

Managing for long-term profit growth

NACCO Industries, Inc.

Background &
Strategy



August 13, 2004

Forward-Looking Statement Disclaimer



- The statements contained in this presentation that are not historical facts are “forward-looking statements” and are made subject to certain risks and uncertainties which could cause actual results to differ materially from those presented herein. You are cautioned not to place undue reliance on these forward-looking statements, which speak only to the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof. Such risks and uncertainties with respect to each subsidiary’s operations are set forth in the Appendix on the final page of this presentation.
- This presentation 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, 2003 filed with the Securities and Exchange Commission on March 15, 2004, and the Company’s Quarterly Reports on Form 10-Q for the quarters ended March 31, 2004 and June 30, 2004, filed with the Securities and Exchange Commission on May 10, 2004 and August 6, 2004, respectively.

Table of Contents



- ▶ **NACCO Industries, Inc. Overview**
- ▶ Corporate Oversight and Governance
- ▶ NACCO Materials Handling Group, Inc. (NMHG)
- ▶ NACCO Housewares Group
 - ▶ Hamilton Beach♦Proctor-Silex, Inc. (HB/PS)
 - ▶ The Kitchen Collection, Inc. (KCI)
- ▶ The North American Coal Corporation
- ▶ Investment Considerations Summary
- ▶ Appendix

NACCO Industries, Inc. Overview



- ▶ NACCO Industries, Inc. is an operating holding company with three principle businesses: lift trucks, housewares and lignite coal mining
- ▶ In 2003, total revenues were \$2.5 billion and net income was \$52.8 million
- ▶ NACCO's overall goal is to increase shareholder value by managing for long-term profit growth

NACCO Industries Overview



NACCO Materials Handling Group, Inc.



The North American Coal Corporation



NACCO Housewares Group

The Kitchen Collection, Inc.



Hamilton Beach Proctor-Silex, Inc.

NACCO Industries, Inc. Overview

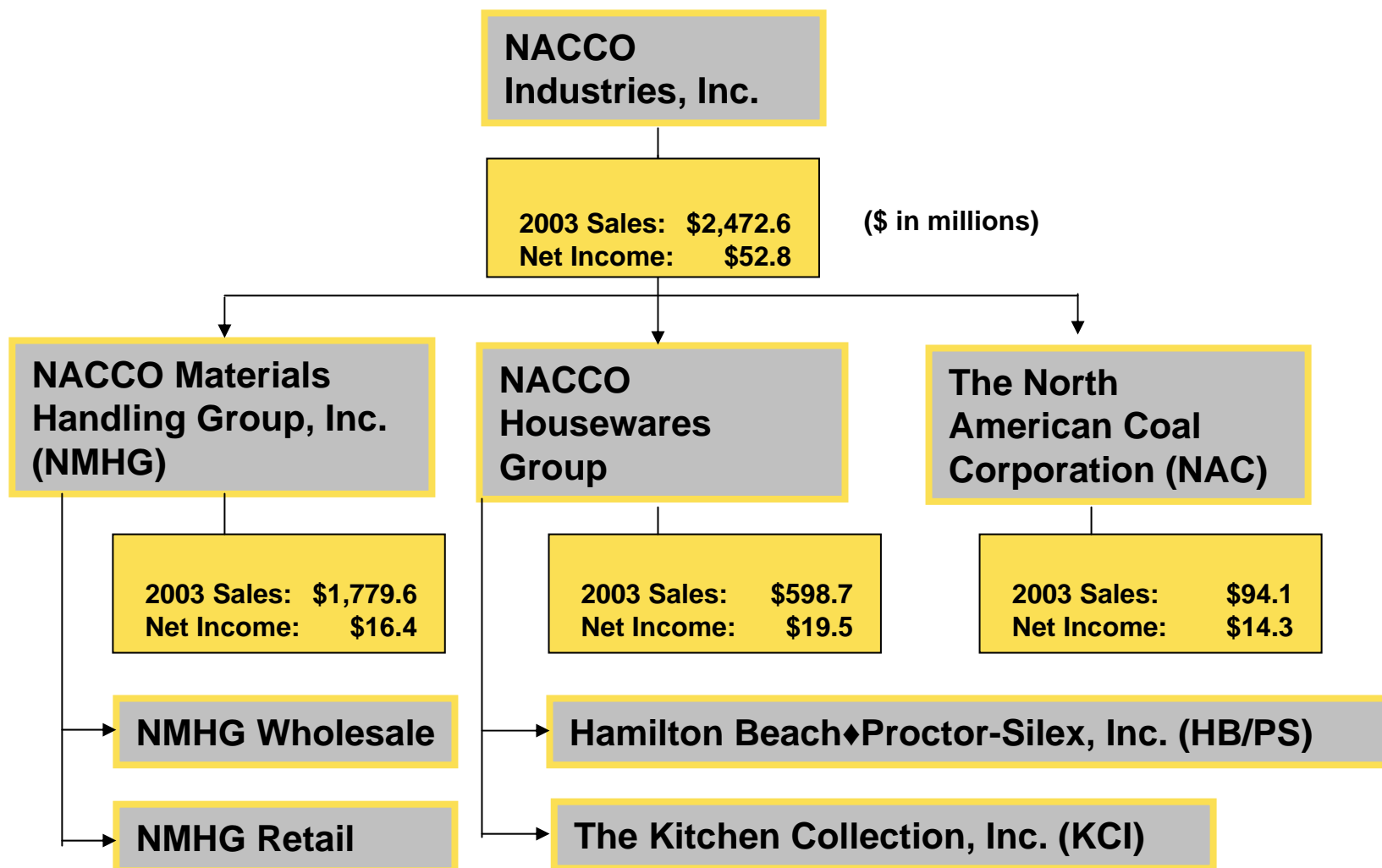


Table of Contents



- ▶ NACCO Industries, Inc. Overview
- ▶ **Corporate Oversight and Governance**
- ▶ NACCO Materials Handling Group, Inc. (NMHG)
- ▶ NACCO Housewares Group
 - ▶ Hamilton Beach♦Proctor-Silex, Inc. (HB/PS)
 - ▶ The Kitchen Collection, Inc. (KCI)
- ▶ The North American Coal Corporation
- ▶ Investment Considerations Summary
- ▶ Appendix

Prudent Corporate Oversight



Corporate Headquarters

- ▶ Carries out public company responsibilities
- ▶ Provides value-added consulting services
- ▶ Staff of about 40

Overall Corporate Strategy

- ▶ Maximize after-tax return to shareholders
- ▶ Deploy free cash flow into:
 - ▶ Reinvestment in the businesses
 - ▶ Debt reduction
 - ▶ Acquisitions
 - ▶ Share repurchases
 - ▶ Regular dividend increases, depending on the Company's needs, opportunities and the U.S. tax environment

NACCO Maintains a Long-Term Perspective



▶ Four Guiding Principles:

- ▶ Highly professional management teams
- ▶ Industry-leading operational effectiveness and efficiencies
- ▶ Industry-leading market positions
- ▶ Sustainable competitive advantage positions

Oversight

- ▶ Ensure subsidiary management excellence
- ▶ Enhance strategies for sustainable competitive advantage
- ▶ Reinforce process of constructive change
- ▶ Ensure development of appropriate programs
- ▶ Monitor disciplined execution
- ▶ Ensure achievement of financial targets

Consulting

- ▶ Internal Consulting Group
 - ▶ Business Operations
 - ▶ Strategy Consulting
- ▶ Other Consulting Services
 - ▶ Acquisition and divestiture
 - ▶ Financial, tax and accounting
 - ▶ Legal and compensation

Established Corporate Governance Program



Four key elements which have largely been in place for a decade or more*:

Corporate Governance

- ▶ Strong, independent board of directors to ensure effective oversight
 - ▶ Reinforced by subsidiary company structures
 - ▶ Each with its own CEO
 - ▶ Each with separate, independent board of directors
 - ▶ Each with separate P&L's, balance sheets and debt
- ▶ Strong, independent nominating and governance committee to ensure a strong, independent board
- ▶ Strong, independent compensation committee to ensure responsible compensation
- ▶ Strong, independent audit committee to ensure accounting integrity.

* Key components of the Corporate Governance Program were outlined in CEO Perspectives published in NACCO Annual Reports from 1991 to 1995. These articles were brought together in a publication entitled "CEO Perspectives," which is available on the NACCO website, www.nacco.com

Responsible Executive Compensation



Executive Compensation

- ▶ NACCO board exercises strong control over strategic business unit compensation
- ▶ Management incentives aligned with shareholder interests
- ▶ Strong link between compensation and company performance
- ▶ No stock options
- ▶ 4 components:
 - Base salary; perquisites converted to cash compensation
 - Short-term incentives – 60% tied to annual operating plan and financial objectives; 40% to Return on Total Capital Employed (ROTCE) to insure shareholder protection
 - Long-term incentives – Performance-based grants measured against long-term objectives; awarded at corporate level in restricted stock (10 years) and at most subsidiary companies in book value appreciation units to strengthen link between interests of shareholders and managers
 - Retirement provided through defined contribution programs – with company contribution levels often tied to the performance of the businesses

Clear Financial Goals for Subsidiary Companies



NACCO Materials Handling Group, Inc.

