



NACCO Industries, Inc.

2010 Annual Report

HYSTER

Yale® People. Products. Productivity.

Hamilton Beach

Proctor Silex

kitchen COLLECTION

le gourmet chef

North American Coal Corporation

North American Mining Company





NACCO Industries, Inc. at a Glance

Principal Businesses	2010 Financial Results	Market Positions
NACCO Materials Handling Group ("NMHG") Headquarters: Cleveland, Ohio NMHG 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 are manufactured in the United States, Northern Ireland, Mexico, Italy, Brazil, The Netherlands, China, Japan, the Philippines and Vietnam.	**NMHG:** Revenues: $1.8 billion Operating profit: $46.1 million *Net income: $32.4 million	**NMHG:** NMHG is a world leader in the lift truck industry with an estimated 12 percent unit market share worldwide, including a 24.7 percent unit market share in the Americas market. Lift trucks are distributed through a worldwide network of independent Hyster® and Yale® dealers.
Hamilton Beach Brands ("HBB") Headquarters: Richmond, Virginia HBB is a leading designer, marketer and distributor of small electric household appliances, as well as commercial products for restaurants, bars and hotels. HBB has a broad portfolio of some of the most recognized and respected brands in the small electric appliance industry, including Hamilton Beach®, Proctor Silex®, eclectrics®, Traditions®, TrueAir® and Hamilton Beach® Commercial.	**HBB:** Revenues: $515.7 million Operating profit: $45.9 million *Net income: $24.4 million	**HBB:** HBB is a leading company in retail and commercial small appliances, with strong share positions in many of the categories in which it competes. HBB products are primarily distributed through mass merchants, national department stores, wholesale distributors and other retail sales outlets.
Kitchen Collection Headquarters: Chillicothe, Ohio Kitchen Collection 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.	**Kitchen Collection:** Revenues: $219.6 million Operating profit: $5.9 million *Net income: $3.5 million	**Kitchen Collection:** Kitchen Collection is the nation's leading specialty retailer of kitchen and related products in factory outlet malls with 300 stores throughout the United States in 2010.
North American Coal ("NACoal") Headquarters: Dallas, Texas North American Coal mines and markets coal primarily as fuel for power generation and provides selected value-added mining services for other natural resources companies. North American Coal operates four surface coal mining operations and has four additional coal mines under development. The company also provides dragline mining services operating under the name "North American Mining Company" for independently owned limerock quarries in Florida.	**NACoal:** Revenues: $156.8 million Operating profit: $53.3 million *Net income: $39.6 million	**NACoal:** North American Coal is the nation's largest miner of lignite coal and among the ten largest coal producers. Coal is delivered from developed mines in Mississippi, North Dakota and Texas to adjacent or nearby power plants.

*For purposes of this annual report, discussions about net income refer to net income attributable to stockholders.

NACCO Industries, Inc. is an operating holding company with subsidiaries in the following principal industries: lift trucks, small appliances, speciality retail and mining. In 2010, total revenues were $2.7 billion and net income* was $79.5 million.

