.3	4.2	4.2
Expected return on plan assets	(4.3)	(4.3)	(4.4)
Net amortization and deferral	2.3	0.5	0.7
Net periodic pension expense	\$ 2.6	\$ 0.7	\$ 0.8
Non-U.S. Plans			
Service cost	\$ 2.8	\$ 2.7	\$ 2.2
Interest cost	6.2	5.2	4.4
Expected return on plan assets	(6.6)	(6.9)	(6.3)
Amortization of transition asset	0.1	0.1	0.1
Amortization of prior service cost		0.1	0.1
Recognized actuarial (gain) loss	2.7	1.6	0.8

Net periodic pension expense	\$ 5.2	\$ 2.8	\$ 1.3
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The following table sets forth the changes in the benefit obligation and the plan assets during the year and reconciles the funded status of the defined benefit plans with the amounts recognized in the Consolidated Balance Sheets at December 31:

	2005		2004	
	U.S.	Non-U.S.	U.S.	Non-U.S.
	Plans	Plans	Plans	Plans
Change in benefit obligation				
Projected benefit obligation at beginning of year	\$ 73.3	\$ 116.0	\$ 72.5	\$ 94.8
Service cost	0.3	2.8	0.3	2.7
Interest cost	4.3	6.2	4.2	5.2
Employee contributions		(0.2)		0.1
Amendments		(0.3)		(0.8)
Actuarial loss	8.4	8.9	1.1	8.7
Benefits paid	(5.5)	(4.2)	(4.8)	(2.9)
Foreign currency exchange rate changes		(12.8)		8.2
Projected benefit obligation at end of year	\$ 80.8	\$ 116.4	\$ 73.3	\$ 116.0
Accumulated benefit obligation at end of year	\$ 80.7	\$ 112.2	\$ 73.3	\$ 111.8
Change in plan assets				
Fair value of plan assets at beginning of year	\$ 49.6	\$ 75.5	\$ 47.1	\$ 64.2
Actual return on plan assets	5.5	15.5	5.1	5.8
Employer contributions	3.8	3.7	2.2	2.3
Employee contributions		0.8		0.6
Benefits paid	(5.5)	(4.2)	(4.8)	(2.9)
Foreign currency exchange rate changes		(8.8)		5.5
Fair value of plan assets at end of year	\$ 53.4	\$ 82.5	\$ 49.6	\$ 75.5
Net amount recognized				
Obligation in excess of plan assets	\$ (27.4)	\$ (33.9)	\$ (23.7)	\$ (40.5)
Unrecognized prior service cost	0.2	(0.5)	0.4	(0.3)
Unrecognized actuarial loss	34.9	48.7	29.8	58.1
Unrecognized net transition asset		1.2		1.5
Contributions in fourth quarter	0.9	0.9	0.7	0.2
Net amount recognized	\$ 8.6	\$ 16.4	\$ 7.2	\$ 19.0

Amounts recognized in the Consolidated Balance**Sheets consist of:**

Prepaid benefit cost	\$ 8.5	\$ 0.2	\$ 7.9	\$
Accrued benefit liability	(34.8)	(28.8)	(26.9)	(36.1)
Intangible asset	3.3	0.3	0.6	0.7
Accumulated other comprehensive income	19.3	28.6	15.6	31.5
Deferred tax asset	12.3	13.4	10.0	16.3
Foreign currency exchange rate changes		2.7		6.6
Net amount recognized	\$ 8.6	\$ 16.4	\$ 7.2	\$ 19.0

The projected benefit obligation included in the table above represents the actuarial present value of benefits attributable to employee service rendered to date, including the effects of estimated future pay increases. The accumulated benefit obligation also reflects the actuarial present value of benefits attributable to employee service rendered to date, but does not include the effects of estimated future pay increases.

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In order to measure the funded status for financial accounting purposes, the accumulated benefit obligation is compared with the market value of plan assets and amounts accrued for such benefits in the balance sheet. As of December 31, 2005, the accumulated benefit obligation exceeded plan assets primarily due to the decline in the discount rate. As of December 31, 2004, the accumulated benefit obligation exceeded plan assets primarily due to the decrease in the market value of plan assets. As a result, the Company recorded an additional minimum pension liability adjustment in 2005 and 2004.

During 2005, 2004 and 2003, OCI includes \$0.8 million, \$8.7 million and \$6.5 million, respectively, net of taxes, resulting from changes in the minimum pension liability adjustments, which were determined in accordance with SFAS No. 87, Employers Accounting for Pensions. The minimum pension liability adjustment, which is a component of Accumulated other comprehensive income in the Stockholder's Equity section of the Consolidated Balance Sheets, represents the net loss not yet recognized as net periodic pension cost determined by an actuarial calculation of the funded status of the pension plan at the end of each measurement period.

The Company expects to contribute \$4.8 million and \$5.0 million to its U.S. and non-U.S. pension plans, respectively, in 2006.

Pension benefit payments are made from assets of the pension plans. Future pension benefit payments expected to be paid are:

	U.S. Plans	Non-U.S. Plans
2006	\$ 5.9	\$ 4.0
2007	6.1	4.2
2008	6.3	4.4
2009	6.0	4.5
2010	6.0	4.7
Thereafter	29.4	25.7
	\$ 59.7	\$ 47.5

The expected long-term rate of return on plan assets reflects management's expectations of long-term rates of return on funds invested to provide for benefits included in the projected benefit obligations. The Company has established the expected long-term rate of return assumption for plan assets by considering historical rates of return over a period of time that is consistent with the long-term nature of the underlying obligations of these plans. The historical rates of return for each of the asset classes used by the Company to determine its estimated rate of return assumption at its September 30 measurement date were based upon the rates of return earned by investments in the equivalent benchmark market indices for each of the asset classes over the time period from January 1, 1960 to September 30, 2005 and 2004. During periods of both significant market gains as well as depressed market returns, the Company has held to a consistent 9.00% expected rate of return assumption.

The U.S. plans maintain an investment policy that, among other things, establishes a portfolio asset allocation methodology with percentage allocation bands for individual asset classes. This investment policy states that the plans invest from 60% to 70% in equity securities and from 30% to 40% in fixed income securities. The investment policy further divides investments in equity securities among separate allocation bands for equities of large cap companies, equities of medium and small cap companies and equities of non-U.S. companies. The investment policy provides that investments are reallocated between asset classes as balances exceed or fall below the appropriate allocation bands.

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The following is the actual allocation percentage and target allocation percentage for the U.S. pension plan assets at the measurement date:

	2005 Actual	2004 Actual	Target Allocation Range
	Allocation Percent	Allocation Percent	
Large cap equity securities	38.5%	41.3%	31-45%
Medium and small cap equity securities	12.5%	11.8%	10-16%
Non-U. S. equity securities	16.0%	14.8%	10-16%
Fixed income securities	32.2%	31.2%	30-40%
Money Market	0.8%	0.9%	0-10%

The following is the actual allocation percentage and target allocation percentage for the NMHG U.K. pension plan assets at the measurement date:

	2005 Actual	2004 Actual	Target Allocation Range
	Allocation Percent	Allocation Percent	
U.S. equity securities	12.0%	10.0%	12.0%
Non-U. S. equity securities	59.0%	81.0%	58.0%
Fixed income securities	29.0%	9.0%	30.0%

The Company maintains a pension plan for certain employees in The Netherlands which maintains 100% of its assets in fixed income securities.

Allocation between equity and debt securities varies by plan in countries outside the United States, but all plans' assets are broadly diversified both domestically and internationally.

The defined benefit pension plans do not have any direct ownership of NACCO common stock.

Post-retirement Health Care and Life Insurance: The Company also maintains health care and life insurance plans, which provide benefits to eligible retired employees. The plans have no assets. Under the Company's current policy, plan benefits are funded at the time they are due to participants.