- ▶ Achieve a minimum long-term operating profit target of 9 percent by 2007-2008
- ▶ Generate substantial cash flow before financing activities

Hamilton Beach♦ Proctor-Silex, Inc.

- ▶ Achieve a minimum operating profit target of 10 percent by 2005-2006
- ▶ Generate substantial cash flow before financing activities

The Kitchen Collection, Inc.

- ▶ Continue to achieve at least its minimum operating profit of 5 percent
- ▶ Generate substantial cash flow before financing activities

The North American Coal Corporation

- ▶ Earn a minimum return on capital employed of 13% and attain positive Economic Value Added (EVI) from any new projects and existing consolidated mining operations
- ▶ Maintain or increase profitability of all existing project mining operations
- ▶ Generate substantial cash flow before financing activities

Table of Contents



- ▶ NACCO Industries, Inc. Overview
- ▶ Corporate Oversight and Governance
- ▶ **NACCO Materials Handling Group, Inc. (NMHG)**
- ▶ NACCO Housewares Group
 - ▶ Hamilton Beach♦Proctor-Silex, Inc. (HB/PS)
 - ▶ The Kitchen Collection, Inc. (KCI)
- ▶ The North American Coal Corporation
- ▶ Investment Considerations Summary
- ▶ Appendix

Overview

- ▶ **NMHG Wholesale:**
 - ▶ Designs, engineers, manufactures, sells and services a comprehensive line of lift trucks and aftermarket parts
 - ▶ Marketed globally under the Hyster® and Yale® brand names
 - ▶ Lift trucks and component parts manufactured in United States, United Kingdom, the Netherlands, China, Italy, Japan, Mexico, the Philippines and Brazil
- ▶ **NMHG Retail:**
 - ▶ Small number of wholly owned dealers selling, leasing and servicing Hyster® and Yale® lift trucks, including sales of aftermarket parts
 - ▶ Acquired to strengthen or protect presence in areas where appropriate independent distribution was not available

Vision

- ▶ To be the leading globally integrated designer, manufacturer and marketer of a complete range of high-quality lift trucks



Key Investment Considerations

NMHG

Leading Global Lift Truck Manufacturer

- ▶ Leading market share positions with large installed population base
- ▶ Comprehensive global product line undergoing significant redesign
- ▶ Globally integrated operations with significant economies of scale

Strong Brands

- ▶ Power of Hyster® and Yale® brand names
- ▶ Established brand strength across diversified customer base

Experienced Management Team

- ▶ Strong team of long-term NMHG managers and executives
- ▶ Supplemented by professionals with management experience at leading industrial companies, such as Case, Toyota, Paccar and Cummins

Powerful Exclusive Distribution Network

- ▶ Strong, stable network of independent dealers in key U.S. market
- ▶ Increasingly professional full-service dealers around the world
- ▶ Industry leader in National Account coverage in the U.S.

Leading Account Management Capabilities

- ▶ Industry-leading capabilities in fleet management and financial services in key markets
- ▶ Growing global account program






Leading Brands and Market Shares

NMHG

- ▶ Hyster® and Yale® among the most recognized brands in the lift truck industry
 - ▶ #1 market position in North America, #3 worldwide
 - ▶ Both brands more than 70 years in business
- ▶ Strong heritage customer base in complementary market segments
 - ▶ Hyster® – large, heavy-duty applications
 - ▶ Yale® – lighter-duty and warehouse applications
- ▶ 2003 market share in Class I through V industrial lift trucks in North America of 27%
 - ▶ 2003 global market share of 13%
 - ▶ Significant growth opportunities in Europe, Asia-Pacific and China

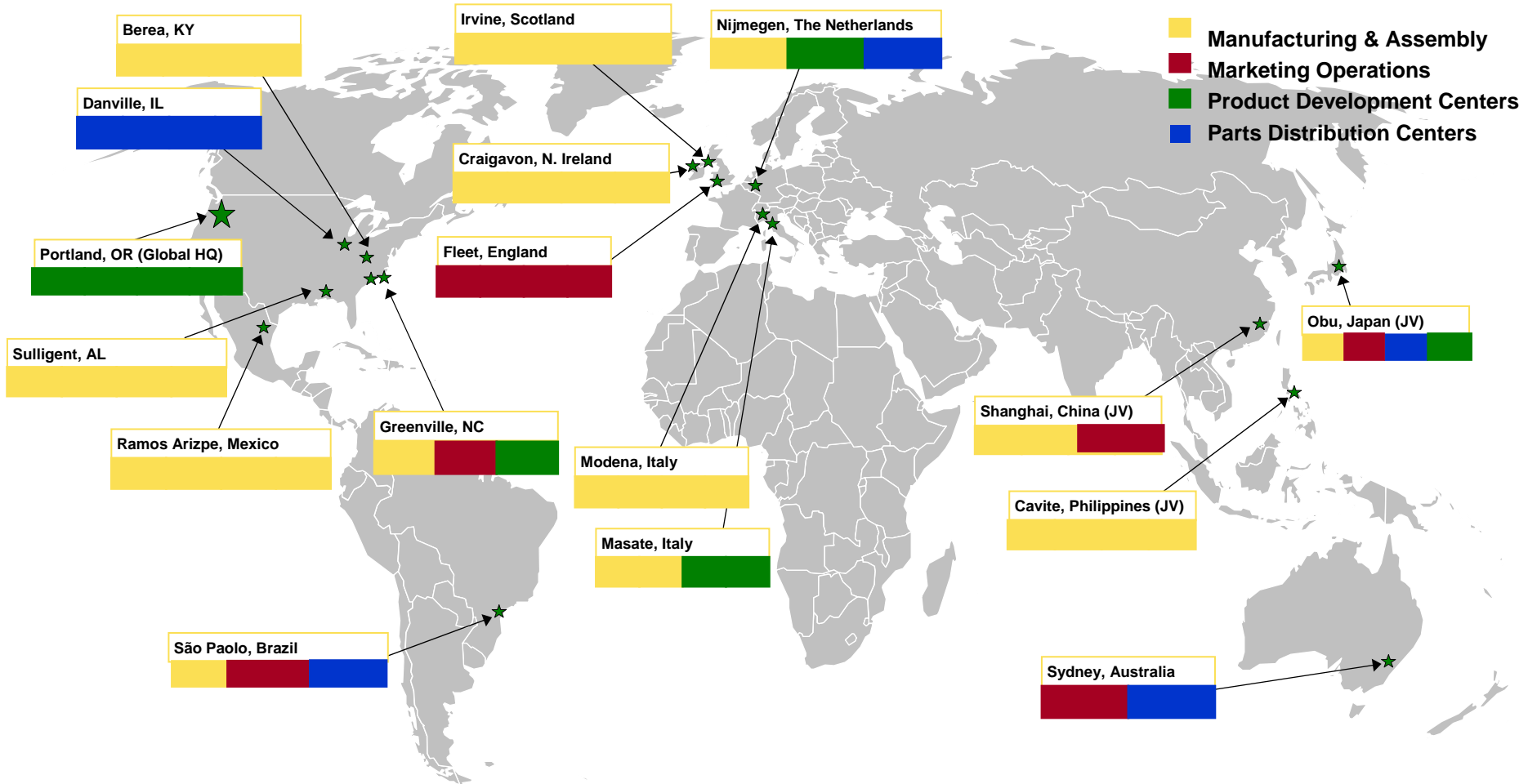
Comprehensive Product Line

NMHG

Class	Description	Selected Products	Capacity Range
Class I	Electric counterbalanced rider trucks		1 ton - 9 tons
Class II	Electric narrow aisle trucks		½ ton - 6 tons
Class III	Electric hand trucks		½ ton – 8 tons
Class IV	Internal combustion engine counterbalanced trucks - cushion tire		1 ton – 7 tons
Class V	Internal combustion engine counterbalanced trucks - pneumatic tire		1 ton - 48 tons

