

NACCO INDUSTRIES INC

Form 10-Q

May 05, 2010

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-Q**

(Mark One)

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

**For the quarterly period ended March 31, 2010**

**OR**

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

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number 1-9172**

**NACCO INDUSTRIES, INC.**

(Exact name of registrant as specified in its charter)

**DELAWARE**

**34-1505819**

(State or other jurisdiction of incorporation or  
organization)

(I.R.S. Employer Identification No.)

**5875 LANDERBROOK DRIVE, CLEVELAND,  
OHIO**

**44124-4069**

(Address of principal executive offices)

(Zip code)

**(440) 449-9600**

(Registrant's telephone number, including area code)

**N/A**

(Former name, former address and former fiscal year, if changed since last report)

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 whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

**YES  NO**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

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Large accelerated filer

**Accelerated filer**

Non-accelerated filer

Smaller reporting  
company

(Do not check if a smaller  
reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
YES  **NO**

Number of shares of Class A Common Stock outstanding at April 30, 2010: 6,732,139

Number of shares of Class B Common Stock outstanding at April 30, 2010: 1,598,546

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**Part I**  
**FINANCIAL INFORMATION**  
**Item 1. Financial Statements**  
**NACCO INDUSTRIES, INC. AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>MARCH</b>	<b>DECEMBER</b>
	<b>31</b>	<b>31</b>
	<b>2010</b>	<b>2009</b>
	(In millions, except share data)	
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 233.3	\$ 256.2
Accounts receivable, net	317.3	315.0
Inventories, net	330.1	336.7
Deferred income taxes	21.3	23.4
Prepaid expenses and other	66.3	35.0
Current assets of discontinued operations		1.3
<b>Total Current Assets</b>	<b>968.3</b>	<b>967.6</b>
<b>Property, Plant and Equipment, Net</b>	<b>288.3</b>	<b>323.9</b>
<b>Coal Supply Agreement and Other Intangibles, Net</b>	<b>62.8</b>	<b>63.5</b>
<b>Long-term Deferred Income Taxes</b>	<b>13.3</b>	<b>11.8</b>
<b>Other Non-current Assets</b>	<b>117.4</b>	<b>121.9</b>
<b>Total Assets</b>	<b>\$ 1,450.1</b>	<b>\$ 1,488.7</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 268.7	\$ 271.7
Revolving credit agreements not guaranteed by the parent company	19.4	9.5
Current maturities of long-term debt not guaranteed by the parent company	24.5	22.4
Accrued payroll	35.7	44.3
Accrued warranty	25.4	27.9
Deferred revenue	11.9	12.5
Other current liabilities	87.4	89.1
Current liabilities of discontinued operations		1.9
<b>Total Current Liabilities</b>	<b>473.0</b>	<b>479.3</b>
<b>Long-term Debt not guaranteed by the parent company</b>	<b>372.4</b>	<b>377.6</b>
<b>Pension and other Postretirement Obligations</b>	<b>88.7</b>	<b>98.5</b>
<b>Other Long-term Liabilities</b>	<b>127.5</b>	<b>136.2</b>
<b>Total Liabilities</b>	<b>1,061.6</b>	<b>1,091.6</b>
<b>Stockholders Equity</b>		

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Common stock:

Class A, par value \$1 per share, 6,732,082 shares outstanding (2009 - 6,694,380 shares outstanding)	<b>6.7</b>	6.7
Class B, par value \$1 per share, convertible into Class A on a one-for-one basis, 1,598,603 shares outstanding (2009 - 1,599,356 shares outstanding)	<b>1.6</b>	1.6
Capital in excess of par value	<b>16.7</b>	16.1
Retained earnings	<b>420.7</b>	413.3
Accumulated other comprehensive income (loss):		
Foreign currency translation adjustment	<b>21.6</b>	34.8
Deferred gain (loss) on cash flow hedging	<b>(1.2)</b>	3.5
Pension and postretirement plan adjustment	<b>(78.0)</b>	(79.4)
<b>Total Stockholders Equity</b>	<b>388.1</b>	396.6
<b>Noncontrolling Interest</b>	<b>0.4</b>	0.5
<b>Total Equity</b>	<b>388.5</b>	397.1
<b>Total Liabilities and Equity</b>	<b>\$ 1,450.1</b>	\$ 1,488.7

See notes to unaudited condensed consolidated financial statements.

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**NACCO INDUSTRIES, INC. AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	THREE MONTHS ENDED MARCH 31	
	2010	2009
	(In millions, except per share data)	
<b>Revenues</b>	\$ 557.6	\$ 554.7
Cost of sales	451.9	468.8
<b>Gross Profit</b>	<b>105.7</b>	85.9
<b>Earnings of unconsolidated mines</b>	<b>10.5</b>	10.5
<b>Operating Expenses</b>		
Selling, general and administrative expenses	94.0	98.0
Restructuring charges (reversals)	(1.9)	0.7
Gain on sale of assets	(0.1)	(1.7)
	<b>92.0</b>	97.0
<b>Operating Profit (Loss)</b>	<b>24.2</b>	(0.6)
Other income (expense)		
Interest expense	(6.8)	(8.2)
Unsuccessful merger costs	(2.4)	(0.6)
Other		0.9
	<b>(9.2)</b>	(7.9)
<b>Income (Loss) Before Income Taxes</b>	<b>15.0</b>	(8.5)
Income tax provision	3.4	0.6
<b>Net Income (Loss)</b>	<b>11.6</b>	(9.1)
Net loss attributable to noncontrolling interest	0.1	
<b>Net Income (Loss) Attributable to Stockholders</b>	<b>\$ 11.7</b>	\$ (9.1)
<b>Comprehensive Loss</b>	<b>\$ (4.8)</b>	\$ (11.9)
<b>Basic Earnings (Loss) per Share</b>	<b>\$ 1.41</b>	\$ (1.10)
<b>Diluted Earnings (Loss) per Share</b>	<b>\$ 1.40</b>	\$ (1.10)
<b>Dividends per Share</b>	<b>\$ 0.5175</b>	\$ 0.5150
<b>Basic Weighted Average Shares Outstanding</b>	<b>8.321</b>	8.287



<b>Diluted Weighted Average Shares Outstanding</b>	<b>8.331</b>	8.287
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See notes to unaudited condensed consolidated financial statements.