Competitive Advantages	Financial Objectives	Key Strategies
NMHG: • Leading market share positions in the Americas and worldwide • Highly recognized Hyster® and Yale® brand names • Large installed population base of lift trucks; an estimated 773,000 Hyster® and Yale® lift trucks in operation worldwide • Highly diverse customer base with more than 600 different end-user applications in more than 600 industries • Comprehensive global product line • Strong dealer network • Industry-leading national account coverage in the Americas • Globally integrated operations with significant economies of scale	**NMHG:** Achieve a minimum operating profit margin target of 9 percent at the peak of the market cycle	**NMHG:** • Innovation in our products and services - Lowest cost of ownership - Application-focused solutions • Quality and efficiency - Improve operational effectiveness while delivering high-quality products - Continually reduce manufacturing and supply chain costs - Manufacturing in market of sale • Sales and service excellence - Independent dealer networks with dual brand representation if dealerships meet criteria - Strong national account direct sales group to support large, geographically dispersed customers • Global coverage with local tailoring of products, services, processes and systems • Organizational excellence - People and processes development
HBB: • Strong heritage brands with leading market shares • Strong relationships with leading retailers • Highly professional and experienced management team • Successful track record of product line expansion and new product innovation • Industry-leading working capital management	**HBB:** Achieve a minimum operating profit margin target of 10 percent	**HBB:** • Innovation in our products - Invest in deep understanding of consumer and customer needs - Leverage engineering expertise worldwide to develop innovative solutions that improve everyday living • Sales and marketing excellence - Professional and efficient sales and marketing teams, processes and systems - Building brand equity of our current brands and increasing the number of brands • Quality and efficiency - Ensure operational excellence while delivering high-quality products - Continually reduce supply chain costs • Partnerships with our customers and suppliers • Organizational excellence - People and processes development
Kitchen Collection: • Highly analytical merchandising skills and disciplined operating controls • Two well-established, complementary retail store formats–Kitchen Collection® and Le Gourmet Chef®	**Kitchen Collection:** Achieve a minimum operating profit margin target of 5 percent	**Kitchen Collection:** • Unique, high-quality, widest variety of affordable products in creative store environments • Store improvement and expansion - Kitchen Collection® outlet and traditional mall expansion - Le Gourmet Chef® outlet mall focus - Internet channel expansion • Cost control - Continually reduce store and warehousing costs - Control capital costs • Partnerships with our suppliers • Organizational excellence - People and processes development
NACoal: • Coal mines provide steady income and cash flow before financing activities and high return on equity • Contracts are structured to minimize exposure to market fluctuations of coal prices • 2.1 billion tons of lignite coal reserves, of which approximately 1.2 billion tons are committed to current customers • Outstanding operational and technological mining skills • Highly efficient heavy equipment utilization • Excellent record of environmental responsibility and employee safety	**NACoal:** Earn a minimum return on capital employed of 13 percent and attain positive Economic Value Income from all existing consolidated mining operations and any new projects, while maintaining or increasing the profitability of all existing unconsolidated mining operations	**NACoal:** • Mining and reclamation expertise - Innovative and low cost - Equipment maintenance - Efficient processes and systems • Safety focus • Long-term partnerships with current and future customers • Pursue new business opportunities - Domestic and international - Coal and value-added mining services • Organizational excellence - People development - Highly disciplined mine management teams