The assumed health care cost trend rates for measuring the post-retirement benefit are set forth below for the years ended December 31:

	2005	2004
Health care cost trend rate assumed for next year	9.0%	9.0%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	5.0%	5.0%
Year that the rate reaches the ultimate trend rate	2011	2010

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Assumed health care cost trend rates can have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in the assumed health care cost trend rates would have the following effects at December 31, 2005:

	1-Percentage- Point Increase	1-Percentage- Point Decrease
Effect on total of service and interest cost	\$	\$
Effect on postretirement benefit obligation	\$ 0.1	\$ (0.1)

Set forth below is a detail of the net periodic benefit cost and the assumptions used in accounting for the post-retirement health care and life insurance plans for the years ended December 31:

	2005	2004	2003
Service cost	\$ 0.1	\$ 0.1	\$ 0.1
Interest cost	0.5	0.5	0.5
Recognized actuarial (gain) loss	2.7	1.7	2.4
Net periodic benefit cost	\$ 3.3	\$ 2.3	\$ 3.0

Assumptions used to determine net periodic benefit cost:

Weighted average discount rates	6.00%	6.00%	6.75%
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The following sets forth the changes in benefit obligations during the year and reconciles the funded status of the post-retirement health care and life insurance plans with the amounts recognized in the Consolidated Balance Sheets at December 31:

	2005	2004
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 8.2	\$ 9.2
Service cost	0.1	0.1
Interest cost	0.5	0.5
Actuarial (gain) loss	2.7	1.7
Benefits paid	(1.5)	(3.3)
Benefit obligation recognized in the Consolidated Balance Sheet at end of year	\$ 10.0	\$ 8.2

Future post-retirement benefit payments expected to be paid are:

2006	\$ 1.2
2007	1.1
2008	1.1
2009	0.9
2010	0.9
2011-2015	3.9
	\$ 9.1

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Defined Contribution Plans: The Company has defined contribution (401(k)) plans for substantially all U.S. employees and similar plans for employees outside of the United States. NMHG matches employee contributions based on plan provisions. In addition, NMHG has defined contribution retirement plans whereby the contribution to participants is determined annually based on a formula which includes the effect of actual compared with targeted operating results and the age and compensation of the participants. Total costs, including Company contributions, for these plans were \$14.0 million, \$11.7 million and \$12.2 million in 2005, 2004 and 2003, respectively.

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NOTE 13 Business Segments

Financial information for each of NMHG's reportable segments, as defined by SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," is presented in the following table. See Note 1 for a discussion of the Company's operating segments and product lines.

The accounting policies of the segments are the same as those described in Note 2. NMHG Wholesale derives a portion of its revenues from transactions with NMHG Retail. The amount of these revenues, which are based on current market prices on similar third-party transactions, are indicated in the following table on the line "NMHG Eliminations" in the revenues section.

	2005	2004 (a)	2003
Revenues from external customers			
NMHG Wholesale	\$ 2,214.1	\$ 1,861.7	\$ 1,617.0
NMHG Retail	269.0	260.4	235.1
NMHG Eliminations	(83.2)	(65.2)	(72.5)
	\$ 2,399.9	\$ 2,056.9	\$ 1,779.6
Gross profit			
NMHG Wholesale	\$ 301.1	\$ 261.8	\$ 270.9
NMHG Retail	43.9	46.9	40.3
NMHG Eliminations	(0.2)	(0.6)	1.1
	\$ 344.8	\$ 308.1	\$ 312.3
Selling, general and administrative expenses			
NMHG Wholesale	\$ 238.9	\$ 221.5	\$ 207.6
NMHG Retail	50.3	50.8	49.0
NMHG Eliminations		(0.1)	(0.4)
	\$ 289.2	\$ 272.2	\$ 256.2
Operating profit (loss)			
NMHG Wholesale	\$ 54.1	\$ 32.4	\$ 55.5
NMHG Retail	(6.4)	(3.6)	(8.2)
NMHG Eliminations	(0.2)	(0.5)	1.5
	\$ 47.5	\$ 28.3	\$ 48.8
Interest expense			
NMHG Wholesale	\$ (31.6)	\$ (27.5)	\$ (28.9)
NMHG Retail	(2.4)	(5.1)	(3.7)
NMHG Eliminations	(0.9)	(1.1)	(2.5)

	\$ (34.9)	\$ (33.7)	\$ (35.1)
Interest income			
NMHG Wholesale	\$ 3.5	\$ 2.0	\$ 2.6
NMHG Retail	0.1	0.1	0.2
	\$ 3.6	\$ 2.1	\$ 2.8
Other-net, income (expense) (excluding interest income)			
NMHG Wholesale	\$ 7.2	\$ 10.4	\$ 1.3
NMHG Retail	(0.7)	0.3	
NMHG Eliminations	(0.2)	(0.3)	(0.2)
	\$ 6.3	\$ 10.4	\$ 1.1
Income tax provision (benefit)			
NMHG Wholesale	\$ 7.3	\$ (0.2)	\$ 8.7
NMHG Retail	(2.5)	(2.4)	(6.5)
NMHG Eliminations	(0.3)	(0.6)	(0.4)
	\$ 4.5	\$ (3.2)	\$ 1.8

(a) As restated. See Note 2.

NMHG HOLDING CO. AND SUBSIDIARIES
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	2005	2004 (a)	2003
Net income (loss)			
NMHG Wholesale	\$ 26.0	\$ 17.9	\$ 22.4
NMHG Retail	(6.9)	(5.9)	(5.2)
NMHG Eliminations	(1.0)	(1.3)	(0.8)
	\$ 18.1	\$ 10.7	\$ 16.4
Total assets			
NMHG Wholesale	\$ 1,481.3	\$ 1,307.4	\$ 1,179.5
NMHG Retail	140.6	170.6	174.5
NMHG Eliminations	(166.2)	(73.1)	(79.0)
	\$ 1,455.7	\$ 1,404.9	\$ 1,275.0
Depreciation and amortization expense			
NMHG Wholesale	\$ 28.3	\$ 26.3	\$ 26.2
NMHG Retail	12.8	15.6	17.9
	\$ 41.1	\$ 41.9	\$ 44.1
Capital expenditures			
NMHG Wholesale	\$ 36.5	\$ 26.1	\$ 22.0
NMHG Retail	7.1	7.3	5.6
	\$ 43.6	\$ 33.4	\$ 27.6

(a) As restated. See Note 2.

DATA BY GEOGRAPHIC AREA

No single country outside of the United States comprised 10% or more of the Company's revenues from unaffiliated customers. The Other category below includes Canada, Mexico, South America and Asia-Pacific. In addition, no single customer comprised 10% or more of the Company's revenues from unaffiliated customers.

	United States	Europe	Other	Consolidated
2005				
Revenues from unaffiliated customers, based on the customers' location	\$ 1,229.0	\$ 661.1	\$ 509.8	\$ 2,399.9
Long-lived assets	\$ 127.3	\$ 67.6	\$ 57.0	\$ 251.9

2004

Revenues from unaffiliated customers, based on the customers location

\$ 1,024.8 \$ 641.0 \$ 391.1 \$ 2,056.9

Long-lived assets

\$ 123.1 \$ 80.2 \$ 57.6 \$ 260.9

2003

Revenues from unaffiliated customers, based on the customers location

\$ 926.3 \$ 532.1 \$ 321.2 \$ 1,779.6

Long-lived assets

\$ 119.4 \$ 84.2 \$ 57.4 \$ 261.0

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NOTE 14 Quarterly Results of Operations (Unaudited)

A summary of the unaudited quarterly results of operations for the years ended December 31 is as follows:

	2005			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues				
NMHG Wholesale	\$ 536.2	\$ 574.6	\$ 516.6	\$ 586.7
NMHG Retail (including eliminations)	47.7	43.5	46.9	47.7
	\$ 583.9	\$ 618.1	\$ 563.5	\$ 634.4
Gross Profit	\$ 80.5	\$ 91.8	\$ 82.9	\$ 89.6
Operating Profit (Loss)				
NMHG Wholesale	\$ 8.9	\$ 17.1	\$ 12.9	\$ 15.2
NMHG Retail (including eliminations)	(2.8)		(0.7)	(3.1)
	\$ 6.1	\$ 17.1	\$ 12.2	\$ 12.1
Net Income	\$ 0.3	\$ 7.5	\$ 4.5	\$ 5.8

	2004 (a)			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues				
NMHG Wholesale	\$ 421.3	\$ 445.5	\$ 449.7	\$ 545.2
NMHG Retail (including eliminations)	49.5	50.2	44.8	50.7
	\$ 470.8	\$ 495.7	\$ 494.5	\$ 595.9
Gross Profit	\$ 74.2	\$ 73.0	\$ 73.9	\$ 87.0
Operating Profit (Loss)				
NMHG Wholesale	\$ 7.4	\$ 6.2	\$ 4.7	\$ 14.1
NMHG Retail (including eliminations)	(1.4)	(1.2)	0.5	(2.0)
	\$ 6.0	\$ 5.0	\$ 5.2	\$ 12.1

Net Income	\$ (1.0)	\$ 1.1	\$ 4.4	\$ 6.2
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(a) As restated. See
Note 2.

During 2004, NACCO did not charge the NACCO management fees to the Company during portions of the year. Subsequently, it was determined that the 2004 financials results should include the management fees that were not charged as an equity contribution to the Company. A reconciliation of previously reported unaudited quarterly results to the restated unaudited quarterly results of operations for the year ended December 31, 2004 is as follows:

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	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Operating profit as previously reported	\$ 8.3	\$ 7.2	\$ 5.2	\$ 14.3
Adjustment for NACCO management fee	(2.3)	(2.2)		(2.2)
Operating profit as restated for correction of error	\$ 6.0	\$ 5.0	\$ 5.2	\$ 12.1
Income tax provision (benefit) as previously reported	\$ 0.1	\$ (2.2)	\$ 0.6	\$ 0.6
Adjustment for NACCO management fee	(0.8)	(0.8)		(0.7)
Income tax provision (benefit) as restated for correction of error	\$ (0.7)	\$ (3.0)	\$ 0.6	\$ (0.1)
Net income as previously reported	\$ 0.5	\$ 2.5	\$ 4.4	\$ 7.7
Adjustment for NACCO management fee	(1.5)	(1.4)		(1.5)
Net income as restated for correction of error	\$ (1.0)	\$ 1.1	\$ 4.4	\$ 6.2

NOTE 15 Equity Investments and Related Party Transactions

Equity Investments: NMHG has a 20% ownership interest in NFS, a joint venture with GECC formed primarily for the purpose of providing financial services to independent and wholly owned Hyster and Yale lift truck dealers and National Account customers in the United States. NMHG's ownership in NFS is accounted for using the equity method of accounting.

Generally, NMHG sells lift trucks through its independent dealer network or directly to customers. These dealers and customers may enter into a financing transaction with NFS or another unrelated third party. NFS provides debt financing to dealers and lease financing to both dealers and customers. NFS' total purchases of Hyster and Yale lift trucks from dealers, customers and directly from NMHG such that NFS could provide lease financing to dealers and customers for the years ended December 31, 2005, 2004 and 2003 were \$291.3 million, \$270.4 million and \$234.6 million, respectively. Of this amount, \$48.9 million, \$57.7 million and \$36.0 million for the years ended December 31, 2005, 2004 and 2003, respectively, was invoiced directly from NMHG to NFS so that the dealer or customer could obtain operating lease financing from NFS. Amounts receivable from NFS at December 31, 2005 and 2004 were immaterial.

Under the terms of the joint venture agreement with GECC, NMHG provides recourse for financing provided by NFS to NMHG dealers. Additionally, the credit quality of a customer or concentration issues within GECC may necessitate providing standby recourse or repurchase obligations or a guarantee of the residual value of the lift trucks purchased by customers and financed through NFS. At December 31, 2005, approximately \$172.3 million of the Company's total guarantees, recourse or repurchase obligations related to transactions with NFS. NMHG has reserved for losses under the terms of the guarantees or standby recourse or repurchase obligations in its consolidated financial statements. Historically, NMHG has not had significant losses with respect to these obligations. In 2005 and 2003, three customers and one customer, respectively, for which NMHG provided a guarantee or had standby recourse or repurchase obligations defaulted under its obligation to NFS. NMHG exercised its rights under the terms of the guarantee and obtained possession of the lift trucks purchased for this customer in default. There were no such defaults by customers in 2004. During 2005 and 2003, the net losses resulting from customer defaults did not have a

material impact on NMHG's results of operations or financial position.

In connection with the joint venture agreement, NMHG also provides a guarantee to GECC for 20% of NFS' debt with GECC, such that NMHG would become liable under the terms of NFS' debt agreements with GECC in the case of default by NFS. At December 31, 2005, loans from GECC to NFS totaled \$699.2 million. Although NMHG's contractual guarantee was \$139.8 million, the loans by GECC to NFS are secured by NFS' customer receivables, of which NMHG guarantees \$172.3 million. Excluding the \$172.3 million of NFS receivables guaranteed by NMHG from NFS' loans to GECC, NMHG's incremental obligation as a result of this guarantee to GECC is \$105.4 million. NFS has not defaulted under the terms of this debt financing in the past

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(Tabular Amounts in Millions, Except Percentage Data)

and although there can be no assurances, NMHG is not aware of any circumstances that would cause NFS to default in future periods.

In addition to providing financing to NMHG's dealers, NFS provides operating lease financing to NMHG. Operating lease obligations primarily relate to specific sale-leaseback-sublease transactions for certain NMHG customers whereby NMHG sells lift trucks to NFS, NMHG leases these lift trucks back under an operating lease agreement and NMHG subleases those lift trucks to customers under an operating lease agreement. Total obligations to NFS under the operating lease agreements were \$11.3 million and \$10.7 million at December 31, 2005 and 2004, respectively. NMHG provides certain services to NFS for which it receives compensation under the terms of the joint venture agreement. These services consist primarily of administrative functions and remarketing services. Total income recorded by NMHG related to these services was \$5.1 million in 2005, \$5.2 million in 2004 and \$3.7 million in 2003. NMHG has a 50% ownership interest in SN, a limited liability company which was formed primarily for the manufacture and distribution of Sumitomo-Yale and Shinko branded lift trucks in Japan and the export of Hyster and Yale branded lift trucks and related components and service parts outside of Japan. NMHG purchases products from SN under normal trade terms. In 2005, 2004 and 2003, purchases from SN were \$72.8 million, \$91.7 million and \$73.3 million, respectively. Amounts payable to SN at December 31, 2005 and 2004 were \$18.1 million and \$24.8 million, respectively.

During 2005, NMHG recognized \$3.6 million in expenses related to payments to SN for engineering design services. These expenses were included in Selling, general and administrative expenses in the Consolidated Statement of Operations and Comprehensive Income for the year ended December 31, 2005. Additionally, NMHG recognized income of \$0.3 million for payments from SN for use of technology developed by NMHG. This income was included in Revenues in the Consolidated Statement of Operations and Comprehensive Income for the year ended December 31, 2005. No similar income or expense related to SN was recorded by NMHG during the years ended December 31, 2004 and 2003.