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**NACCO INDUSTRIES, INC. AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	THREE MONTHS ENDED MARCH 31	
	2010	2009
	(In millions)	
<b>Operating Activities</b>		
Net income (loss)	\$ 11.6	\$ (9.1)
Adjustments to reconcile net income (loss) to net cash used for operating activities:		
Depreciation, depletion and amortization	12.9	13.1
Amortization of deferred financing fees	0.5	0.5
Deferred income taxes	2.8	4.0
Restructuring charges (reversals)	(1.9)	0.7
Gain on sale of assets	(0.1)	(1.7)
Other non-current liabilities	(16.5)	(5.0)
Other	(1.9)	(3.8)
Working capital changes, excluding the effect of business dispositions:		
Accounts receivable	(6.4)	121.4
Inventories	1.6	21.7
Other current assets	(7.5)	(15.9)
Accounts payable	3.7	(107.3)
Other liabilities	(14.4)	(39.9)
Net cash used for operating activities – continuing operations	(15.6)	(21.3)
Net cash provided by operating activities – discontinued operations	0.1	0.3
<b>Net cash used for operating activities</b>	<b>(15.5)</b>	<b>(21.0)</b>
<b>Investing Activities</b>		
Expenditures for property, plant and equipment	(4.7)	(9.0)
Proceeds from the sale of assets	0.5	4.9
Other	(0.9)	(0.8)
<b>Net cash used for investing activities</b>	<b>(5.1)</b>	<b>(4.9)</b>
<b>Financing Activities</b>		
Additions to long-term debt	2.7	5.6
Reductions of long-term debt	(6.2)	(18.2)
Net additions to revolving credit agreements	10.0	60.3
Cash dividends paid	(4.3)	(4.3)
Other		(0.2)
Net cash provided by financing activities – continuing operations	2.2	43.2
Net cash used for financing activities – discontinued operations		(0.1)

<b>Net cash provided by financing activities</b>	<b>2.2</b>	43.1
Effect of exchange rate changes on cash	<b>(4.5)</b>	0.2
<b>Cash and Cash Equivalents</b>		
Increase (decrease) for the period	<b>(22.9)</b>	17.4
Balance at the beginning of the period	<b>256.2</b>	138.3
<b>Balance at the end of the period</b>	<b>\$ 233.3</b>	\$ 155.7

See notes to unaudited condensed consolidated financial statements.

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**NACCO INDUSTRIES, INC. AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	THREE MONTHS ENDED MARCH 31	
	2010	2009
	(In millions, except per share data)	
<b>Stockholders Equity:</b>		
<b>Class A Common Stock</b>	\$ 6.7	\$ 6.7
<b>Class B Common Stock</b>	1.6	1.6
<b>Capital in Excess of Par Value</b>		
Beginning balance	16.1	14.4
Stock-based compensation	0.4	0.1
Shares issued under stock compensation plans	0.2	0.1
	16.7	14.6
<b>Retained Earnings</b>		
Beginning balance	413.3	399.3
Net income (loss) attributable to stockholders	11.7	(9.1)
Cash dividends on Class A and Class B common stock:		
2010 \$0.5175 per share	(4.3)	
2009 \$0.5150 per share		(4.3)
	420.7	385.9
<b>Accumulated Other Comprehensive Income (Loss)</b>		
Beginning balance	(41.1)	(65.3)
Foreign currency translation adjustment	(13.2)	(10.3)
Reclassification of hedging activity into earnings	(2.4)	1.1
Current period cash flow hedging activity	(2.3)	5.3
Reclassification of pension and postretirement activities into earnings	1.4	1.1
	(57.6)	(68.1)
<b>Total Stockholders Equity</b>	<b>388.1</b>	<b>340.7</b>
<b>Noncontrolling Interest</b>		
Beginning balance	0.5	0.2
Net loss	(0.1)	

<b>Total Noncontrolling Interest</b>	<b>0.4</b>	0.2
<b>Total Equity</b>	<b>\$ 388.5</b>	\$ 340.9

See notes to unaudited condensed consolidated financial statements.

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**NACCO INDUSTRIES, INC. AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

(Tabular Amounts in Millions, Except Per Share and Percentage Data)

**Note 1 Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements include the accounts of NACCO Industries, Inc. (the parent company or NACCO ) and its wholly owned subsidiaries (collectively, NACCO Industries, Inc. and Subsidiaries or the Company ). Intercompany accounts and transactions are eliminated in consolidation. Also included is Shanghai Hyster Forklift Ltd., a 73% owned joint venture of NMHG Holding Co. ( NMHG ) in China. The Company s subsidiaries operate in the following principal industries: lift trucks, small appliances, specialty retail and mining. The Company manages its subsidiaries primarily by industry.