Selected Financial & Operating Data

NACCO Industries, Inc. and Subsidiaries

	Year Ended December 31				
	2010[4]	2009[4]	2008[1][4]	2007	2006
	(In millions, except per share data)				
Operating Statement Data:					
Revenues	**$ 2,687.5**	$ 2,310.6	$ 3,665.1	$ 3,590.0	$ 3,327.6
Operating profit (loss)	**$ 140.3**	$ 59.1	$ (389.5)	$ 139.2	$ 171.1
Income (loss) from continuing operations	**$ 79.4**	$ 8.4	$ (439.7)	$ 89.7	$ 90.5
Discontinued operations, net-of-tax[2]	**–**	22.6	2.3	0.6	2.8
Extraordinary gain, net-of-tax[3]	**–**	–	–	–	12.8
Net income (loss)	**$ 79.4**	$ 31.0	$ (437.4)	$ 90.3	$ 106.1
Net (income) loss attributable to noncontrolling interest	**0.1**	0.1	(0.2)	0.1	0.7
Net income (loss) attributable to stockholders	**$ 79.5**	$ 31.1	$ (437.6)	$ 90.4	$ 106.8
Basic Earnings (Loss) per Share:					
Income (loss) from continuing operations attributable to stockholders	**$ 9.55**	$ 1.03	$ (53.12)	$ 10.87	$ 11.07
Discontinued operations, net-of-tax[2]	**–**	2.72	0.28	0.07	0.34
Extraordinary gain, net-of-tax[3]	**–**	–	–	–	1.56
Basic earnings (loss) per share	**$ 9.55**	$ 3.75	$ (52.84)	$ 10.94	$ 12.97
Diluted Earnings (Loss) per Share:					
Income (loss) from continuing operations attributable to stockholders	**$ 9.53**	$ 1.03	$ (53.12)	$ 10.86	$ 11.06
Discontinued operations, net-of-tax[2]	**–**	2.72	0.28	0.07	0.34
Extraordinary gain, net-of-tax[3]	**–**	–	–	–	1.56
Diluted earnings (loss) per share	**$ 9.53**	$ 3.75	$ (52.84)	$ 10.93	$ 12.96
Per Share and Share Data:					
Cash dividends	**$ 2.085**	$ 2.068	$ 2.045	$ 1.980	$ 1.905
Market value at December 31	**$ 108.37**	$ 49.80	$ 37.41	$ 99.69	$ 136.60
Stockholders' equity at December 31	**$ 53.69**	$ 47.82	$ 43.05	$ 107.80	$ 96.05
Actual shares outstanding at December 31	**8.333**	8.294	8.286	8.269	8.238
Basic weighted average shares outstanding	**8.328**	8.290	8.281	8.263	8.234
Diluted weighted average shares outstanding	**8.344**	8.296	8.281	8.272	8.242
Balance Sheet Data at December 31:					
Cash	**$ 261.9**	$ 256.2	$ 138.2	$ 281.2	$ 196.7
Total assets	**$ 1,658.3**	$ 1,488.7	$ 1,687.9	$ 2,427.3	$ 2,154.5
Long-term debt	**$ 355.3**	$ 377.6	$ 400.3	$ 439.3	$ 359.9
Stockholders' equity	**$ 447.4**	$ 396.6	$ 356.7	$ 891.4	$ 791.3

(1) During 2008, NACCO's stock price significantly declined compared with previous periods and the Company's market value of equity was below its book value of tangible assets and book value of equity. The Company performed an impairment test, which indicated that goodwill and certain other intangibles were impaired at December 31, 2008. Therefore, the Company recorded a non-cash impairment charge of $435.7 million in 2008.

(2) During 2009, the Company's North American Coal subsidiary completed the sale of certain assets of the Red River Mining Company. The results of operations of Red River for 2009 and all prior periods have been reclassified to reflect Red River's operating results as discontinued operations.

(3) An extraordinary gain was recognized in 2006 as a result of a reduction to Bellaire Corporation's estimated closed mine obligations relating to amounts owed to the United Mine Workers of America Combined Benefit Fund arising as a result of the Coal Industry Retiree Health Benefit Act of 2006.

(4) In 2006, NACCO initiated litigation in the Delaware Chancery Court against Applica Incorporated ("Applica") and individuals and entities affiliated with Applica's shareholder, Harbinger Capital Partners Master Fund, Ltd. The litigation alleged a number of contract and tort claims against the defendants related to the failed transaction with Applica, which had been previously announced. On February 14, 2011, the parties to this litigation entered into a settlement agreement. The settlement agreement provides for, among other things, the payment of $60 million to NACCO and dismissal of the lawsuit with prejudice. The payment was received in February 2011. Litigation costs related to the failed transaction with Applica were $18.8 million, $1.1 million and $0.8 million in 2010, 2009 and 2008, respectively. The Company expects to incur additional litigation costs for the first two months of 2011 in the range of approximately $2.5 million to $3.0 million for services rendered prior to entering into the settlement agreement. As a result of the settlement, no further litigation costs in relation to this matter will be incurred.