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Summarized financial information for both equity investments is as follows:

	2005	2004	2003
Statement of Operations			
Revenues	\$ 329.0	\$ 305.7	\$ 264.9
Gross Profit	\$ 108.2	\$ 103.8	\$ 88.5
Income from Continuing Operations	\$ 22.9	\$ 20.2	\$ 14.1
Net Income	\$ 22.9	\$ 20.2	\$ 14.1
Balance Sheet			
Current Assets	\$ 108.2	\$ 107.5	
Non-current Assets	\$ 884.7	\$ 804.4	
Current Liabilities	\$ 111.4	\$ 118.5	
Non-current Liabilities	\$ 799.1	\$ 718.5	

NACCO charges management fees to its operating subsidiaries for services provided by the corporate headquarters. During 2005, 2004 and 2003, the NACCO management fees were based upon estimated parent company resources devoted to providing centralized services and stewardship activities and were allocated among all NACCO subsidiaries based upon the relative size and complexity of each subsidiary. The Company believes that the allocation method is reasonable. NACCO charged management fees to the Company of \$9.3 million, \$9.0 million and \$8.1 million in 2005, 2004 and 2003, respectively.

Legal services rendered by Jones Day approximated \$1.3 million, \$0.5 million and \$0.8 million for the years ended December 31, 2005, 2004 and 2003, respectively. A director of the Company is also a partner in this firm.

NMHG HOLDING CO. AND SUBSIDIARIES
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NOTE 16 Condensed Consolidating Guarantor and Non-Guarantor Financial Information

The following tables set forth the condensed consolidating statements of operations and cash flows for each of the three years in the period ended December 31, 2005 and the condensed consolidating balance sheets as of December 31, 2005 and 2004. The following information is included as a result of the guarantee of the NMHG Holding's Senior Notes by each of its wholly owned U.S. subsidiaries (Guarantor Companies). None of the Company's other subsidiaries has guaranteed any of these notes. Each of the guarantees is joint and several and full and unconditional. NMHG Holding includes the consolidated financial results of the parent company only, with all of its wholly owned subsidiaries accounted for under the equity method.

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2005

	NMHG Holding	Guarantor Companies	Non-Guarantor Companies	Consolidating Eliminations	NMHG Consolidated
Revenues	\$	\$ 1,471.5	\$ 1,283.7	\$ (355.3)	\$ 2,399.9
Cost of sales		1,302.5	1,107.9	(355.3)	2,055.1
Selling, general & administrative expenses		165.4	133.8	(0.7)	298.5
Restructuring reversals			(1.2)		(1.2)
Operating profit		3.6	43.2	0.7	47.5
Interest expense		(26.0)	(8.9)		(34.9)
Income from unconsolidated affiliates	18.1	36.7		(47.5)	7.3
Other income (expense)		2.9	0.4	(0.7)	2.6
Income before income taxes and minority interest	18.1	17.2	34.7	(47.5)	22.5
Income tax provision (benefit)		(0.9)	5.4		4.5
Income before minority interest	18.1	18.1	29.3	(47.5)	18.0
Minority interest income			0.1		0.1
Net income	\$ 18.1	\$ 18.1	\$ 29.4	\$ (47.5)	\$ 18.1

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CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2004 (a)

	NMHG Holding	Guarantor Companies	Non- Guarantor Companies	Consolidating Eliminations	NMHG Consolidated
Revenues	\$	\$ 1,209.8	\$ 1,149.6	\$ (302.5)	\$ 2,056.9
Cost of sales		1,054.9	996.4	(302.5)	1,748.8
Selling, general & administrative expenses		143.9	137.3		281.2
Restructuring reversals		(0.1)	(1.3)		(1.4)
Operating profit		11.1	17.2		28.3
Interest expense		(25.8)	(7.9)		(33.7)
Income from unconsolidated affiliates	15.1	12.3		(21.7)	5.7
Other income (expense)		8.7	(1.9)		6.8
Income before income taxes and minority interest	15.1	6.3	7.4	(21.7)	7.1
Income tax provision (benefit)		(4.8)	1.6		(3.2)
Income before minority interest	15.1	11.1	5.8	(21.7)	10.3
Minority interest income			0.4		0.4
Net income	\$ 15.1	\$ 11.1	\$ 6.2	\$ (21.7)	\$ 10.7

(a) As restated. See
Note 2.

NMHG HOLDING CO. AND SUBSIDIARIES
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(Tabular Amounts in Millions, Except Percentage Data)

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2003

	NMHG Holding	Guarantor Companies	Non- Guarantor Companies	Consolidating Eliminations	NMHG Consolidated
Revenues	\$	\$ 1,088.1	\$ 941.8	\$ (250.3)	\$ 1,779.6
Cost of sales		919.3	798.3	(250.3)	1,467.3
Selling, general & administrative expenses		139.1	125.2		264.3
Restructuring reversals		(0.2)	(0.6)		(0.8)
Operating profit		29.9	18.9		48.8
Interest expense		(28.0)	(7.1)		(35.1)
Income from unconsolidated affiliates	16.3	14.2		(26.9)	3.6
Other income (expense)		1.0	(0.7)		0.3
Income before income taxes and minority interest	16.3	17.1	11.1	(26.9)	17.6
Income tax provision (benefit)	(0.1)	0.8	1.1		1.8
Income before minority interest	16.4	16.3	10.0	(26.9)	15.8
Minority interest income			0.6		0.6
Net income	\$ 16.4	\$ 16.3	\$ 10.6	\$ (26.9)	\$ 16.4

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NMHG HOLDING CO. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular Amounts in Millions, Except Percentage Data)

CONDENSED CONSOLIDATING BALANCE SHEET
AT DECEMBER 31, 2005

	NMHG Holding	Guarantor Companies	Non-Guarantor Companies	Consolidating Eliminations	NMHG Consolidated
Cash and cash equivalents	\$	\$ 95.3	\$ 25.9	\$	\$ 121.2
Accounts and notes receivable, net	5.8	127.9	223.9	(84.1)	273.5
Inventories		184.5	148.6		333.1
Other current assets		48.8	21.1	(15.7)	54.2
Total current assets	5.8	456.5	419.5	(99.8)	782.0
Property, plant and equipment, net		136.3	89.6		225.9
Goodwill		307.4	43.1		350.5
Other non-current assets	673.3	311.7	21.1	(908.8)	97.3
Total assets	\$ 679.1	\$ 1,211.9	\$ 573.3	\$ (1,008.6)	\$ 1,455.7
Accounts payable	\$	\$ 208.5	\$ 186.5	\$ (73.2)	\$ 321.8
Other current liabilities	3.3	168.8	93.9	(27.0)	239.0
Revolving credit agreements			23.9		23.9
Total current liabilities	3.3	377.3	304.3	(100.2)	584.7
Long-term debt	248.2	273.2	44.3	(298.6)	267.1
Other non-current liabilities		152.3	42.8	(18.8)	176.3
Stockholder s equity	427.6	409.1	181.9	(591.0)	427.6
Total liabilities and stockholder s equity	\$ 679.1	\$ 1,211.9	\$ 573.3	\$ (1,008.6)	\$ 1,455.7

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NMHG HOLDING CO. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular Amounts in Millions, Except Percentage Data)

CONDENSED CONSOLIDATING BALANCE SHEET
AT DECEMBER 31, 2004 (a)

	NMHG Holding	Guarantor Companies	Non-Guarantor Companies	Consolidating Eliminations	NMHG Consolidated
Cash and cash equivalents	\$	\$ 39.6	\$ 57.8	\$	\$ 97.4
Accounts and notes receivable, net	6.6	95.9	258.6	(106.5)	254.6
Inventories		168.0	151.6		319.6
Other current assets	2.3	55.9	19.7	(31.2)	46.7
Total current assets	8.9	359.4	487.7	(137.7)	718.3
Property, plant and equipment, net		134.2	103.9		238.1
Goodwill		307.2	46.1		353.3
Other non-current assets	689.0	356.9	29.2	(979.9)	95.2
Total assets	\$ 697.9	\$ 1,157.7	\$ 666.9	\$ (1,117.6)	\$ 1,404.9
Accounts payable	\$	\$ 231.6	\$ 193.6	\$ (96.1)	\$ 329.1
Other current liabilities	3.3	105.7	112.9	(35.7)	186.2
Revolving credit agreements			9.2		9.2
Total current liabilities	3.3	337.3	315.7	(131.8)	524.5
Long-term debt	247.8	270.7	53.7	(302.7)	269.5
Other non-current liabilities		123.4	61.1	(20.4)	164.1
Stockholder s equity	446.8	426.3	236.4	(662.7)	446.8
Total liabilities and stockholder s equity	\$ 697.9	\$ 1,157.7	\$ 666.9	\$ (1,117.6)	\$ 1,404.9

(a) As restated. See
Note 2.