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, primarily to independent and wholly owned Hyster® and Yale® retail dealerships. Lift trucks and component parts are manufactured in the United States, Northern Ireland, The Netherlands, China, Italy, Japan, Mexico, the Philippines, Vietnam and Brazil. Hamilton Beach Brands, Inc. ( HBB ) is a leading designer, marketer and distributor of small electric household appliances, as well as commercial products for restaurants, bars and hotels. The Kitchen Collection, Inc. ( KC ) is a national specialty retailer of kitchenware and gourmet foods operating under the Kitchen Collection® and Le Gourmet Chef® store names in outlet and traditional malls throughout the United States. The North American Coal Corporation and its affiliated coal companies (collectively, NACoal ) mine and market coal primarily as fuel for power generation and provide selected value-added mining services for other natural resources companies.

During 2009, NACoal completed the sale of certain assets of the Red River Mining Company ( Red River ). The financial position, results of operations and cash flows of Red River are reflected as discontinued operations in the accompanying unaudited condensed consolidated financial statements.

These financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial position of the Company as of March 31, 2010 and the results of its operations, cash flows and changes in equity for the three months ended March 31, 2010 and 2009 have been included. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company s Annual Report on Form 10-K for the year ended December 31, 2009.

The balance sheet at December 31, 2009 has been derived from the audited financial statements at that date but does not include all of the information or notes required by U.S. generally accepted accounting principles for complete financial statements.

Operating results for the three months ended March 31, 2010 are not necessarily indicative of the results that may be expected for the remainder of the year ending December 31, 2010. Because the HBB and KC businesses are seasonal, a majority of revenues and operating profit typically occurs in the second half of the calendar year when sales of small electric household appliances to retailers and consumers increase significantly for the fall holiday-selling season. For further information, refer to the consolidated financial statements and notes thereto included in the Company s Annual Report on Form 10-K for the year ended December 31, 2009.

**Note 2 Recently Issued Accounting Standards**

**Accounting Standards Adopted in 2010:**

On January 1, 2010, the Company adopted authoritative guidance issued by the Financial Accounting Standards Board ( FASB ) for accounting for transfers of financial assets. The guidance requires more information about transfers of financial assets, including securitization transactions, and where entities have continuing exposure to the risks related to transferred financial assets. The guidance eliminates the concept of a qualifying special-purpose entity and changes the requirements for derecognizing financial assets. The guidance also requires enhanced disclosures to provide

financial statement users with greater transparency about transfers of financial assets and a transferor's continuing involvement with transferred financial assets. The adoption of the guidance did not have a material effect on the Company's financial position, results of operations, cash flows or related disclosures.

On January 1, 2010, the Company adopted authoritative guidance issued by the FASB on the consolidation of variable interest entities. The guidance changes how a reporting entity determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The guidance requires an ongoing assessment of whether an entity is the primary beneficiary of a variable interest entity and eliminates the quantitative approach previously required for determining the primary beneficiary of a variable interest entity. The guidance also requires additional disclosures regarding a company's involvement with variable interest entities, any significant changes in risk exposure due to that involvement and how the company's involvement with a variable interest entity affects the company's financial statements. The adoption of the guidance did not have a material effect on the Company's financial position, results of operations, cash flows or related disclosures.

**Table of Contents****Accounting Standards Not Yet Adopted:**

In October 2009, the FASB issued authoritative guidance on multiple-deliverable revenue arrangements, which is effective for the Company on January 1, 2011 for new revenue arrangements or material modifications to existing agreements. The guidance amends the criteria for separating consideration in multiple-deliverable arrangements. This guidance establishes a selling price hierarchy for determining the selling price of a deliverable, which is based on: (a) vendor-specific objective evidence; (b) third-party evidence; or (c) estimates. This guidance also eliminates the residual method of allocation and requires that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method. In addition, this guidance significantly expands required disclosures related to a vendor's multiple-deliverable revenue arrangements. The Company is currently evaluating the effect the adoption of the guidance will have on its financial position, results of operations, cash flows and related disclosures.

**Reclassifications:** Certain amounts in the prior periods' unaudited condensed consolidated financial statements have been reclassified to conform to the current period's presentation.

**Note 3 Restructuring and Related Programs**

During 2009, NMHG's management approved a plan to close its facility in Modena, Italy and consolidate its activities into NMHG's facility in Masate, Italy. These actions were taken to further reduce NMHG's manufacturing capacity to more appropriate levels. As a result, NMHG recognized a charge of approximately \$5.6 million during 2009. Of this amount, \$5.3 million related to severance and \$0.3 million related to lease impairment. During the first three months of 2010, \$1.9 million of the accrual was reversed as a result of a reduction in the expected amount to be paid to former employees due to the finalization of an agreement with the Italian government. Severance payments of \$0.4 million were made during the first three months of 2010. Payments related to this restructuring program are expected to continue through 2012. No further charges related to this plan are expected.

During 2008 and 2009, based on the decline in economic conditions, NMHG's management reduced its number of employees worldwide. As a result, NMHG recognized a charge of approximately \$6.3 million in 2008 and \$3.4 million in 2009 related to severance. In addition, \$1.1 million of the accrual was reversed during 2009 as a result of a reduction in the expected amount paid to employees. Severance payments of \$0.6 million were made during the first three months of 2010. Payments are expected to continue through the remainder of 2010. NMHG continues to evaluate the appropriate size of its workforce worldwide to align with current market demand for lift trucks in response to the decline in economic conditions.

During 2009, NMHG's management approved a plan for a reduction in the number of employees in Asia-Pacific due to the sale of certain assets of NMHG's fleet services business and wholly owned Hyster® retail dealerships in Australia. As a result, NMHG recognized a charge of approximately \$2.7 million during 2009. Of this amount, \$2.1 million related to severance, \$0.5 million related to lease termination costs and \$0.1 million related to other costs of the restructuring. In addition, \$0.8 million of the severance accrual was reversed during 2009 as a result of a reduction in the expected number of employees receiving severance payments. Payments of \$0.2 million were made for lease termination costs during the first three months of 2010. Payments related to this restructuring are expected to continue through the remainder of 2010. No further charges related to this plan are expected.