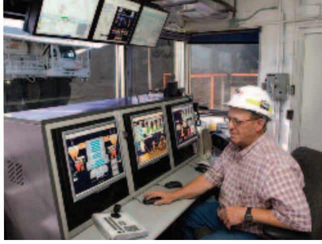
	Year Ended December 31				
	2010[4]	2009[4]	2008[1][4]	2007	2006
	(In millions, except employee data)				
Cash Flow Data:					
Operating Activities					
NACCO Materials Handling Group	**$ 47.5**	$ 115.9	$ (27.3)	$ 34.6	$ 84.8
Hamilton Beach Brands	**15.0**	35.5	18.0	19.5	28.7
Kitchen Collection	**6.3**	5.4	(6.4)	(10.9)	17.2
North American Coal Corporation	**25.9**	42.0	23.2	44.7	38.7
NACCO and Other	**(31.6)**	(41.8)	(2.6)	(6.5)	4.1
Provided by operating activities	**$ 63.1**	$ 157.0	$ 4.9	$ 81.4	$ 173.5
Investing Activities					
NACCO Materials Handling Group	**$ (8.5)**	$ 5.8	$ (37.5)	$ (33.9)	$ (30.6)
Hamilton Beach Brands	**(2.2)**	(2.1)	(5.7)	(3.7)	7.2
Kitchen Collection	**(2.7)**	(1.1)	(6.0)	(3.9)	(16.1)
North American Coal Corporation	**6.9**	34.5	(15.9)	(18.2)	4.2
NACCO and Other	**0.7**	(14.0)	(6.3)	(0.2)	–
Provided by (used for) investing activities	**$ (5.8)**	$ 23.1	$ (71.4)	$ (59.9)	$ (35.3)
Cash Flow before Financing Activities[5]					
NACCO Materials Handling Group	**$ 39.0**	$ 121.7	$ (64.8)	$ 0.7	$ 54.2
Hamilton Beach Brands	**12.8**	33.4	12.3	15.8	35.9
Kitchen Collection	**3.6**	4.3	(12.4)	(14.8)	1.1
North American Coal Corporation	**32.8**	76.5	7.3	26.5	42.9
NACCO and Other	**(30.9)**	(55.8)	(8.9)	(6.7)	4.1
Consolidated Cash Flow before Financing Activities	**$ 57.3**	$ 180.1	$ (66.5)	$ 21.5	$ 138.2
Provided by (used for) financing activities	**$ (43.3)**	$ (64.1)	$ (83.2)	$ 64.4	$ (105.8)
Other Data:					
Adjusted EBITDA[6]	**$ 173.8**	$ 111.5	$ 106.6	$ 201.7	$ 213.8
Total employees at December 31[7]	**8,900**	8,600	9,500	10,600	11,300

(5) Cash Flow before Financing Activities is equal to net cash provided by operating activities less net cash used for investing activities.
(6) Adjusted EBITDA is provided solely as a supplemental disclosure with respect to liquidity because management believes it provides useful information regarding a company's ability to service its indebtedness. Adjusted EBITDA does not represent cash flow from operations, as defined by U.S. generally accepted accounting principles. You should not consider Adjusted EBITDA as a substitute for net income or net loss, or as an indicator of our operating performance or whether cash flows will be sufficient to fund our cash needs. NACCO defines Adjusted EBITDA as income before goodwill and other intangible assets impairment charges, income taxes, non-controlling interest (income) expense, discontinued operations and extraordinary gain plus net interest expense and depreciation, depletion and amortization expense. Adjusted EBITDA is not a measurement under U.S. generally accepted accounting principles and is not necessarily comparable with similarly titled measures of other companies. Net cash flows from operating, investing and financing activities as determined using U.S. generally accepted accounting principles are presented above. A reconciliation of cash flow provided by operating activities to Adjusted EBITDA is presented below.
(7) Includes employees of the unconsolidated mining subsidiaries and excludes employees of Red River.