NMHG HOLDING CO. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular Amounts in Millions, Except Percentage Data)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005

	NMHG Holding	Guarantor Companies	Non- Guarantor Companies	Consolidating Eliminations	NMHG Consolidated
Net cash provided by operating activities	\$ 5.0	\$ 28.3	\$ 58.1	\$ (79.5)	\$ 11.9
Investing activities					
Expenditures for property, plant and equipment		(23.4)	(20.2)		(43.6)
Proceeds from the sale of assets		2.2	11.5		13.7
Other net		(6.9)	(0.2)	6.9	(0.2)
Net cash used for investing activities		(28.1)	(8.9)	6.9	(30.1)
Financing activities					
Additions of long-term debt and revolving credit agreements		10.2	20.9		31.1
Reductions to long-term debt and revolving credit agreements		(7.9)	(13.6)		(21.5)
Notes receivable/payable, affiliates	0.5	58.2	(19.6)	(0.1)	39.0
Other net	(5.5)	(5.0)	(67.7)	72.7	(5.5)
Net cash provided by (used for) financing activities	(5.0)	55.5	(80.0)	72.6	43.1
Effect of exchange rate changes on cash			(1.1)		(1.1)
Cash and cash equivalents					
Increase (decrease) for the period		55.7	(31.9)		23.8
Balance at beginning of the period		39.6	57.8		97.4
Balance at the end of the period	\$	\$ 95.3	\$ 25.9	\$	\$ 121.2

NMHG HOLDING CO. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular Amounts in Millions, Except Percentage Data)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2004 (a)

	NMHG Holding	Guarantor Companies	Non- Guarantor Companies	Consolidating Eliminations	NMHG Consolidated
Net cash provided by (used for) operating activities	\$ 5.0	\$ 89.1	\$ (9.1)	\$ (5.0)	\$ 80.0
Investing activities					
Expenditures for property, plant and equipment		(15.1)	(18.3)		(33.4)
Proceeds from the sale of assets		0.2	13.2		13.4
Other net		0.1	2.1	0.5	2.7
Net cash used for investing activities		(14.8)	(3.0)	0.5	(17.3)
Financing activities					
Additions of long-term debt and revolving credit agreements		23.3	13.4		36.7
Reductions to long-term debt and revolving credit agreements		(24.9)	(32.3)		(57.2)
Notes receivable/payable, affiliates	0.8	(43.5)	42.7		
Other net	(5.8)	(5.0)	0.5	4.5	(5.8)
Net cash provided by (used for) financing activities	(5.0)	(50.1)	24.3	4.5	(26.3)
Effect of exchange rate changes on cash			(0.3)		(0.3)
Cash and cash equivalents					
Increase for the period		24.2	11.9		36.1
Balance at beginning of the period		15.4	45.9		61.3
Balance at the end of the period	\$	\$ 39.6	\$ 57.8	\$	\$ 97.4

(a) As restated. See
Note 2.

NMHG HOLDING CO. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular Amounts in Millions, Except Percentage Data)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

	NMHG Holding	Guarantor Companies	Non- Guarantor Companies	Consolidating Eliminations	NMHG Consolidated
Net cash provided by operating activities	\$ 6.3	\$ 23.1	\$ 25.3	\$ (4.6)	\$ 50.1
Investing activities					
Expenditures for property, plant and equipment		(15.3)	(12.3)		(27.6)
Proceeds from the sale of assets		12.2	4.3		16.5
Net cash used for investing activities		(3.1)	(8.0)		(11.1)
Financing activities					
Additions of long-term debt and revolving credit agreements		4.1	21.3		25.4
Reductions to long-term debt and revolving credit agreements	(5.2)	(3.1)	(46.1)		(54.4)
Notes receivable/payable, affiliates	4.0	(5.9)	1.5	0.4	
Other net	(5.1)	(5.0)	0.8	4.2	(5.1)
Net cash used for financing activities	(6.3)	(9.9)	(22.5)	4.6	(34.1)
Effect of exchange rate changes on cash			1.5		1.5
Cash and cash equivalents					
Increase (decrease) for the period		10.1	(3.7)		6.4
Balance at beginning of the period		5.3	49.6		54.9
Balance at the end of the period	\$	\$ 15.4	\$ 45.9	\$	\$ 61.3

NMHG HOLDING CO. REPORT OF MANAGEMENT

To the Stockholder of NMHG Holding Co.

The management of NMHG Holding Co. is responsible for the preparation, content and integrity of the financial statements and related information contained within this report. The accompanying financial statements have been prepared in accordance with U.S generally accepted accounting principles and include amounts that are based on informed judgments and estimates.

The Company's code of conduct, communicated throughout the organization, requires adherence to high ethical standards in the conduct of the Company's business.

NMHG Holding Co. and each of its subsidiaries maintain a system of internal controls designed to provide reasonable assurance as to the protection of assets and the integrity of the financial statements. These systems are augmented by the selection of qualified financial management personnel. In addition, an internal audit function periodically assesses the internal controls.

Ernst & Young LLP, independent registered public accounting firm, audited NMHG Holding Co. and its subsidiaries' financial statements for the years ended December 31, 2005, 2004 and 2003. Those audits were conducted in accordance with auditing standards of the Public Company Accounting Oversight Board (United States) and provide an objective and independent assessment that helps ensure fair presentation of the Company's operating results and financial position. The independent registered public accounting firm has access to all financial records and related data of the Company, as well as to the minutes of stockholders' and directors' meetings.

The Audit Review Committee of the Board of Directors, composed of independent directors, meets regularly with the independent registered public accounting firm and internal auditors to review the scope of their audit reports and to discuss any action to be taken. The independent registered public accounting firm and the internal auditors have free and direct access to the Audit Review Committee. The Audit Review Committee also reviews the financial reporting process and accounting policies of NMHG Holding Co. and each of its subsidiaries.

/s/ Reginald R.
Eklund

/s/ Michael K. Smith

Reginald R. Eklund
President and Chief
Executive Officer

Michael K. Smith
Vice President, Finance and
Information Systems,
and Chief Financial Officer
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COL A. Description	COL B. Balance at Beginning of Period	COL C. Additions Charged to Costs and Expenses (In millions)	COL C. Additions Charged to Other Accounts Describe	COL D. Deductions Describe	COL E. (C) Balance at End of Period
2005					
Reserves deducted from asset accounts:					
Allowance for doubtful accounts	\$ 6.0	\$ 6.7	\$ (0.2) _(B)	\$ 3.8 _(A)	\$ 8.7
Reserve for losses on inventory	14.4	11.0	(0.6)_(B)	10.5_(A)	14.3
2004					
Reserves deducted from asset accounts:					
Allowance for doubtful accounts	\$ 6.1	\$ 3.8	\$ 0.1 _(B)	\$ 4.0 _(A)	\$ 6.0
Reserve for losses on inventory	15.7	15.7	0.2 _(B)	17.2 _(A)	14.4
2003					
Reserves deducted from asset accounts:					
Allowance for doubtful accounts	\$ 8.7	\$ 1.0	\$ 0.7 _(B)	\$ 4.3 _(A)	\$ 6.1
Reserve for losses on inventory	16.3	5.8	0.9 _(B)	7.3 _(A)	15.7

(A) Write-offs, net of recoveries.