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Following is the detail of the cash charges related to the NMHG programs:

	Total charges expected to be incurred	Total charges incurred through December 31, 2009	Reversals in the three months ended March 31, 2010
<b>NMHG Americas</b>			
Severance	\$ 3.3	\$ 3.3	\$
	\$ 3.3	\$ 3.3	\$
<b>NMHG Europe</b>			
Severance	\$ 7.6	\$ 9.5	\$ (1.9)
Lease impairment	0.3	0.3	
Other			
	\$ 7.9	\$ 9.8	\$ (1.9)
<b>NMHG Other</b>			
Severance	\$ 2.4	\$ 2.4	\$
Lease impairment	0.5	0.5	
Other	0.1	0.1	
	\$ 3.0	\$ 3.0	\$
<b>Total charges</b>	<b>\$ 14.2</b>	<b>\$ 16.1</b>	<b>\$ (1.9)</b>

Following is the activity related to the liability for the NMHG programs. Amounts for severance expected to be paid within one year are included on the line *Accrued Payroll* and amounts for severance expected to be paid after one year are included on the line *Other Long-term Liabilities* in the Unaudited Condensed Consolidated Balance Sheets. Amounts for lease impairment and other are included in *Other current liabilities* in the Unaudited Condensed Consolidated Balance Sheets.

	Severance	Lease Impairment	Other	Total
Balance at January 1, 2010	\$ 7.9	\$ 0.8	\$ 0.1	\$ 8.8
Reversal	(1.9)			(1.9)
Payments	(1.0)	(0.2)		(1.2)
Foreign currency effect	(0.4)			(0.4)
<b>Balance at March 31, 2010</b>	<b>\$ 4.6</b>	<b>\$ 0.6</b>	<b>\$ 0.1</b>	<b>\$ 5.3</b>

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Inventories are summarized as follows:

	<b>MARCH 31 2010</b>	<b>DECEMBER 31 2009</b>
Manufactured inventories:		
Finished goods and service parts - NMHG	\$ 113.6	\$ 110.0
Raw materials and work in process - NMHG	116.4	116.1
Total manufactured inventories	<b>230.0</b>	226.1
Sourced inventories:		
HBB	<b>62.9</b>	67.0
Retail inventories:		
NMHG	<b>12.1</b>	15.9
KC	<b>53.4</b>	57.0
Total retail inventories	<b>65.5</b>	72.9
Total inventories at FIFO	<b>358.4</b>	366.0
Coal NACoal	<b>5.0</b>	5.0
Mining supplies NACoal	<b>10.7</b>	11.2
Total inventories at weighted average	<b>15.7</b>	16.2
NMHG LIFO reserve	<b>(44.0)</b>	(45.5)
	<b>\$ 330.1</b>	\$ 336.7

The cost of certain manufactured and retail inventories at NMHG, including service parts, has been determined using the last-in-first-out ( LIFO ) method. At March 31, 2010 and December 31, 2009, 35% of total inventories were determined using the LIFO method. An actual valuation of inventory under the LIFO method can be made only at the end of the year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations must be based on management's estimates of expected year-end inventory levels and costs. Because these estimates are subject to change and may be different than the actual inventory levels and costs at the end of the year, interim results are subject to the final year-end LIFO inventory valuation. During the first three months of 2010 and 2009, reductions in LIFO inventories at NMHG resulted in liquidations of LIFO inventory layers carried at lower costs compared with current year purchases. The income statement effect of such liquidations on Cost of sales during the first three months of 2010 and 2009 was a benefit of \$0.8 million and \$2.6 million, respectively.

**Note 5 Current and Long-Term Financing**

On April 29, 2010, KC entered into a credit agreement for a three-year, \$25.0 million secured revolving line of credit (the KC Facility ), which replaced the prior facility. The KC Facility will automatically increase to \$30.0 million within twelve months. The obligations under the KC Facility are secured by substantially all assets of KC. The availability is derived from a borrowing base formula using KC's eligible inventory and eligible credit card accounts receivable, as defined in the KC Facility. Borrowings bear interest at a floating rate plus a margin based on the excess

availability under the agreement, as defined in the KC Facility, which can be either a base rate plus a margin ranging from 1.75% to 2.50% or LIBOR (London Interbank Offered Rate ) plus a margin ranging from 2.75% to 3.50%. The KC Facility allows for the payment of dividends to NACCO, subject to certain restrictions based on availability and meeting a fixed charge coverage ratio, as described in the KC Facility. The KC Facility expires in April 2013 with an option to extend for an additional year, subject to the lender's consent.

**Table of Contents****Note 6 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 taking into account subsidiary credit risk. At March 31, 2010, the fair value of revolving credit agreements and long-term debt, excluding capital leases, was \$358.3 million compared with the book value of \$411.7 million. At December 31, 2009, the fair value of revolving credit agreements and long-term debt, excluding capital leases, was \$341.5 million compared with the book value of \$403.5 million.

**Derivative Financial Instruments**

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 and purchases 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 (loss) (OCI). Deferred gains or losses are reclassified from OCI to the Unaudited Condensed Consolidated Statements of Operations in the same period as the gains or losses from the underlying transactions are recorded and are generally recognized in cost of sales. The ineffective portion of derivatives that are classified as hedges is immediately recognized in earnings and generally recognized in cost of sales.