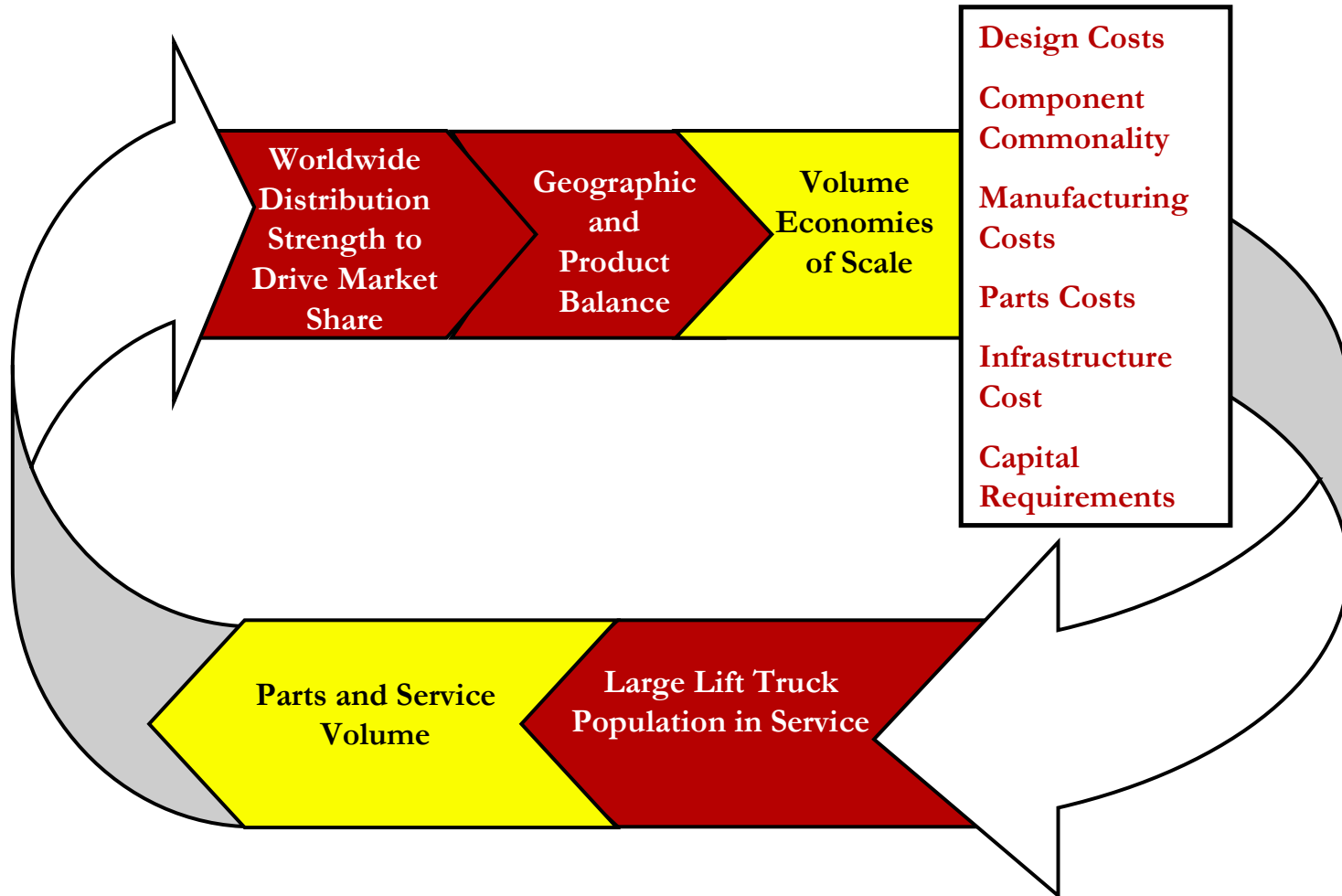
Global Scope of Operations

NMHG



Global Economies of Scale

NMHG

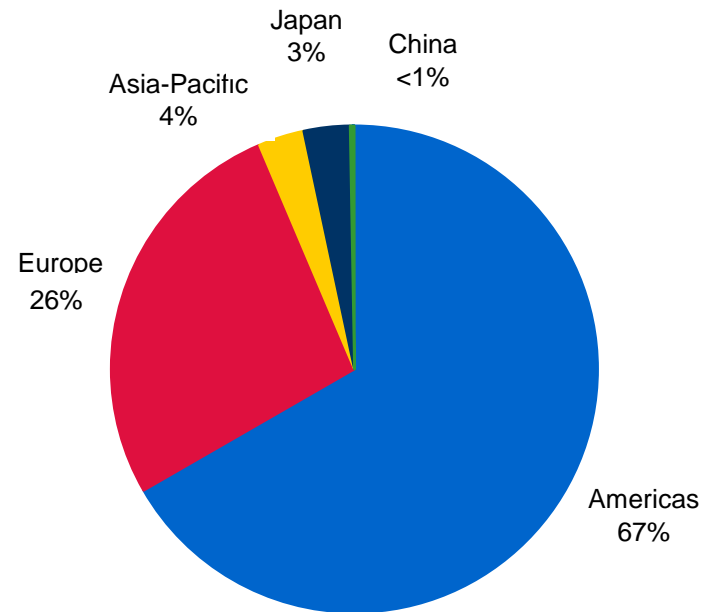


Large Global Installed Population

NMHG

- Large installed base provides barrier to entry and assures ongoing parts revenue
 - Estimated 750,000 Hyster® and Yale® lift trucks in operation worldwide
- Approximately 75% of total parts for the Hyster® and Yale® installed base are captured by NMHG in key U.S. market
- Comprehensive global proprietary and “all-makes” service parts program
- Service parts result in recurring, higher-margin revenues

2003 Global Installed Population - 750,000 Lift Trucks*



*Source: internal company estimates

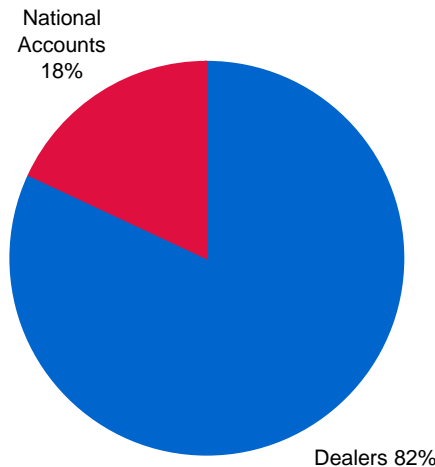
Leading Dealer/National Accounts Programs

NMHG

Dealer Network

- ▶ Global operations supplying both Hyster® and Yale® dealer networks
- ▶ Independently owned and operated dealers with exclusivity
 - ▶ Either Hyster® or Yale®
 - ▶ Defined sales territories
- ▶ Company-owned dealers
- ▶ Strong global distribution drives market share

U.S. Unit Sales Breakdown by Distribution Channel*



National Accounts

- ▶ Industry-leading direct-sales national accounts program
- ▶ Over 200 national accounts in wide range of industries
- ▶ Key exclusive accounts, including Costco stores, Lowe's stores, Saturn and GM (North America, China, Brazil)



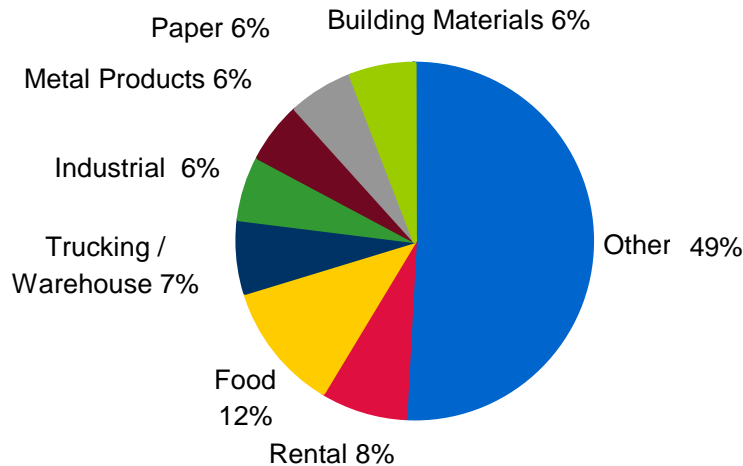
* Based on 2001 data

Diversified Customer Base

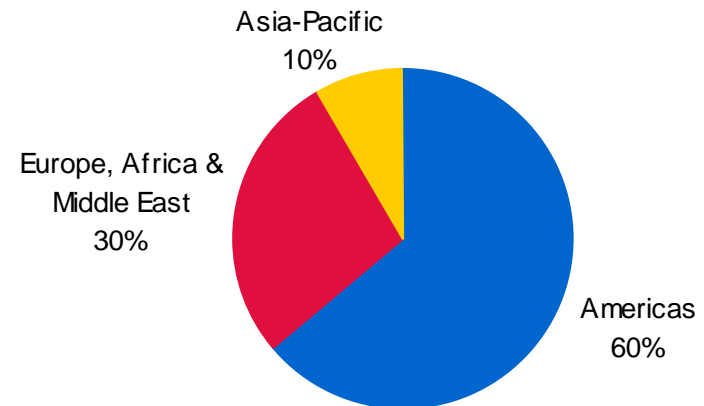
NMHG

- NMHG markets industrial lift trucks into over 600 different end-user applications in 900 industries
- Top 10 customers accounted for approximately 10% of 2003 unit sales