	Year Ended December 31				
	2010[4]	2009[4]	2008[1][4]	2007	2006
	(In millions)				
Reconciliation of cash flow from operations to Adjusted EBITDA[6]					
Cash flow from operations	**$ 63.1**	$ 157.0	$ 4.9	$ 81.4	$ 173.5
Change in working capital items	**48.9**	(114.5)	96.6	77.2	(21.6)
Gain (loss) on sale of assets and businesses	**(5.9)**	10.0	0.1	1.3	25.6
Discontinued operations	**–**	8.4	(4.6)	(2.0)	(4.8)
Restructuring (charges) reversals	**1.9**	(9.3)	(9.1)	(8.6)	(0.8)
Difference between deferred income taxes and total tax provision	**6.9**	(4.2)	(1.6)	19.1	19.4
Other non-cash items	**34.1**	35.1	(12.7)	4.6	(11.8)
Interest expense, net	**24.8**	29.0	33.0	28.7	34.3
Adjusted EBITDA[6]	**$ 173.8**	$ 111.5	$ 106.6	$ 201.7	$ 213.8
Calculation of Adjusted EBITDA[6]					
Net income (loss) attributable to stockholders	**$ 79.5**	$ 31.1	$ (437.6)	$ 90.4	$ 106.8
Goodwill and other intangible assets impairment charges	**–**	–	435.7	–	–
Discontinued operations, net of tax	**–**	(22.6)	(2.3)	(0.6)	(2.8)
Extraordinary gain, net-of-tax	**–**	–	–	–	(12.8)
Noncontrolling interest (income) loss	**(0.1)**	(0.1)	0.2	(0.1)	(0.7)
Income tax provision	**17.4**	20.5	18.7	24.3	28.5
Interest expense	**27.4**	32.2	40.6	40.7	41.8
Interest income	**(2.6)**	(3.2)	(7.6)	(12.0)	(7.5)
Depreciation, depletion and amortization expense	**52.2**	53.6	58.9	59.0	60.5
Adjusted EBITDA[6]	**$ 173.8**	$ 111.5	$ 106.6	$ 201.7	$ 213.8

This Annual Report contains references to non-GAAP financial measures. Presentations of, and quantitative reconciliations to, the most directly comparable financial measures calculated and presented in accordance with GAAP appear on this page. For certain pre-tax disclosures included in the "To Our Stockholders" letter beginning on page 3, the resulting after-tax amount and the related income tax amount have been included. Certain after-tax amounts are considered non-GAAP measures in accordance with Regulation G. Management believes that after-tax information is useful in analyzing the Company's net income.

To Our Stockholders



Introduction

In 2010, as global markets and consumer confidence improved, NACCO Industries, Inc. and its subsidiaries realized the benefits of its existing long-term programs and the aggressive cost containment actions put in place to combat the global recession of 2008-09. These programs and actions – along with improvements in volumes at the materials handling and housewares subsidiaries resulting from the improved markets, and increased deliveries at the Company's mining operations – led to 2010 financial results which were significantly better than in 2009.

Subsidiary Financial Objectives:

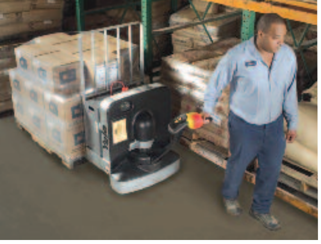
- **NMHG:** Achieve an operating profit margin of 9 percent at the peak of the market cycle.
- **HBB:** Achieve a minimum operating profit margin of 10 percent.
- **Kitchen Collection:** Achieve a minimum operating profit margin of 5 percent.
- **NACoal:** Earn a minimum return on capital employed of 13 percent and attain positive Economic Value Income from all existing consolidated mining operations and any new projects while maintaining or increasing the profitability of all existing unconsolidated mining operations
- **All subsidiaries:** Generate substantial cash flow before financing activities.