The Company uses interest rate swap agreements to partially reduce risks related to floating rate financing agreements that are subject to changes in the market rate of interest. Terms of the interest rate swap agreements require 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 are predominately based upon the three-month and six-month LIBOR. Changes in the fair value of interest rate swap agreements that are effective as hedges are recorded in OCI. Deferred gains or losses are reclassified from OCI to the Unaudited Condensed Consolidated Statements of Operations in the same period as the gains or losses from the underlying transactions are recorded and are generally recognized in interest expense. The ineffective portion of derivatives that are classified as hedges is immediately recognized in earnings and included on the line "Other" in the "Other income (expense)" section of the Unaudited Condensed Consolidated Statements of Operations.

Interest rate swap agreements and forward foreign currency exchange contracts held by the Company 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.

The Company periodically enters into foreign currency exchange contracts that do not meet the criteria for hedge accounting. These derivatives are used to reduce the Company's exposure to foreign currency risk related to forecasted purchase or sales transactions or forecasted intercompany cash payments or settlements. Gains and losses on these derivatives are included on the line "Cost of sales" or "Other" in the "Other income (expense)" section of the Unaudited Condensed Consolidated Statements of Operations.

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

The Company measures its derivatives at fair value on a recurring basis using significant observable inputs, which is Level 2 as defined in the fair value hierarchy. The Company uses a present value technique that incorporates the LIBOR swap curve, foreign currency spot rates and foreign currency forward rates to value its derivatives, including its interest rate swap agreements and foreign currency exchange contracts, and also incorporates the effect of its subsidiary and counterparty credit risk into the valuation. The fair value of derivative assets was \$1.0 million and \$1.4 million at March 31, 2010 and December 31, 2009, respectively. The fair value of derivative liabilities was \$22.9 million and \$22.3 million at March 31, 2010 and December 31, 2009, respectively.

**Foreign Currency Derivatives:** NMHG and HBB held forward foreign currency exchange contracts with total notional amounts of \$153.3 million and \$16.3 million, respectively, at March 31, 2010, primarily denominated in euros, British pounds, Japanese yen, Canadian dollars, Swedish kroner, Mexican pesos and Australian dollars. NMHG

and HBB held forward foreign currency exchange contracts with total notional amounts of \$173.0 million and \$10.0 million, respectively, at December 31, 2009, primarily denominated in British pounds, euros, Japanese yen, Australian dollars, Canadian dollars, Swedish kroner and Mexican pesos. The fair value of these contracts approximated a net liability of \$1.2 million and \$0.1 million at March 31, 2010 and December 31, 2009, respectively. Forward foreign currency exchange contracts that qualify for hedge accounting are used to hedge transactions expected to occur within the next twelve months. The mark-to-market effect of forward foreign currency exchange contracts that are considered effective as hedges has been included in OCI. Based on market valuations at March 31, 2010, \$10.3 million of the amount included in OCI at March 31, 2010 is expected to be reclassified as income into the Consolidated Statement of Operations over the next twelve months, as the transactions occur.

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**Interest Rate Derivatives:** The following table summarizes the notional amounts, related rates and remaining terms of interest rate swap agreements active at March 31, 2010 and December 31, 2009:

	Notional Amount		Average Fixed Rate		Remaining Term at March 31, 2010
	March 31 2010	December 31 2009	March 31 2010	December 31 2009	
NMHG	\$206.5	\$ 206.5	4.3%	4.3%	Various, extending to May 2012
HBB	\$ 84.0	\$ 84.0	4.7%	4.7%	Various, extending to May 2012
NACoal	\$	\$ 15.0	0.0%	5.7%	No active agreements

In addition to the interest rate swap agreements reflected in the table, at March 31 2010, NMHG holds certain contracts that begin on various dates starting in May 2010 and extend to various dates through February 2013. These contracts increase the notional amount to \$367.5 million at March 31, 2010, but the amount outstanding at any one time will not exceed the balance of the NMHG term loan agreement. In addition to the interest rate swap agreements reflected in the table, at March 31, 2010, HBB holds certain contracts that begin on various dates starting in June 2010 and extend to various dates through June 2013. These contracts increase the notional amount to \$159.0 million at March 31, 2010, but the amount outstanding at any one time will not exceed the balance of the HBB term loan agreement. The fair value of all interest rate swap agreements was a net liability of \$20.7 million and \$20.8 million at March 31, 2010 and December 31, 2009, respectively. The mark-to-market effect of interest rate swap agreements that are considered effective as hedges has been included in OCI. Based on market valuations at March 31, 2010, \$7.2 million of the amount included in OCI is expected to be reclassified as expense into the Consolidated Statement of Operations over the next twelve months, as cash flow payments are made in accordance with the interest rate swap agreements.

**NMHG:** NMHG has interest rate swap agreements that hedge interest payments on the NMHG term loan agreement. The interest rate swap agreements held by NMHG on March 31, 2010 are expected to continue to be effective as hedges.

**HBB:** HBB has interest rate swap agreements that hedge interest payments on the HBB term loan agreement. The interest rate swap agreements held by HBB on March 31, 2010 are expected to continue to be effective as hedges.