Customer Mix*



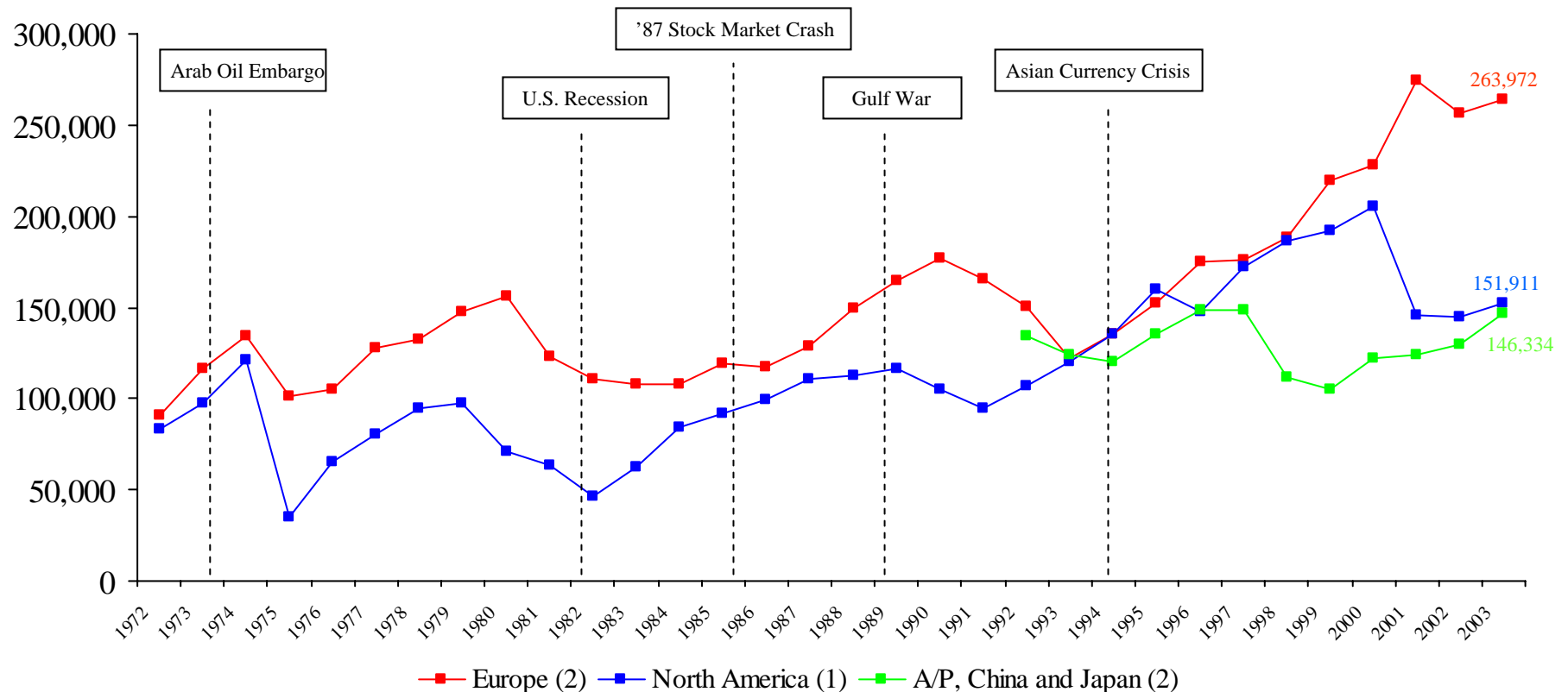
2003 Sales by Geography



* Based on 2001 data

Lift Truck Market Size History

NMHG



Lift truck market size history – source: ITA, GIVA, FEM

- (1) Retail Bookings
- (2) Factory Shipments

Note: Actual market size numbers for each year appear in Appendix on page 48

North American Lift Truck Industry Outlook

NMHG

Management believes...

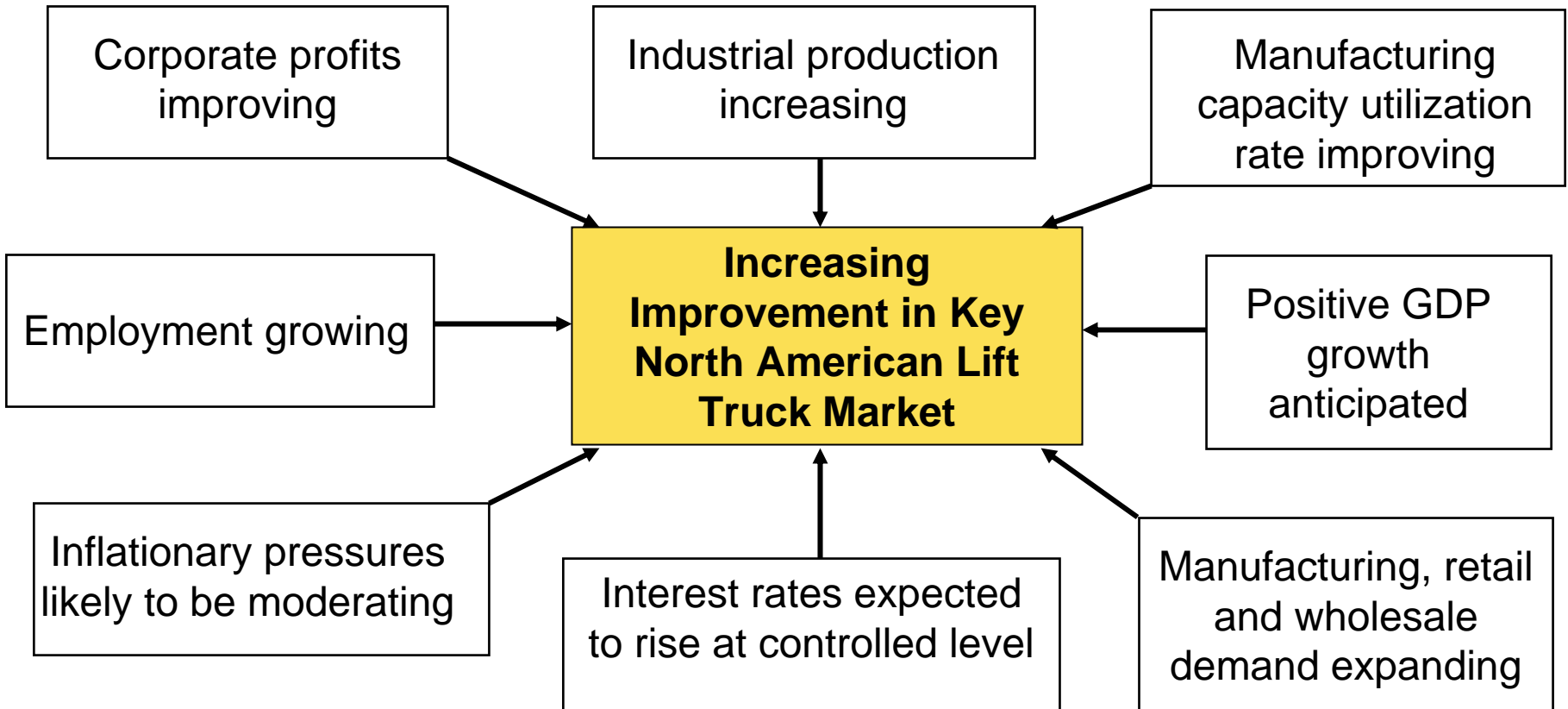


Table of Contents



- ▶ NACCO Industries, Inc. Overview
- ▶ Corporate Oversight and Governance
- ▶ NACCO Materials Handling Group, Inc. (NMHG)
- ▶ NACCO Housewares Group
 - ▶ **Hamilton Beach♦Proctor-Silex, Inc. (HB/PS)**
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- ▶ The North American Coal Corporation
- ▶ Investment Considerations Summary
- ▶ Appendix

Overview

- ▶ A leading designer, manufacturer, importer and marketer of small electric kitchen and household appliances to North America
- ▶ Also commercial products for restaurants, bars and hotels

Vision

- ▶ To be the leading North American provider of small kitchen electric and household appliances sold under strong heritage brand names
- ▶ To realize profitable growth from innovative solutions that improve everyday living

Hamilton
Beach

Proctor
Silex

Key Investment Considerations

HB/PS

Innovator with Strong Brand Names

- ▶ Most comprehensive line of small kitchen electric appliances in U.S. with increasing number of market leading innovative new products
- ▶ Brand names include Hamilton Beach®, Proctor-Silex®, Hamilton Beach® Commercial, TrueAir®, General Electric (for Wal-Mart), Hamilton Beach® Eclectrics® and Traditions by Proctor-Silex™

Strong Retailer Relationships

- ▶ Approximately 1,500 active accounts
- ▶ Category Captain at Wal-Mart, Kmart and 21 other accounts; has received Vendor-of-the-Year awards at Wal-Mart, Target, Kmart, ShopKo and others

Low Cost Producer

- ▶ Recent plant and production facility restructuring and increased outsourcing enhances low cost position
- ▶ Industry-leading working capital management

Strong Supplier Relationships

- ▶ Source finished products through more than 20 Chinese suppliers, typically with a lead supplier for each product category
- ▶ Working with multiple suppliers allows HB/PS to bring a wide variety of products to market quickly

Experienced Management Team

- ▶ Senior management team averages more than 10 years experience at HB/PS and more than 20 years of relevant experience
- ▶ Highly professional team with significant tenure at HB/PS, as well as experience from industry-leading consumer companies, including General Electric Co. (UK), Fuji Film, Young & Rubicam, Maytag and Cooper Tire

Leading Brands and Market Shares

HB/PS



Hamilton
Beach



Proctor
Silex



Hamilton
Beach
TrueAir



Traditions™



Hamilton Beach
COMMERCIAL
always there, always durable.™

- ▶ #1 market share in U.S. and Canada in small electric kitchen electric and garment care appliances
- ▶ #1 or #2 market share positions in 23 of 38 key product categories in the U.S.
- ▶ #1 market share of commercial blenders and spindle mixers
- ▶ #1 market share in odor eliminators within the home health segment
- ▶ Recent entry into high-end market with Hamilton Beach® Eclectrics® brand
- ▶ New low-end Traditions by Proctor-Silex™ brand protects heritage of other brands