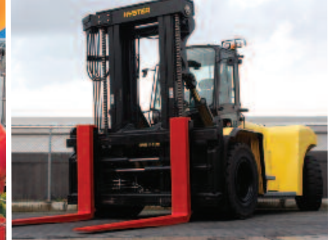
Markets improved at all of our subsidiaries. At the end of 2009, NACCO Materials Handling Group ("NMHG") was concerned that lift truck markets served by NMHG would recover only gradually from the recession. In fact, beginning early in the second quarter of 2010, those markets improved more rapidly. Consumer markets, which showed improvement at the end of 2009, continued to improve during 2010. However, the recovery in the mass consumer market, where Hamilton Beach Brands ("HBB") and Kitchen Collection are primarily focused, was not as strong as in the high-end consumer market. Mass-market consumers continued to struggle with high unemployment rates and financial concerns. Demand for lignite from customers served by The North American Coal Corporation ("NACoal") remained steady, and the limerock mining market in southern Florida improved as mining permits, which had been suspended during 2009, were reinstated in early 2010, resulting in a significant improvement in limerock yards delivered. However, during the year, particularly the second half of 2010, market improvements in all of NACCO's businesses were accompanied by increasing commodity costs and, for NMHG and HBB, adverse changes in foreign currency exchange rates.

Overall, in the context of these general economic conditions, NACCO's subsidiaries returned to more normal operating levels in 2010 after the deep market declines of 2008 and 2009. Given 2010 market levels, strong results were achieved at NMHG, HBB and NACoal in 2010 and significant strides were made at Kitchen Collection, where improvement is still necessary at the Le Gourmet Chef® store format. Consolidated revenues for NACCO increased to $2.7 billion in 2010 from $2.3 billion in 2009, with the increase primarily driven by volume improvements at NMHG. Net income(1) increased substantially to $79.5 million, or $9.53 per diluted share, compared with net income of $31.1 million, or $3.75 per diluted share, in 2009, which included income from discontinued operations of $22.6 million from the sale of NACoal's Red River Mining Company. Income from continuing operations(1) was $8.5 million, or $1.03 per diluted share, in 2009.

Offsetting these favorable subsidiary results in 2010 were costs of $18.8 million ($12.2 million after tax of $6.6 million) at NACCO for litigation initiated in 2006 against Applica Incorporated ("Applica") and individuals and entities affiliated with Applica's shareholder, Harbinger Capital Partners Master Fund I Ltd., related to NACCO's failed transaction with Applica in 2006. On February 14, 2011, the parties to the Applica litigation entered into a settlement agreement. The settlement agreement provides for, among other things, the payment of $60 million ($39.0 million after taxes of $21.0 million) to NACCO and dismissal of the lawsuit with prejudice. NACCO expects to incur additional litigation costs for the first two months of

(1) For purposes of this annual report, discussions about income/loss from continuing operations and net income/loss refer to income/loss from continuing operations attributable to stockholders and net income/loss attributable to stockholders.




2011 in the range of approximately $2.5 million to $3.0 million pre-tax for services rendered prior to entering into the settlement agreement. The payment was received in February 2011. As a result of the settlement, no further litigation costs in relation to this matter will be incurred.