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The following table summarizes the fair value of derivative instruments reflected on a gross basis at March 31, 2010 and December 31, 2009 as recorded in the Unaudited Condensed Consolidated Balance Sheets:

	Asset Derivatives			Liability Derivatives		
	Balance sheet location	March 31 2010	December 31 2009	Balance sheet location	March 31 2010	December 31 2009
		Fair value	Fair value		Fair value	Fair value
Derivatives designated as hedging instruments						
Interest rate swap agreements						
Current	Other current liabilities	\$	\$	Other current liabilities	\$ 5.0	\$ 4.8
Long-term	Other long-term liabilities			Other long-term liabilities	15.7	15.8
Foreign currency exchange contracts						
Current	Prepaid expenses and other	1.3	1.9	Prepaid expenses and other	0.3	0.2
	Other current liabilities	1.1	0.6	Other current liabilities	3.5	2.2
Total derivatives designated as hedging instruments		\$ 2.4	\$ 2.5		\$ 24.5	\$ 23.0
Derivatives not designated as hedging instruments						
Interest rate swap agreements						
Current	Other current liabilities	\$	\$	Other current liabilities	\$	\$ 0.2
Foreign currency exchange contracts						
Current	Prepaid expenses and other			Prepaid expenses and other		0.3
	Other current liabilities	0.3	0.2	Other current liabilities	0.1	0.1
Total derivatives not designated as hedging instruments		\$ 0.3	\$ 0.2		\$ 0.1	\$ 0.6

<b>Total derivatives</b>	<b>\$ 2.7</b>	<b>\$ 2.7</b>	<b>\$ 24.6</b>	<b>\$ 23.6</b>
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The following table summarizes the impact of derivative instruments for the three months ended March 31 as recorded in the Unaudited Condensed Consolidated Statements of Operations:

	Amount of Gain (Loss) Recognized in OCI on Derivative (Effective Portion)		Location of Gain (Loss) Reclassified from OCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from OCI into Income (Effective Portion)		Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	2010	2009		2010	2009		2010	2009
Derivatives in Cash Flow Hedging Relationships								
Interest rate swap agreements	\$ (2.3)	\$ (2.2)	Interest income (expense)	\$ (2.9)	\$ (2.1)	N/A	\$	\$
Foreign currency exchange contracts	(1.4)	5.3	Cost of sales	4.2	0.6	N/A		
<b>Total</b>	<b>\$ (3.7)</b>	<b>\$ 3.1</b>		<b>\$ 1.3</b>	<b>\$ (1.5)</b>		<b>\$</b>	<b>\$</b>

	Location of Gain (Loss) Recognized in Income on Derivative		Amount of Gain (Loss) Recognized in Income on Derivative	
	2010	2009	2010	2009
Derivatives Not Designated as Hedging Instruments				
Interest rate swap agreements	Other		\$ 0.2	\$ 0.2
Foreign currency exchange contracts	Cost of sales or Other		(0.2)	(0.4)

**Total**

\$

\$ (0.2)

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**Table of Contents****Note 7 Unconsolidated Subsidiaries and Equity Investments**

Six of NACoal's wholly owned subsidiaries, The Coteau Properties Company, The Falkirk Mining Company, The Sabine Mining Company (collectively, the project mining subsidiaries), Demery Resources Company, LLC (Demery), Caddo Creek Resources Company, LLC (Caddo Creek), and Camino Real Fuels, LLC (Camino Real) each meet the definition of a variable interest entity. The project mining subsidiaries were developed between 1974 and 1981 and operate lignite coal mines under long-term contracts with various utility customers. The contracts with the project mining subsidiaries' utility customers allow each mine to sell lignite coal at a price based on actual cost plus an agreed pre-tax profit per ton. These project mining subsidiaries are capitalized primarily with debt financing, which the utility customers have arranged and guaranteed. The obligations of the project mining subsidiaries are without recourse to NACCO and NACoal. Demery, Caddo Creek and Camino Real were formed during 2009 to develop, construct and operate surface mines under long-term contracts. The contracts with the customers of these mines allow for reimbursement of all costs plus a management fee. The taxes resulting from earnings of these six entities are solely the responsibility of the Company. Although NACoal owns 100% of the stock and manages the daily operations of these entities, the Company has determined that the equity capital provided by NACoal is not sufficient to adequately finance the ongoing activities or absorb any expected losses without additional support from the customers. The customers have a controlling financial interest and have the power to direct the activities that most significantly affect the economic performance of the entities. As a result, NACoal is not the primary beneficiary and therefore does not consolidate these entities' financial position or results of operations. The pre-tax income from the unconsolidated mines is reported on the line Earnings of unconsolidated mines in the Unaudited Condensed Consolidated Statements of Operations, with related taxes included in the provision for income taxes. The Company has included the pre-tax earnings of the unconsolidated mines above operating profit as they are an integral component of the Company's business and operating results. The investment in the unconsolidated mines and related tax asset was \$21.1 million and \$17.3 million at March 31, 2010 and December 31, 2009, respectively, and are included on the line Other Non-current Assets in the Unaudited Condensed Consolidated Balance Sheets. The Company's risk of loss relating to these entities is limited to its invested capital, which was \$3.8 million and \$3.5 million at March 31, 2010 and December 31, 2009, respectively.

Summarized financial information for the unconsolidated mines is as follows:

	THREE MONTHS ENDED	
	MARCH 31	
	2010	2009
Revenues	\$111.8	\$95.1
Gross profit	\$ 17.9	\$15.9
Income before income taxes	\$ 10.5	\$10.5
Income from continuing operations	\$ 8.1	\$ 8.2
Net income	\$ 8.1	\$ 8.2

NMHG has a 20% ownership interest in NMHG Financial Services, Inc. (NFS), a joint venture with GE Capital Corporation (GECC), formed primarily for the purpose of providing financial services to independent 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. NFS is considered a variable interest entity; however, the Company has concluded that NMHG is not the primary beneficiary. NMHG does not consider its variable interest in NFS to be significant.