Most Comprehensive Product Line

HB/PS

- Automatic Drip Coffee Makers
- Blenders
- Can Openers
- Carafes
- Coffee Mills
- Deep Fryers
- Drink Mixers
- Electric Knives
- Espresso/Cappuccino Makers
- Fifth Burners
- Food Choppers
- Food Processors
- Griddles
- Hand Blenders
- Hand Mixers
- Hot Pots
- Indoor Grills
- Ice Cream Makers

- Ice Shavers
- Ice Tea Makers
- Irons
- Juice Extractors
- Juicers
- Kettles
- Percolators
- Rice Cooker/Food Steamers
- Roaster Ovens
- Rotisseries
- Skillets
- Slow Cookers
- Stand Mixers
- Toasters
- Toaster Ovens
- Travel Irons/Steamers
- Coffee Urns
- Waffle Bakers

Innovative Products

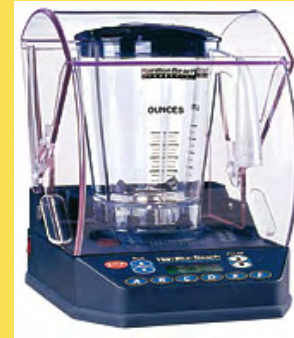
HB/PS



- Hamilton Beach BrewStation™
- Breakthrough new product
- One of the top selling coffee makers in 2003 and 2004 in the U.S.
- Driven significant high-margin growth



- Hamilton Beach® contact grill
- One of best selling grills in several top retailers
- *Consumer Reports* #1-rated and best buy contact grill
- Revolutionized the category with removable grids



- HB Commercial Blender
- 6 programmed blending cycles
- Gaining key restaurant and bar business
- For smoothies, frappes, milk shakes, daiquiris, soups, salsas, and more.



- TrueAir® plug-in odor eliminator
- HB/PS invented the category
- True Air® now #1 selling brand name in air treatment category

North American Housewares Industry Outlook

HB/PS

Management believes...

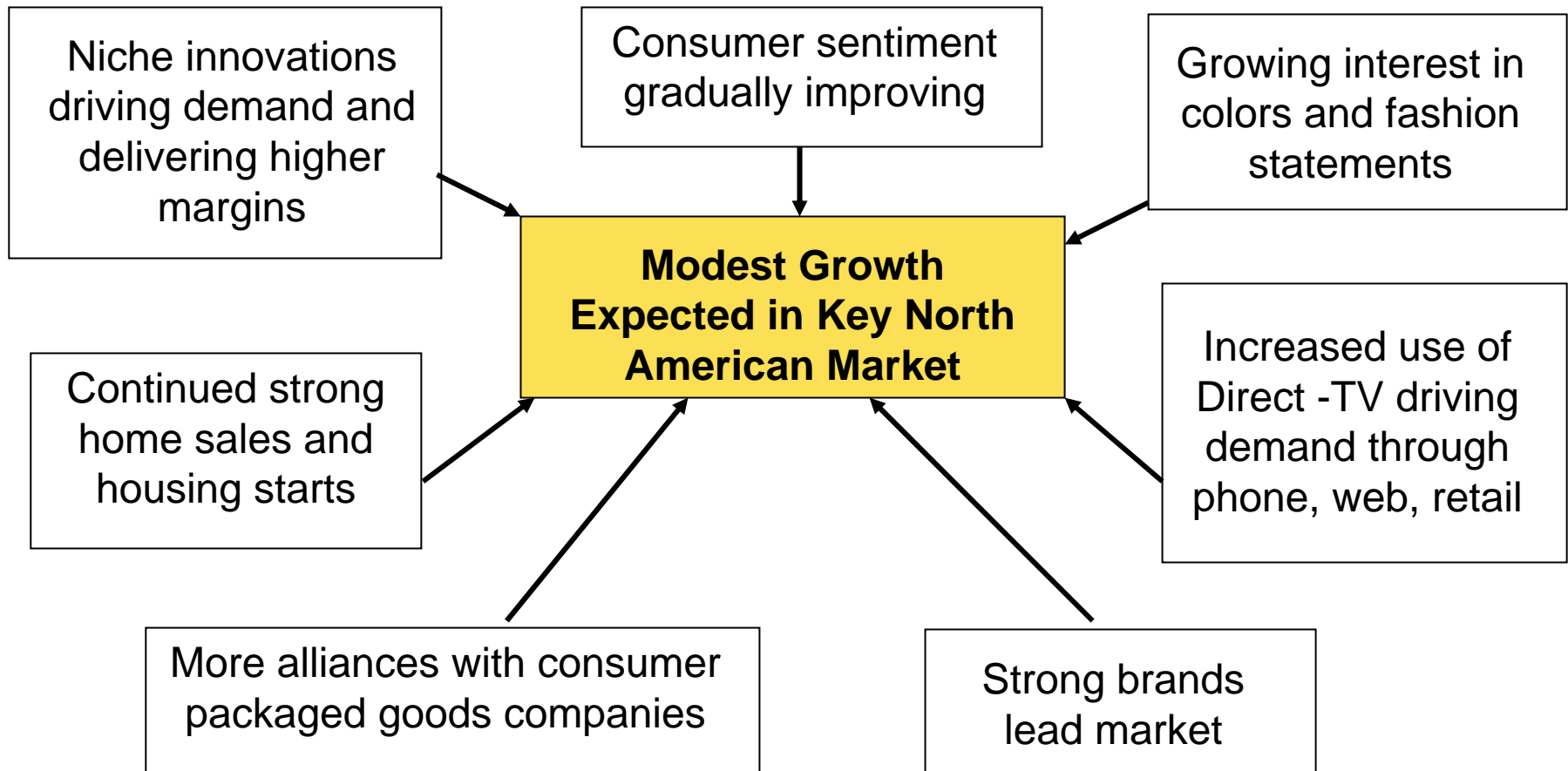


Table of Contents



- ▶ NACCO Industries, Inc. Overview
- ▶ Corporate Oversight and Governance
- ▶ NACCO Materials Handling Group, Inc. (NMHG)
- ▶ NACCO Housewares Group
 - ▶ Hamilton Beach♦Proctor-Silex, Inc. (HB/PS)
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- ▶ The North American Coal Corporation
- ▶ Investment Considerations Summary
- ▶ Appendix

The Kitchen Collection, Inc.

KCI

Overview

- ▶ A national specialty retailer of brand-name kitchenware, small electric appliances and related accessories
- ▶ Operates stores under the Kitchen Collection® name, primarily in outlet malls
- ▶ Operates stores under the Gadgets & More™ name, primarily in traditional enclosed malls

Vision

- ▶ To be the leading specialty retailer of housewares, including cookware, bakeware, kitchen gadgets and related items, in outlet and traditional malls for consumers seeking outstanding value



Key Investment Considerations

KCI

Consistent Format

- ▶ Well-tested Kitchen Collection® format is leading retailer of kitchenware in outlet malls, with 180 stores (as of December 31, 2003)
- ▶ Gadgets & More™ format undergoing testing, with 8 stores

Disciplined Overhead Management

- ▶ Small home office staff provides merchandising expertise, accounting, information systems and oversight
- ▶ Minimum number of full-time employees at store level

SKU Profitability Optimization

- ▶ Economic Value Income (EVI) business tool helps achieve the greatest possible return per cubic foot of retail space by optimizing product mix and space allocation

Leading Brand Names

- ▶ KCI sells Hamilton Beach® and Proctor-Silex® kitchen electrics, including close-out and excess inventory items from HB/PS
- ▶ Other top brands sold by KCI include Kitchen Aid, WearEver and OXO

Efficient Supply Chain

- ▶ KCI also exclusively sells Hamilton Beach® - and Proctor-Silex® -branded non-electric gadgets, bakeware and cookware
- ▶ Recent warehouse upgrade allows higher throughput in same space
- ▶ Many high-volume products ship directly to store locations from U.S.-based vendors

Proven Successful Store Format

KCI



- ▶ Kitchen Collection has developed specific approaches over time to improve the three main retail performance drivers:
 - ▶ Customer visits, closure rate and average sale
- ▶ KCI continually tests and implements new approaches to further improve these key drivers



- ▶ New stores located in enclosed malls focused on high return gadgets
- ▶ Gadgets deliver high margins and are small items that take up little shelf space
- ▶ 8 Gadgets & More™ stores still in test mode in order to optimize profitability
- ▶ Potential market of over 500 enclosed malls nationwide

U.S. Kitchenware Industry Outlook

KCI

Management believes...