(B) Subsidiary's foreign currency translation adjustments and other.

(C) Balances which are not required to be presented and those which are immaterial have been omitted.

EXHIBIT INDEX

(3) Articles of Incorporation and By-laws.

3.1 (i) Certificate of Incorporation of NMHG Holding Co. is incorporated herein by reference to Exhibit 3.1(i) to the Company's Registration Statement on Form S-4, dated August 12, 2002, Commission File number 333-89248.

3.1 (ii) By-laws of NMHG Holding Co. of NMHG Holding Co. is incorporated herein by reference to Exhibit 3.1(ii) to the Company's Registration Statement on Form S-4, dated August 12, 2002, Commission File number 333-89248.

(4) Instruments defining the rights of security holders, including indentures.

4.1 Form of Common Stock Certificate is incorporated herein by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-4, dated August 12, 2002, Commission File number 333-89248.

4.2 Indenture, dated as of May 9, 2002, by and among NMHG Holding Co., the Subsidiary Guarantors named therein and U.S. Bank National Association, as Trustee (including the form of 10% senior note due 2009) is incorporated herein by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-4, dated August 12, 2002, Commission File number 333-89248.

4.3 Registration Rights Agreement, dated as of May 9, 2002, by and among NMHG Holding Co., the Guarantors named therein and Credit Suisse First Boston Corporation, Salomon Smith Barney Inc., U.S. Bancorp Piper Jaffray Inc., McDonald Investments Inc., NatCity Investments, Inc. and Wells Fargo Brokerage Services, LLC is incorporated herein by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-4, dated August 12, 2002, Commission File number 333-89248.

(10) Material Contracts.

10.1 Credit Agreement, dated as of May 9, 2002, among NMHG Holding Co., NACCO Materials Handling Group, Inc., NMHG Distribution Co., NACCO Materials Handling Limited, NACCO Materials Handling B.V., the financial institutions from time to time a party thereto as Lenders, the financial institutions from time to time a party thereto as Issuing Bank, Citicorp North America, Inc., as administrative agent for the Lenders and the Issuing Bank thereunder and Credit Suisse First Boston as joint arrangers and joint bookrunners and CSFB as syndication agent is incorporated herein by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-4, dated August 12, 2002, Commission File number 333-89248.

10.2 Operating Agreement, dated July 31, 1979, among Eaton Corporation and Sumitomo Heavy Industries, Ltd. is incorporated herein by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-4, dated August 12, 2002, Commission File number 333-89248.

10.3 Equity joint venture contract, dated November 27, 1997, between Shanghai Perfect Jinqiao United Development Company Ltd., People's Republic of China, NACCO Materials Handling Group, Inc., USA, and Sumitomo-Yale Company Ltd., Japan is incorporated herein by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-4, dated August 12, 2002, Commission File number 333-89248.

10.4 Recourse and Indemnity Agreement, dated October 21, 1998, between General Electric Capital Corp., NMHG Financial Services, Inc. and NACCO Materials Handling Group, Inc. is incorporated herein by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-4, dated August 12, 2002, Commission File number 333-89248.

10.5 Restated and Amended Joint Venture and Shareholders Agreement, dated April 15, 1998, between General Electric Capital Corp. and NACCO Materials Handling Group, Inc. is incorporated herein by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-4, dated August 12, 2002, Commission File number 333-89248.

- 10.6 Amendment No. 1 to the Restated and Amended Joint Venture and Shareholders Agreement between General Electric Capital Corporation and NACCO Materials Handling Group, Inc., dated as of October 21, 1998 is incorporated herein by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-4, dated August 12, 2002, Commission File number 333-89248.
- 10.7 International Operating Agreement, dated April 15, 1998, between NACCO Materials Handling Group, Inc. and General Electric Capital Corp. (the International Operating Agreement) is incorporated herein by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-4, dated August 12, 2002, Commission File number 333-89248.
- 10.8 Amendment No. 1 to the International Operating Agreement, dated as of October 21, 1998 is incorporated herein by reference to Exhibit 10.8 to the Company's Registration Statement on Form S-4, dated August 12, 2002, Commission File number 333-89248.
- 10.9 Amendment No. 2 to the International Operating Agreement, dated as of December 1, 1999 is incorporated herein by reference to Exhibit 10.9 to the Company's Registration Statement on Form S-4, dated August 12, 2002, Commission File number 333-89248.
- 10.10 Amendment No. 3 to the International Operating Agreement, dated as of May 1, 2000 is incorporated herein by reference to Exhibit 10.10 to the Company's Registration Statement on Form S-4, dated August 12, 2002, Commission File number 333-89248.
- 10.11 Letter agreement, dated November 22, 2000, between General Electric Capital Corporation and NACCO Materials Handling Group, Inc. amending the International Operating Agreement is incorporated herein by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-4, dated August 12, 2002, Commission File number 333-89248.
- 10.12 A\$ Facility Agreement, dated November 22, 2000, between GE Capital Australia and National Fleet Network Pty Limited is incorporated herein by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-4, dated August 12, 2002, Commission File number 333-89248.
- 10.13 Loan Agreement, dated as of June 28, 1996, between NACCO Materials Handling Group, Inc. and NACCO Industries, Inc. is incorporated herein by reference to Exhibit 10.13 to the Company's Registration Statement on Form S-4, dated August 12, 2002, Commission File number 333-89248.
- 10.14 Business Sale Agreement, dated November 10, 2000, between Brambles Australia Limited, ACN 094 802 141 Pty Limited and NACCO Materials Handling Group, Inc. is incorporated herein by reference to Exhibit 10.14 to the Company's Registration Statement on Form S-4, dated August 12, 2002, Commission File number 333-89248.
- 10.15* NACCO Materials Handling Group, Inc. 2002 Annual Incentive Compensation Plan, effective as of January 1, 2002, is incorporated herein by reference to Exhibit 10(lxiii) to NACCO Industries, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2001, Commission File Number 1-9172.
- 10.16* NACCO Materials Handling Group, Inc. Senior Executive Long-Term Incentive Compensation Plan, effective as of January 1, 2000, is incorporated herein by reference to Exhibit 10(lxiv) to NACCO Industries, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2000, Commission File Number 1-9172.
- 10.17* NACCO Materials Handling Group, Inc. Long-Term Incentive Compensation Plan, effective as of January 1, 2000, is incorporated herein by reference to Exhibit 10(lxv) to NACCO Industries, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2000, Commission File Number 1-9172.
- 10.18* Amendment No. 1, dated as of June 8, 2001, to the NACCO Materials Handling Group, Inc. Senior Executive Long-Term Incentive Compensation Plan (effective as of January 1, 2000) is incorporated herein by reference to Exhibit 10(lxvi) to NACCO Industries, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2001, Commission File Number 1-9172.