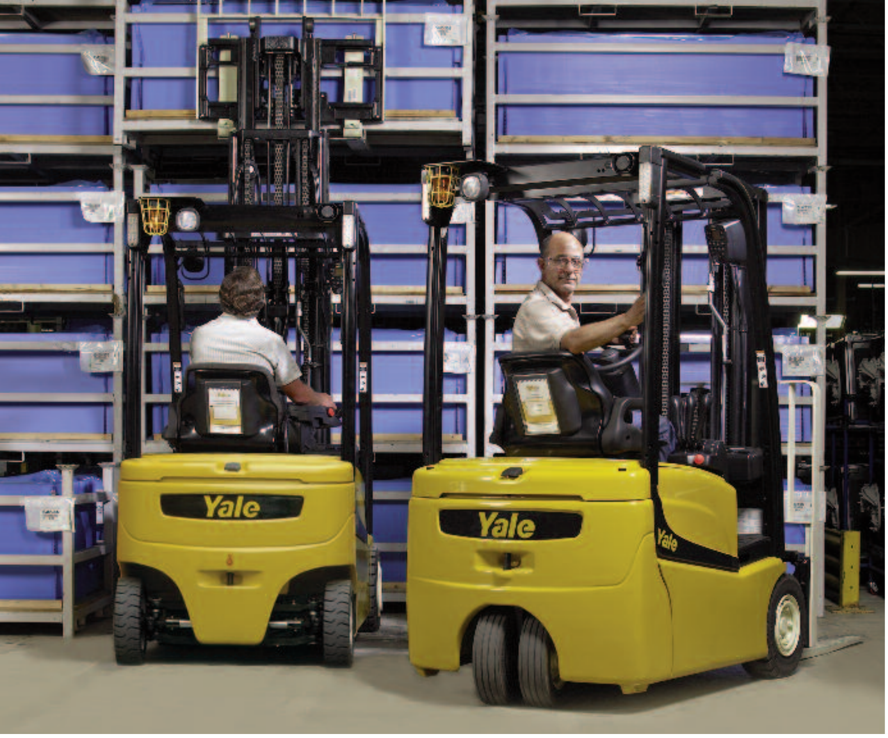
In 2008 and 2009, NACCO made capital contributions to several of its subsidiaries to help them navigate the economic downturn. In 2010, only small capital contributions were made to NMHG. During 2010, both NMHG and Kitchen Collection renegotiated certain credit agreements on favorable terms. All other financing arrangements at the other subsidiaries remain in place with attractive terms.

Importantly, each of NACCO's subsidiaries generated strong positive cash flow before financing activities in 2010 totaling $57.3 million on a consolidated basis. While cash flow before financing activities was substantial in 2010, it was significantly lower than the $180.1 million generated in 2009 when working capital requirements contracted during the downturn and the Company benefited from asset sales. NACCO will continue to focus on maximizing cash flow before financing activities and expects continued strong cash flow generation at all subsidiaries in 2011.

Improved market conditions are expected to continue into 2011, but all subsidiaries are proceeding cautiously until market prospects become clearer. The global lift truck market is improving, but the pace of recovery is still unclear and periodic supply chain constraints are likely as suppliers work to increase volume levels. While continued improvement in consumer confidence is expected, selling to the mass-market consumer is expected to remain challenging until the job market recovers. In addition, rising commodity costs are expected to create margin pressures at HBB and NMHG since recovering these cost increases through price increases will be challenging. Lignite deliveries are expected to remain relatively stable, but the limerock market in southern Florida is expected to continue to be depressed by weak local housing and construction markets. The Company expects improved earnings at the subsidiaries in light of these anticipated market conditions, but at lower levels than might otherwise be expected due to the full restoration in 2011 of employee compensation and benefits at NACCO and all of its subsidiaries, as well as the non-recurrence in 2011 of favorable foreign currency contracts that benefited NMHG in 2010.

Subsidiary Financial Objectives

Each of NACCO's subsidiary companies has specific long-term financial objectives (see sidebar for specific goals). In 2010, NACoal achieved all of its financial targets. HBB had sound operating profit but fell somewhat short of its long-term operating profit margin target in 2010. Kitchen Collection made solid progress in each of its store formats but also fell below its target. At both HBB and Kitchen Collection, operating profits declined compared with 2009 as a result of the full reinstatement of employee benefits that were suspended in 2009 and restored in 2010. Looking forward, HBB is expected to continue to have sound results but will need additional sales volume to achieve its target. Kitchen Collection® stores operated close to target in 2010 and are expected to achieve their operating profit margin goal in 2011, but the Le Gourmet Chef® stores are not expected to achieve their target objective until sales volumes increase and additional underperforming stores have been closed. Improving market conditions in the lift truck market have helped NMHG return to more normal operating levels and allowed the company to make substantial progress toward its financial objectives. Nevertheless, actual results at NMHG remain well below the target level. Because reaching appropriate capacity utilization will require increased market share and because reaching target margins on certain products is necessary, particularly in the smaller internal combustion engine products, it is difficult to provide a timetable for achieving NMHG's financial target – particularly in the context



Left: Yale's new electric-rider lift truck series, the Yale® ERP-VF four-wheel (left) and ERP-VT three-wheel (right) pneumatic tire series, have lifting capacities of 3,000 to 4,000 pounds. These trucks have been designed for overall productivity at lower costs.