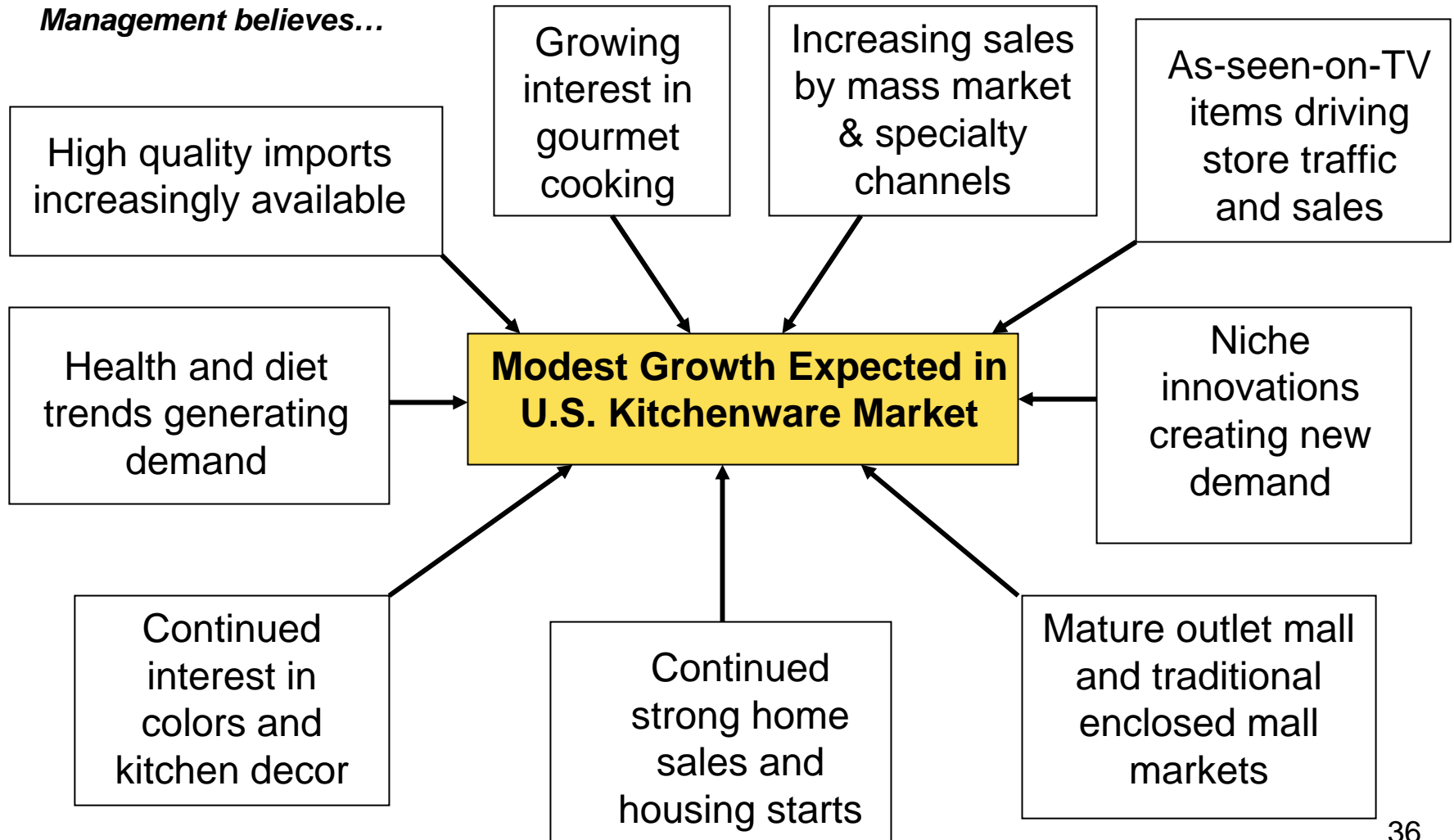


Table of Contents



- ▶ NACCO Industries, Inc. Overview
- ▶ Corporate Oversight and Governance
- ▶ NACCO Materials Handling Group, Inc. (NMHG)
- ▶ NACCO Housewares Group
 - ▶ Hamilton Beach♦Proctor-Silex, Inc. (HB/PS)
 - ▶ The Kitchen Collection, Inc. (KCI)
- ▶ **The North American Coal Corporation**
- ▶ Investment Considerations Summary
- ▶ Appendix

The North American Coal Corporation

NAC

Overview

- ▶ Largest lignite coal producer in U.S.
 - ▶ 8th largest coal producer nationwide
- ▶ Mines and markets lignite coal primarily for power generation
- ▶ Provides value-added mining services for other natural resources companies
- ▶ Operates six surface lignite coal mines and three limerock dragline mining operations

Vision

- ▶ To be the leading low-cost miner of lignite coal used in power generation and coal gasification plants
- ▶ Provide selected value-added mining services for other natural resources companies



**North American
Coal**

Key Investment Considerations

NAC

Dependable
Financial
Performance

- ▶ Steady operating income and cash flow before financing activities
- ▶ High returns on equity

Minimal
Exposure to
Coal Prices

- ▶ Contracts structured to minimize exposure to fluctuations in coal prices
- ▶ Long-term agreements establish mining services NAC will perform and mechanisms for compensation

Outstanding
Mining Skills

- ▶ Use of technology to increase efficiency
- ▶ Award-winning environmental protection and safety record

Future Mining
Project
Potential

- ▶ Potential for further lignite mining projects
- ▶ Potential for additional limerock dragline mining projects
- ▶ Potential for mining other natural resources

Coal
Gasification
Project
Potential

- ▶ Member of coalition developing federally-funded low-emissions power plant initiative called FutureGen
- ▶ Working on own power plant vision called FlexGen, incorporating coal gasification and fuel cells

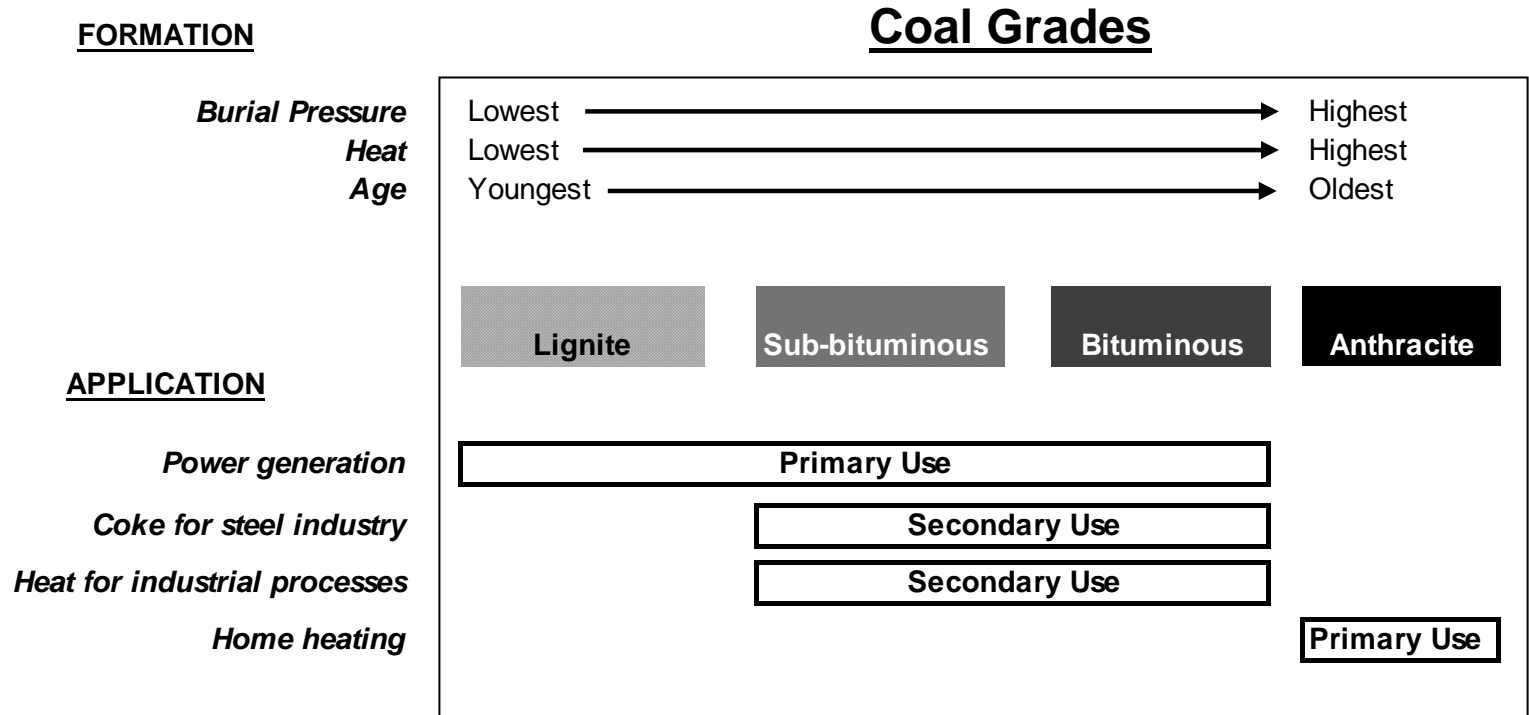
Coal Production Overview

NAC

- ▶ Coal fuels about 50% of the country's electrical generation*
 - ▶ Nuclear 20%
 - ▶ Natural Gas 18%
 - ▶ Hydroelectric 7%
 - ▶ Fuel Oil 2%
 - ▶ Biomass 2%
 - ▶ Other 1%
- ▶ Coal production in the U.S. in 2003 was approximately 1.1 billion tons
- ▶ The country's abundant recoverable coal reserves of over 269 billion tons help to provide a lower cost energy source and U.S. energy independence
- ▶ Coal is one of the lowest cost fuels for base-load electric power generation – considerably less expensive than natural gas or oil
 - ▶ Natural gas prices are likely to continue to stay high due to domestic supply limitations
- ▶ New technologies, including coal gasification, show promise in cost-effectively reducing emissions
- ▶ Energy sector shows moderate growth, but growth could be higher in coal industry if natural gas prices stay high and coal gasification technology continues to develop