NMHG has a 50% ownership interest in Sumitomo NACCO Materials Handling Company, Ltd. (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 based on current market prices. NMHG's ownership in SN is also accounted for using the equity method of accounting.

The Company's percentage share of the net income or loss from its equity investments in NFS and SN are reported on the line Other in the Other income (expense) section of the Unaudited Condensed Consolidated Statements of

Operations. The Company's equity investments are included on the line "Other Non-current Assets" in the Unaudited Condensed Consolidated Balance Sheets. At March 31, 2010 and December 31, 2009, NMHG's investment in NFS was \$11.0 million and \$13.9 million, respectively, and NMHG's investment in SN was \$25.6 million and \$25.8 million, respectively.

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Summarized financial information for these two NMHG equity investments is as follows:

	THREE MONTHS ENDED	
	MARCH 31	
	2010	2009
Revenues	\$76.4	\$71.0
Gross profit	\$22.0	\$20.6
Income (loss) from continuing operations	\$ (1.0)	\$ 0.1
Net income (loss)	\$ (1.0)	\$ 0.1

**Note 8 Guarantees and Contingencies**

Various legal and regulatory proceedings and claims have been or may be asserted against NACCO and certain subsidiaries relating to the conduct of their businesses, 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 the Company 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, 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 NMHG is providing a guarantee generally range from one to five years. Total guarantees and amounts subject to standby recourse or repurchase obligations at March 31, 2010 and December 31, 2009 were \$211.3 million and \$140.2 million, respectively. The increase from December 31, 2009 is primarily related to the guarantees entered into in conjunction with the sale of certain Australian operations during the first three months of 2010. As of March 31, 2010, losses anticipated under the terms of the guarantees, standby recourse or repurchase obligations were \$5.5 million and reserves have been provided for such losses based on historical experience in the accompanying unaudited condensed consolidated financial statements. In such circumstances, NMHG generally retains a security interest in the related assets financed such that, in the event NMHG would become obligated under the terms of the guarantee, standby recourse or repurchase obligations, NMHG would take title to the assets financed. The fair value of collateral held at March 31, 2010 was approximately \$237.7 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. The Company also regularly monitors the external credit ratings of the entities in which it has provided guarantees, standby recourse or repurchase obligations. As of March 31, 2010, the Company does not believe there is a significant risk of non-payment or non-performance of the obligations by these entities; however based upon the economic environment, there can be no assurance that the risk may not increase in the future. In addition, NMHG has an agreement with GECC to limit its exposure to losses at certain eligible dealers. Under this agreement, losses related to \$41.5 million of guarantees for these certain eligible dealers are limited to 7.5% of their original loan balance, or \$14.9 million as of March 31, 2010. The \$41.5 million is included in the \$211.3 million of total amounts subject to guarantees, standby recourse or repurchase obligations at March 31, 2010.

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 other unrelated third parties. NFS provides debt financing to dealers and lease financing to both dealers and customers. On occasion, the credit quality of a customer or credit concentration issues within GECC may necessitate providing guarantee, standby recourse or repurchase obligations of the lift trucks purchased by customers and financed through NFS. At March 31, 2010, approximately \$99.7 million of the Company's total guarantees, standby recourse or repurchase obligations related to transactions with NFS. In addition, 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 March 31, 2010, the amount of NFS debt guaranteed by NMHG was \$160.6 million. NFS has not defaulted under the terms of this debt financing in the past, and although there can be no assurances, NMHG is not aware of any circumstances that would cause NFS to default in future periods. However, NMHG is monitoring the effect of the economic environment on NFS and GECC.

NMHG provides a standard warranty on its lift trucks, generally for six to twelve months or 1,000 to 2,000 hours. For certain components in some series of lift trucks, NMHG provides an additional standard warranty of two to three years or 4,000 to 5,000 hours. HBB provides a standard warranty to consumers for all of its products. The specific terms and conditions of those warranties vary depending upon the product brand. In general, if a product is returned under warranty, a refund is provided to the consumer by HBB's customer, the retailer. Generally, the retailer returns those products to HBB for a credit. The Company estimates the costs which may be incurred under its standard warranty programs and records a liability for such costs at the time product revenue is recognized.

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In addition, NMHG sells extended warranty agreements, which provide a warranty for an additional 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. 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.

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 based on historical costs.

The Company periodically assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary. 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.

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

	<b>2010</b>
Balance at January 1	<b>\$38.5</b>
Warranties issued	<b>7.8</b>
Settlements made	<b>(9.5)</b>
Foreign currency effect	<b>(0.5)</b>
<b>Balance at March 31</b>	<b>\$36.3</b>

**Table of Contents****Note 9 Income Taxes**

The income tax provision includes U.S. federal, state and local, and foreign income taxes and is based on the application of a forecasted annual income tax rate applied to the current quarter's year-to-date pre-tax income or loss. In determining the estimated annual effective income tax rate, the Company analyzes various factors, including projections of the Company's annual earnings, taxing jurisdictions in which the earnings will be generated, the impact of state and local income taxes, the Company's ability to use tax credits and net operating loss carryforwards, and available tax planning alternatives. Discrete items, including the effect of changes in tax laws, tax rates and certain circumstances with respect to valuation allowances or other unusual or non-recurring tax adjustments are reflected in the period in which they occur as an addition to, or reduction from, the income tax provision, rather than included in the estimated effective annual income tax rate. Additionally, the Company's interim effective income tax rate is computed and applied without regard to pre-tax losses where such losses are not expected to generate a current-year tax benefit.