- 10.19* Amendment No. 1, dated as of June 8, 2001, to the NACCO Materials Handling Group, Inc. Long-Term Incentive Compensation Plan (effective as of January 1, 2000) is incorporated herein by reference to Exhibit 10(lxvii) to NACCO Industries, Inc. s Annual Report on Form 10-K for the fiscal year ended December 31, 2001, Commission File Number 1-9172.
- 10.20* Amendment No. 1, dated as of February 19, 2001, to the NACCO Materials Handling Group, Inc. Unfunded Benefit Plan (as amended and restated effective September 1, 2000) is incorporated herein by reference to Exhibit 10(lxviii) to NACCO Industries, Inc. s Annual Report on Form 10-K for the fiscal year ended December 31, 2001, Commission File Number 1-9172.
- 10.21* NACCO Materials Handling Group, Inc. Unfunded Benefit Plan (as amended and restated effective as of September 1, 2000) is incorporated herein by reference to Exhibit 10(lxxiii) to NACCO Industries, Inc. s Annual Report on Form 10-K for the fiscal year ended December 31, 2000, Commission File Number 1-9172.
- 10.22* Amendment No. 2, dated as of August 6, 2001, to the NACCO Materials Handling Group, Inc. Unfunded Benefit Plan (as amended and restated effective September 1, 2000) is incorporated herein by reference to Exhibit 10(lxxix) to NACCO Industries, Inc. s Annual Report on Form 10-K for the fiscal year ended December 31, 2001, Commission File Number 1-9172.
- 10.23* Amendment No. 3, dated as of June 8, 2001, to the NACCO Materials Handling Group, Inc. Unfunded Benefit Plan (as amended and restated effective September 1, 2000) is incorporated herein by reference to Exhibit 10(lxxx) to NACCO Industries, Inc. s Annual Report on Form 10-K for the fiscal year ended December 31, 2001, Commission File Number 1-9172.
- 10.24* Amendment No. 4, dated as of November 1, 2001, to the NACCO Materials Handling Group, Inc. Unfunded Benefit Plan (as amended and restated effective September 1, 2000) is incorporated herein by reference to Exhibit 10(lxxxix) to NACCO Industries, Inc. s Annual Report on Form 10-K for the fiscal year ended December 31, 2001, Commission File Number 1-9172.
- 10.25* Amendment No. 5, dated as of December 21, 2001, to the NACCO Materials Handling Group, Inc. Unfunded Benefit Plan (as amended and restated effective September 1, 2000) is incorporated herein by reference to Exhibit 10(lxxxii) to NACCO Industries, Inc. s Annual Report on Form 10-K for the fiscal year ended December 31, 2001, Commission File Number 1-9172.
- 10.26* Amendment No. 6, dated as of January 31, 2003 to the NACCO Materials Handling Group, Inc. Unfunded Benefit Plan (as amended and restated effective September 1, 2000) is incorporated herein by reference to Exhibit 10(lxxxii) to NACCO Industries, Inc. s Annual Report on Form 10-K for the fiscal year ended December 31, 2002, Commission File Number 1-9172.
- 10.27* The NACCO Materials Handling Group, Inc. Excess Pension Plan for UK Transferees (Effective as of October 1, 2002) is incorporated herein by reference to Exhibit 10(lxxxiv) to NACCO Industries, Inc. s Annual Report on Form 10-K for the fiscal year ended December 31, 2002, Commission File Number 1-9172.
- 10.28* NACCO Materials Handling Group, Inc. 2003 Annual Incentive Compensation Plan, effective as of January 1, 2003, is incorporated herein by reference to Exhibit 10(lxiii) to NACCO Industries, Inc. s Annual Report on Form 10-K for the fiscal year ended December 31, 2002, Commission File Number 1-9172.
- 10.29* Amendment No. 2 to the NACCO Materials Handling Group, Inc. Senior Executive Long-Term Incentive Compensation Plan (effective as of January 1, 2000) is incorporated herein by reference to Exhibit 10(lxxi) to NACCO Industries, Inc. s Annual Report on Form 10-K for the fiscal year ended December 31, 2002, Commission File Number 1-9172.
- 10.30* Amendment No. 2 to the NACCO Materials Handling Group, Inc. Long-Term Incentive Compensation Plan (effective as of January 1, 2000) is incorporated herein by reference to Exhibit 10(lxxiv) to NACCO Industries, Inc. s Annual Report on Form 10-K for the fiscal year ended December 31, 2002, Commission File Number 1-9172.
- 10.31* NACCO Materials Handling Group, Inc. 2004 Annual Incentive Compensation Plan, effective as of January 1, 2004, is incorporated herein by reference to Exhibit 10(lxiii) to NACCO Industries, Inc. s Annual Report on Form 10-K for the fiscal year ended December 31, 2003, Commission File Number 1-9172.

- 10.32* Amendment No. 3, dated as of April 9, 2003, to the NACCO Materials Handling Group, Inc. Long-Term Incentive Compensation Plan (effective as of January 1, 2000) is incorporated herein by reference to Exhibit 10(xcii) to NACCO Industries, Inc. s Annual Report on Form 10-K for the fiscal year ended December 31, 2003, Commission File Number 1-9172.
- 10.33* Amendment No. 3, dated as of April 9, 2003, to the NACCO Materials Handling Group, Inc. Senior Executive Long-Term Incentive Compensation Plan (effective as of January 1, 2000) is incorporated herein by reference to Exhibit 10(xciii) to NACCO Industries, Inc. s Annual Report on Form 10-K for the fiscal year ended December 31, 2003, Commission File Number 1-9172.
- 10.34* Amendment No. 7, dated as of May 12, 2003 to the NACCO Materials Handling Group, Inc. Unfunded Benefit Plan (as amended and restated effective September 1, 2000) is incorporated herein by reference to Exhibit 10(xciv) to NACCO Industries, Inc. s Annual Report on Form 10-K for the fiscal year ended December 31, 2003, Commission File Number 1-9172.
- 10.35 Amendment No. 2, dated as of January 1, 2004, to the Restated and Amended Joint Venture and Shareholders Agreement between General Electric Capital Corporation and NACCO Materials Handling Group, Inc. is incorporated herein by reference to Exhibit 10.35 to the Company s Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, Commission File Number 333-89248.
- 10.36 Letter Agreement, dated March 12, 2004, between General Electric Capital Corporation and NACCO Materials Handling Group, Inc. amending the International Operating Agreement is incorporated herein by reference to Exhibit 10.36 to the Company s Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, Commission File Number 333-89248.
- 10.37 Fourth Amendment, dated as of June 30, 2004, to the Credit Agreement dated as of May 9, 2002, among NMHG Holding Co., NACCO Materials Handling Group, Inc., NACCO Materials Handling Limited, NACCO Materials Handling B.V., the financial institutions from time to time a party thereto as Lenders, the financial institutions from time to time a party thereto as Issuing Bank, Citicorp North America, Inc., as administrative agent for the Lenders and the Issuing Bank thereunder and Credit Suisse First Boston as joint arrangers and joint bookrunners and CSFB as syndication agent is incorporated herein by reference to Exhibit 10.37 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, Commission File Number 333-89248.
- 10.38* Amendment, dated as of March 24, 2004, to the NACCO Materials Handling Group, Inc. Unfunded Benefit Plan (as amended and restated effective September 1, 2000), effective as of January 1, 2004, is incorporated herein by reference to Exhibit 10(xcv) to NACCO Industries, Inc. s Annual Report on Form 10-K for the fiscal year ended December 31, 2004, Commission File Number 1-9172.
- 10.39* Amendment No. 8, dated as of July 30, 2004, to the NACCO Materials Handling Group, Inc. Unfunded Benefit Plan (as amended and restated effective September 1, 2000) is incorporated herein by reference to Exhibit 10(xcvi) to NACCO Industries, Inc. s Annual Report on Form 10-K for the fiscal year ended December 31, 2004, Commission File Number 1-9172.
- 10.40 Letter Agreement, dated December 15, 2004, between General Electric Capital Corporation and NACCO Materials Handling Group, Inc. amending the International Operating Agreement is incorporated herein by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed on February 18, 2005, Commission File Number 333-89248.
- 10.41 Letter Agreement, dated February 14, 2005, between General Electric Capital Corporation and NACCO Materials Handling Group, Inc. amending the International Operating Agreement is incorporated herein by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K, filed on February 18, 2005, Commission File Number 333-89248.
- 10.42* Amendment No. 9, dated as of December 28, 2004, to the NACCO Materials Handling Group, Inc. Unfunded Benefit Plan (as amended and restated effective September 1, 2000), effective as of