NAC Focuses on Lignite Coal

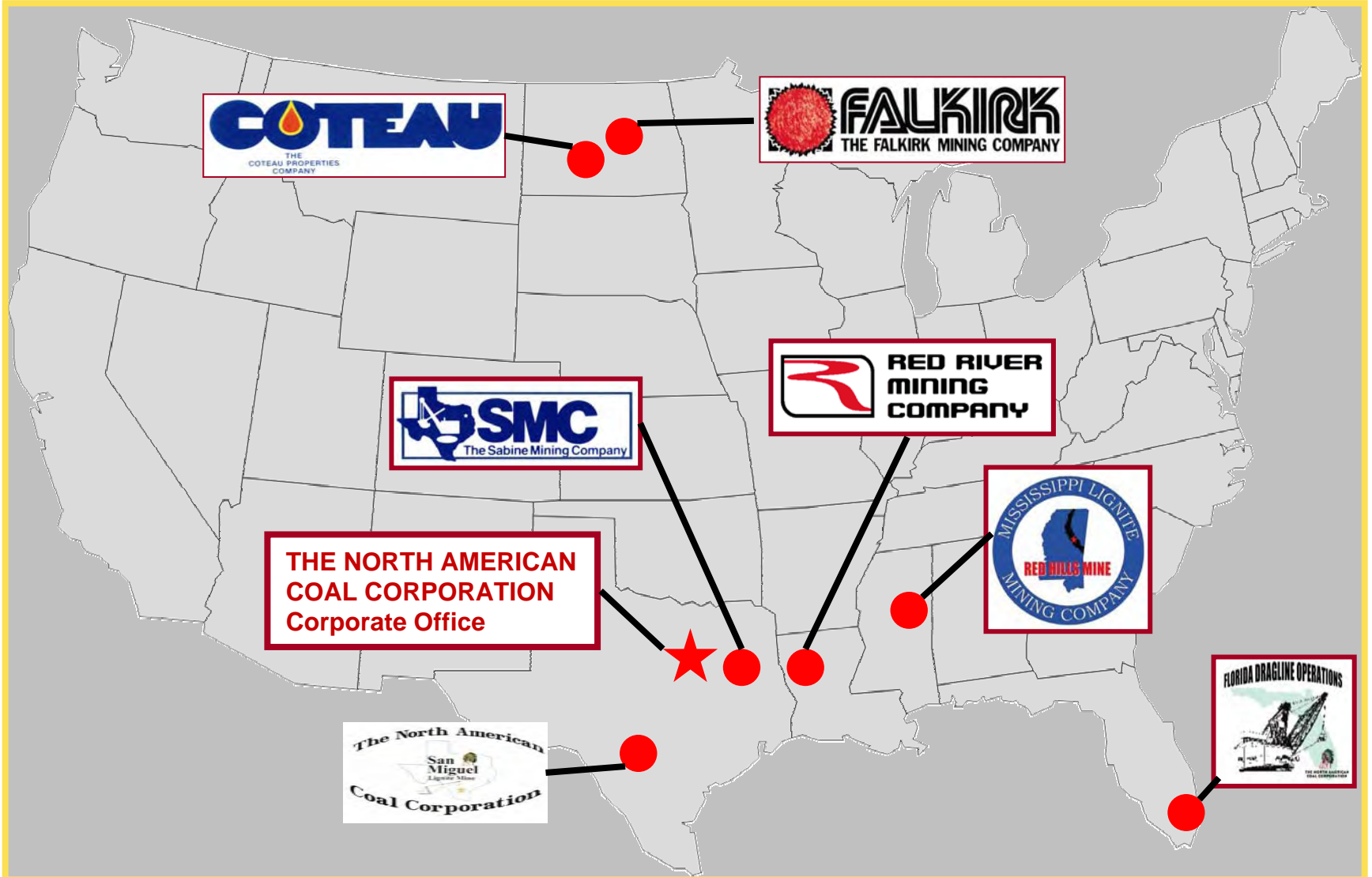
NAC



- NAC is the nation's largest miner of lignite coal, delivering 35.5 million tons of lignite in 2003
- NAC has 2.4 billion tons of lignite coal reserves, including unconsolidated project mines, of which 1.3 billion tons are committed to current customers

Diverse Mining Locations

NAC



Stable Operating Income Streams

NAC

3 Project Mines (North Dakota, Texas)

- ▶ Cost plus profit per ton with incentive agreements
- ▶ Modest up front equity investment by NAC
- ▶ Debt financing guaranteed by utility customer; non-recourse to NAC; no coal market price risk
- ▶ Long-term contracts (2020-2037)
- ▶ 2003 production – 28.1 million tons

3 Consolidated Mines (Louisiana, Texas, Mississippi)

- ▶ Fixed price with cost escalator negotiated up front
- ▶ NAC assumes operating risks; greater initial capital investment and greater profit opportunity
- ▶ Financing shifted to NAC
- ▶ Long-term contracts (2007-2030)
- ▶ 2003 production – 7.4 million tons

3 Limerock Dragline Mining Operations (Florida)

- ▶ Fixed fee per cubic yard of limerock removed from quarry, including annual price escalator
- ▶ 2003 production – 11.0 million cubic yards

Lignite Coal Mining Industry Outlook

NAC

Management believes...

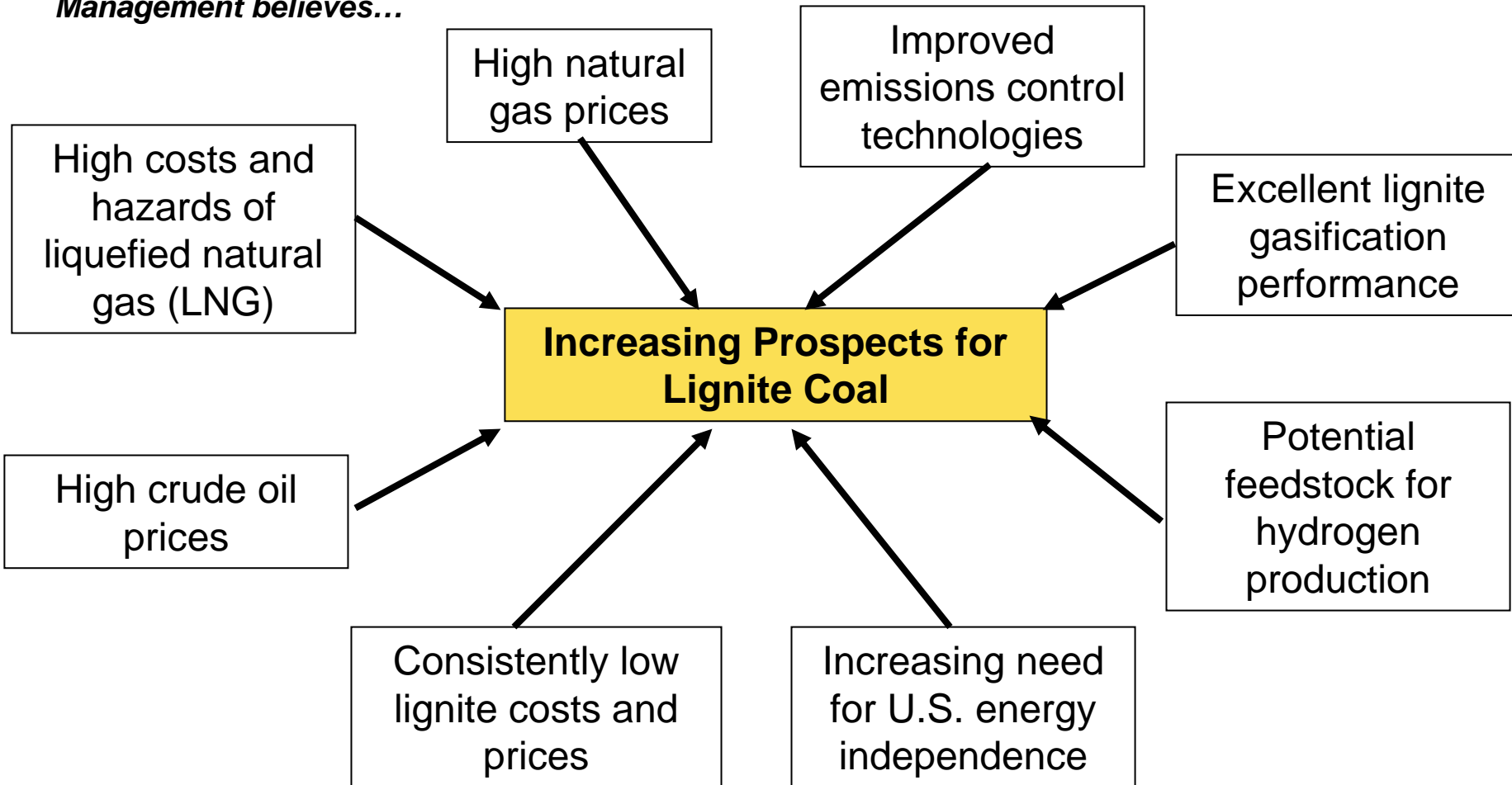


Table of Contents



- ▶ NACCO Industries, Inc. Overview
- ▶ Corporate Oversight and Governance
- ▶ NACCO Materials Handling Group, Inc. (NMHG)
- ▶ NACCO Housewares Group
 - ▶ Hamilton Beach♦Proctor-Silex, Inc. (HB/PS)
 - ▶ The Kitchen Collection, Inc. (KCI)
- ▶ The North American Coal Corporation
- ▶ **Investment Considerations Summary**
- ▶ Appendix