A reconciliation of the Company's consolidated federal statutory and effective income tax is as follows:

	THREE MONTHS ENDED MARCH 31	
	2010	2009
Income (loss) before income taxes:	\$ 15.0	\$ (8.5)
Statutory taxes (benefit) at 35%	\$ 5.3	\$ (3.0)
Interim adjustment	0.8	4.5
Discrete items:		
NMHG sale of foreign stock	(2.0)	
Other	0.4	0.1
	(1.6)	0.1
Other permanent items:		
NACoal percentage depletion	(1.3)	2.7
Foreign tax rate differential	(0.8)	1.1
Valuation allowance	0.7	(4.3)
Other	0.3	(0.5)
	(1.1)	(1.0)
Income tax provision	\$ 3.4	\$ 0.6
Effective income tax rate	22.7%	(7.1%)

The effective income tax rate for the three months ended March 31, 2009 was negative because the Company recorded an income tax provision on a loss before income taxes, primarily due to the interim accounting adjustment to exclude pre-tax losses not expected to generate a tax benefit for the full year from the effective income tax rate.

During the first three months of 2010, NMHG sold the stock of an entity in Australia for a pre-tax loss of \$0.2 million. Due to the difference between the book basis and tax basis of the stock, the Company recognized a tax benefit related



to the sale in the first three months of 2010.

**Table of Contents****Note 10 Retirement Benefit Plans**

The Company maintains various defined benefit pension plans that 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 and government and corporate bonds.

Pension benefits for all parent company, NMHG, HBB and NACoal employees in the United States and Canada, excluding certain project mining subsidiary employees, have been frozen. Only certain grandfathered NMHG employees in the United Kingdom and the Netherlands still earn retirement benefits under defined benefit pension plans. All other eligible employees of the Company, including employees whose pension benefits are frozen, receive retirement benefits under defined contribution retirement plans.

The Company previously disclosed in its Form 10-K for the year ended December 31, 2009 that it expected to contribute approximately \$7.5 million to its U.S. pension plans in 2010. The Company now expects to contribute approximately \$13.4 million to its U.S. pension plans in 2010.

The Company also maintains health care and life insurance plans that provide benefits to eligible retired employees. Effective January 1, 2010, NMHG eliminated its retiree life insurance plan. These plans have no assets. Under the Company's current policy, benefits under these plans are funded at the time they are due to participants.

The components of pension and post-retirement (income) expense are set forth below:

	THREE MONTHS ENDED MARCH 31	
	2010	2009
<b>U.S. Pension</b>		
Service cost	\$	\$ 0.1
Interest cost	<b>2.1</b>	2.1
Expected return on plan assets	<b>(2.2)</b>	(2.2)
Amortization of actuarial loss	<b>1.2</b>	1.2
Amortization of prior service credit	<b>(0.1)</b>	
Total	<b>\$ 1.0</b>	\$ 1.2
<b>Non-U.S. Pension</b>		
Service cost	\$	\$ 0.3
Interest cost	<b>1.8</b>	1.6
Expected return on plan assets	<b>(2.2)</b>	(1.9)
Amortization of actuarial loss	<b>0.8</b>	0.4
Total	<b>\$ 0.8</b>	\$ 0.4
<b>Post-retirement</b>		
Service cost	\$	\$ 0.1
Interest cost	<b>0.1</b>	0.2
Amortization of prior service credit		(0.1)
Total	<b>\$ 0.1</b>	\$ 0.2



**Table of Contents****Note 11 Business Segments**

NACCO is a holding company with the following principal subsidiaries: NMHG, HBB, KC and NACoal. See Note 1 for a discussion of the Company's industries and product lines. NACCO's non-operating segment, NACCO and Other, includes the accounts of the parent company and Bellaire Corporation.

Based on the sale of most of NMHG's retail dealer operations, the information submitted to the Company's chief operating decision maker was changed during the first quarter of 2010. Therefore, NACCO changed its reportable segments to include the following three management units: NMHG Americas, NMHG Europe and NMHG Other. NMHG Americas includes its operations in the United States, Mexico and Brazil. NMHG Europe includes its operations in Europe, the Middle East and Africa. NMHG Other includes NMHG's corporate headquarters, its remaining wholly owned dealerships and its immaterial operating segments, which include operations in the Asia-Pacific region. Certain amounts are allocated to these geographic management units and are included in the segment results presented below, including product development costs, corporate headquarters expenses, information technology infrastructure costs, NACCO management fees, and debt and interest expense, which are not directly incurred by the geographic operations and are determined by NMHG's corporate headquarters. In addition, other costs are incurred directly by these management units based upon the location of the manufacturing plant or sales units, including plant capacity and manufacturing variances, product liability, warranty and sales discounts, which may not be associated with the ultimate end user sales location where revenues and margins are reported. Therefore, the reported results of each NMHG segment cannot be considered as stand-alone entities as all NMHG reportable segments are inter-related and integrate into a single global NMHG business. Historical results have been revised to reflect this change in reportable segments within NMHG.

Financial information for each of NACCO's reportable segments is presented in the following table. The line "NMHG Eliminations" in the revenues section eliminates revenues from sales of lift trucks from manufacturing operations to wholly owned retail operations. These revenues are based on current market prices in similar third-party transactions. The line "Eliminations" in the revenues section eliminates revenues from HBB sales to KC. The amounts of these revenues are based on current market prices of similar third-party transactions. No other sales transactions occur among reportable segments. Other transactions among reportable segments are recognized based on current market prices of similar third-party transactions.

	THREE MONTHS ENDED MARCH 31	
	2010	2009
<b>Revenue from external customers</b>		
NMHG		
NMHG Americas	\$ 228.3	\$ 228.9
NMHG Europe	91.0	100.3
NMHG Other	57.6	60.9
NMHG Eliminations	(1.5)	(1.0)