- January 1, 2005, is incorporated herein by reference to Exhibit 10.6 to NACCO Industries, Inc. s Current Report on Form 8-K, filed on December 29, 2004, Commission File Number 1-9172.
- 10.43* Amendment No. 4, dated as of December 28, 2004, to the NACCO Materials Handling Group, Inc. Long-Term Incentive Compensation Plan (effective as of January 1, 2000) with respect to the American Jobs Creation Act of 2004, effective as of January 1, 2005, is incorporated herein by reference to Exhibit 10.7 to NACCO Industries, Inc. s Current Report on Form 8-K, filed on December 29, 2004, Commission File Number 1-9172.
- 10.44* Amendment No. 4, dated as of December 28, 2004, to the NACCO Materials Handling Group, Inc. Senior Executive Long-Term Incentive Compensation Plan (effective as of January 1, 2000) with respect to the American Jobs Creation Act of 2004, effective as of January 1, 2005, is incorporated herein by reference to Exhibit 10.8 to NACCO Industries, Inc. s Current Report on Form 8-K, filed on December 29, 2004, Commission File Number 1-9172.
- 10.45* Amendment No. 1 and Instrument of Benefit Freeze, dated as of December 28, 2004, to The NACCO Materials Handling Group, Inc. Excess Pension Plan for UK Transferees (Effective as of October 1, 2002), effective as of January 1, 2005, is incorporated herein by reference to Exhibit 10.9 to NACCO Industries, Inc. s Current Report on Form 8-K, filed on December 29, 2004, Commission File Number 1-9172.
- 10.46* NACCO Materials Handling Group, Inc. 2005 Annual Incentive Compensation Plan, effective as of January 1, 2005, is incorporated herein by reference to Exhibit 10.3 to NACCO Industries, Inc. s Current Report on Form 8-K, filed by NACCO on April 1, 2005, Commission File Number 1-9172.
- 10.46 Letter Agreement, dated March 28, 2005, between NACCO Materials Handling Group, Inc. and General Electric Capital Corporation is incorporated herein by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed by the Company on April 1, 2005, Commission File Number 333-89248.
- 10.47 Letter Agreement, dated May 31, 2005, between NACCO Materials Handling Group, Inc. and General Electric Capital Corporation is incorporated herein by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed by the Company on June 6, 2005, Commission File Number 333-89248.
- 10.48 Amendment No. 5, dated September 29, 2005, to the International Operating Agreement between NACCO Materials Handling Group, Inc. and General Electric Capital Corporation is incorporated herein by reference to Exhibit 10.1 to NMHG Holding Co. s Current Report on Form 8-K, filed by the Company on October 4, 2005, Commission File Number 333-89248.
- 10.49* Amendment No. 2, dated as of December 14, 2005, to The NACCO Materials Handling Group, Inc. Excess Pension Plan for UK Transferees (Effective as of October 1, 2002), effective as of October 1, 2005, is incorporated herein by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed by the Company on December 16, 2005, Commission File Number 333-89248.
- 10.50 Amended and Restated Credit Agreement, dated as of December 19, 2005, among NMHG Holding Co., NACCO Materials Handling Group, Inc., NACCO Materials Handling Limited, NACCO Materials Handling B.V., the financial institutions from time to time a party thereto as Lenders, the financial institutions from time to time a party thereto as Issuing Bank, Citicorp North America, Inc., in its capacity as administrative agent for the Lenders and the Issuing Bank thereunder and Citigroup Global Markets Inc. as sole lead arranger and sole bookrunner is incorporated herein by reference to Exhibit 10.1 to NMHG Holding Co. s Current Report on Form 8-K, filed on December 21, 2005, Commission File Number 333-89248.
- 10.51* The NACCO Materials Handling Group, Inc. Senior Executive Long-Term Incentive Compensation Plan (Amended and Restated as of January 1, 2005) is incorporated herein by reference to Exhibit 10.7 to NACCO Industries, Inc. s Current Report on Form 8-K, filed by NACCO on February 9, 2006, Commission File Number 1-9172.
- 10.52* Amendment No. 1 to the NACCO Materials Handling Group, Inc. Senior Executive Long-Term Incentive Compensation Plan (Amended and Restated as of January 1, 2005) is incorporated herein by reference to Exhibit 10.8 to NACCO Industries, Inc. s Current Report on Form 8-K , filed by NACCO on February 9, 2006, Commission File Number 1-9172.

- 10.53* The NACCO Materials Handling Group, Inc. Long-Term Incentive Compensation Plan (Amended and Restated as of January 1, 2005) is incorporated herein by reference to Exhibit 10.9 to NACCO Industries, Inc. s Current Report on Form 8-K, filed by NACCO on February 9, 2006, Commission File Number 1-9172.
- 10.54* The NACCO Materials Handling Group, Inc. Unfunded Benefit Plan (As Amended and Restated as of January 1, 2005) is incorporated herein by reference to Exhibit 10.15 to NACCO Industries, Inc. s Current Report on Form 8-K, filed by NACCO on February 9, 2006, Commission File Number 1-9172.
- 10.55* The NACCO Materials Handling Group, Inc. Excess Pension Plan for UK Transferees (As Amended and Restated as of January 1, 2005) is incorporated herein by reference to Exhibit 10.18 to NACCO Industries, Inc. s II Current Report on Form 8-K, filed by NACCO on February 9, 2006, Commission File Number 1-9172.

(21) Subsidiaries of the registrant. Omitted pursuant to General Instruction I b of Form 10-K.

(24) Powers of Attorney.

24.1 A copy of a power of attorney for Owsley Brown II is attached hereto as Exhibit 24.1.

24.2 A copy of a power of attorney for Eiichi Fujita is attached hereto as Exhibit 24.2.

24.3 A copy of a power of attorney for Robert M. Gates is attached hereto as Exhibit 24.3.

24.4 A copy of a power of attorney for Leon J. Hendrix, Jr. is attached hereto as Exhibit 24.4.

24.5 A copy of a power of attorney for Dennis W. LaBarre is attached hereto as Exhibit 24.5.

24.6 A copy of a power of attorney for Richard de J. Osborne is attached hereto as Exhibit 24.6.

24.7 A copy of a power of attorney for Alfred M. Rankin, Jr. is attached hereto as Exhibit 24.7.

24.8 A copy of a power of attorney for Claiborne R. Rankin is attached hereto as Exhibit 24.8.

24.9 A copy of a power of attorney for Ian M. Ross is attached hereto as Exhibit 24.9.

24.10 A copy of a power of attorney for Michael E. Shannon is attached hereto as Exhibit 24.10.

24.11 A copy of a power of attorney for Britton T. Taplin is attached hereto as Exhibit 24.11.

24.12 A copy of a power of attorney for David F. Taplin is attached hereto as Exhibit 24.12.

24.13 A copy of a power of attorney for Frank F. Taplin is attached hereto as Exhibit 24.13.

24.14 A copy of a power of attorney for John F. Turben is attached hereto as Exhibit 24.14.

24.15 A copy of a power of attorney for Eugene Wong is attached hereto as Exhibit 24.15.

(31) Rule 13a-14(a)/15d-14(a) Certifications.

31.1** Certification of Reginald R. Eklund pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act is attached hereto as Exhibit 31.1.

31.2** Certification of Michael K. Smith pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act is attached hereto as Exhibit 31.2.

(32)** Section 1350 Certification. Certification of Reginald R. Eklund and Michael K. Smith pursuant to 18 U. S. C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, is attached hereto as Exhibit 32.

(99) Additional Exhibits

99.1 Audited Financial Statements of NMHG Financial Services, Inc. with Report of Independent Auditors attached as an exhibit hereto pursuant to Rule 3-09(b) of Regulation S-X.

99.2** Audited Financial Statements of Sumitomo-Nacco Materials Handling Company, Ltd. with Report of Independent Auditors attached as an exhibit hereto pursuant to Rule 3-09(b) of Regulation S-X.

* Management contract or compensation plan or arrangement required to be filed as an exhibit pursuant to Item 15(c) of the Annual Report on Form 10-K.

** Filed with Amendment No. 2 to the Company's Annual Report on Form 10-K for the period ending December 31, 2005

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