Investment Considerations Summary

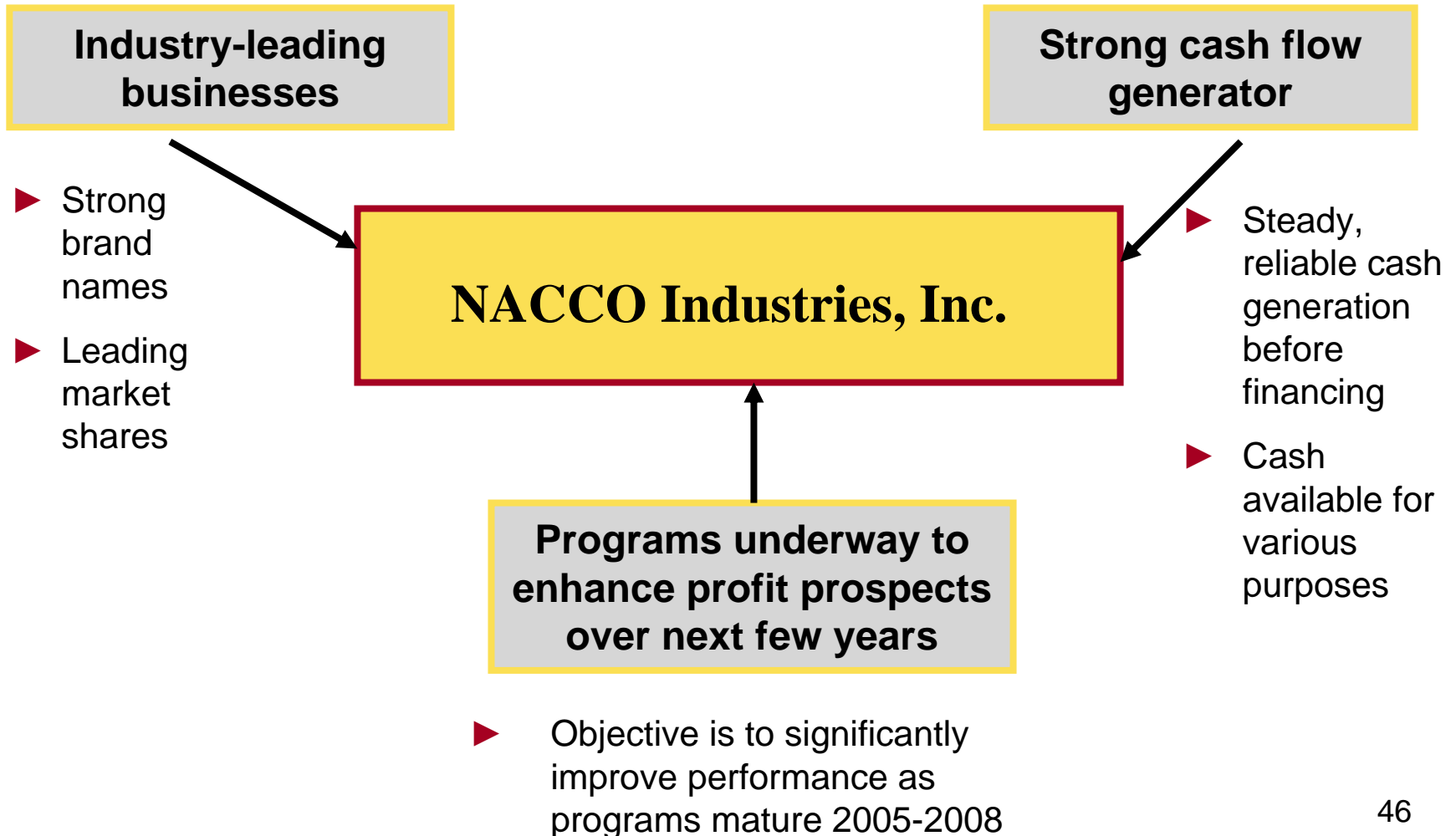


Table of Contents



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- ▶ NACCO Housewares Group
 - ▶ Hamilton Beach♦Proctor-Silex, Inc. (HB/PS)
 - ▶ The Kitchen Collection, Inc. (KCI)
- ▶ The North American Coal Corporation
- ▶ Investment Considerations Summary
- ▶ **Appendix**
 - ▶ Lift truck market size data
 - ▶ Risks and uncertainties

Lift Truck Market Size Data

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Europe (2)	91,305	116,797	133,977	101,492	105,469	127,299	132,566	147,328	155,884	122,620	110,638	107,677	108,286	118,885	116,910	129,042
North America (1)	83,718	97,382	120,770	35,404	64,943	79,976	94,257	97,183	70,593	63,223	46,381	62,476	84,579	91,942	99,215	110,359
A/P, China and Japan (2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Europe (2)	149,802	165,095	176,947	165,968	150,250	121,922	135,318	152,667	174,953	176,294	187,902	219,615	227,697	274,681	256,717	263,972
North America (1)	112,425	116,607	105,508	94,828	106,590	120,201	135,318	160,149	147,211	172,460	186,492	191,836	205,033	145,967	144,529	151,911
A/P, China and Japan (2)	N/A	N/A	N/A	N/A	134,635	123,913	119,733	135,050	148,135	148,441	111,848	104,781	122,354	123,780	129,333	146,334

Lift truck market size history – source: ITA, GIVA, FEM

- (1) Retail Bookings
- (2) Factory Shipments

Risks and Uncertainties

The statements contained in the presentation that are not historical facts are “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are made subject to certain risks and uncertainties, which could cause actual results to differ materially from those presented in these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof. Such risks and uncertainties with respect to each subsidiary’s operations include, without limitation:

NACCO Materials Handling Group (“NMHG”): (1) changes in demand for lift trucks and related aftermarket parts and service on a worldwide basis, especially in the U.S. where NMHG derives a majority of its sales, (2) changes in sales prices, (3) delays in delivery or changes in costs of raw materials or sourced products and labor, (4) customer acceptance of, changes in the prices of, or delays in the development of new products, (5) delays in manufacturing and delivery schedules, (6) exchange rate fluctuations, changes in foreign import tariffs and monetary policies and other changes in the regulatory climate in the foreign countries in which NMHG operates and/or sells products, (7) product liability or other litigation, warranty claims or returns of products, (8) delays in or increased costs of restructuring programs, (9) the effectiveness of the cost reduction programs implemented globally, including the successful implementation of procurement initiatives, (10) acquisitions and/or dispositions of dealerships by NMHG, (11) changes mandated by federal and state regulation including health, safety or environmental legislation, and (12) the uncertain impact on the economy or the public’s confidence in general from terrorist activities and the impact of the situation in Iraq.

NACCO Housewares Group: (1) changes in the sales prices, product mix or levels of consumer purchases of kitchenware and small electric appliances, (2) bankruptcy of or loss of major retail customers or suppliers, (3) changes in costs, including transportation costs, of raw materials, key component parts or sourced products, (4) delays in delivery or the unavailability of raw materials, key component parts or sourced products, (5) exchange rate fluctuations, changes in the foreign import tariffs and monetary policies and other changes in the regulatory climate in the foreign countries in which Hamilton Beach•Proctor-Silex buys, operates and/or sells products, (6) product liability, regulatory actions or other litigation, warranty claims or returns of products, (7) increased competition, (8) customer acceptance of, changes in costs of, or delays in the development of new products, (9) delays in or increased costs of restructuring programs, (10) weather conditions, gasoline prices or other events that would affect the number of customers visiting Kitchen Collection stores and (11) the uncertain impact on the economy or the public’s confidence in general from terrorist activities and the impact of the situation in Iraq.

North American Coal: (1) weather conditions and other events that would change the level of customers’ fuel requirements, (2) weather or equipment problems that could affect lignite deliveries to customers, (3) changes in repairs and maintenance, fuel or other similar costs, (4) costs to pursue and develop new mining opportunities, (5) changes in the U.S. economy, (6) changes in U.S. regulatory requirements, including changes in emission regulations and (7) changes in the power industry that would affect demand for North American Coal’s reserves.