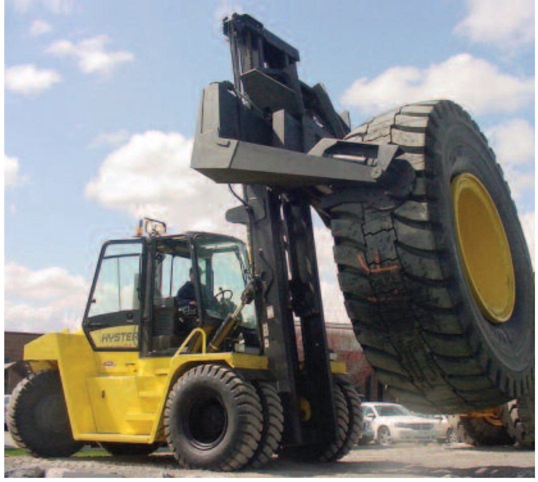
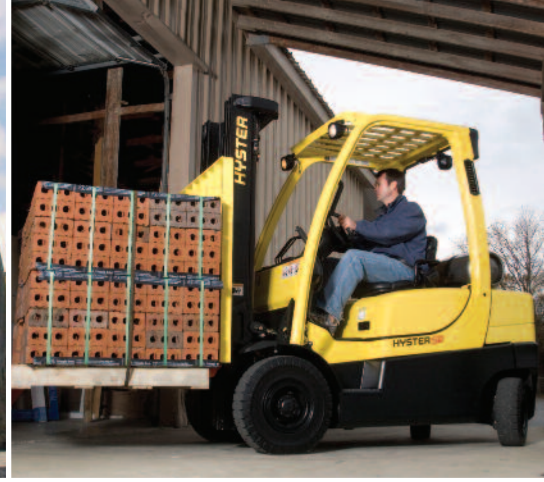
of continuing uncertainty regarding the pace and sustainability of the market recovery. However, market improvements, NMHG's programs and substantial operating leverage have established a strong platform for achieving its operating profit margin target when the market does peak. As each of NACCO's subsidiaries proceeds with specific programs designed to achieve its targets and market conditions continue to improve, the Company expects that its subsidiaries' operating fundamentals will position each to achieve its long-term financial goals.

NACCO Materials Handling Group

2010 Results

The lift truck market experienced unprecedented declines in 2008 and the first half of 2009. In 2010, however, the market turned up significantly. While NMHG's primary markets are still at lower-than-prerecession levels, the upturn occurred earlier and more vigorously than NMHG expected. The recovery in 2010 resulted in a 22 percent increase in revenues from $1.5 billion in 2009 to $1.8 billion, which was driven by a 44 percent increase in new unit shipments, as well as increased part sales. These improved volumes, combined with the results of programs put in place to counter the 2008-09 downturn and strategic programs initiated earlier, helped drive the substantial improvement in results from a net loss of $43.1 million in 2009 to net income of $32.4 million in 2010. While NMHG generated strong cash flow before financing activities of $39.0 million in 2010, the amount was significantly below 2009 since working capital needs were increasing rather than declining.

The market turnaround resulted in a number of other positive developments during the year. In the first half of 2010, a substantial backlog developed and lead times became longer than normal. In the second half, increases in plant workforce levels and added shifts for certain manufacturing operations increased production, particularly in the fourth quarter, with the result that the backlog and lead times were slightly reduced by the end of the year. Although the company continued to exert tight control of expenses and capital expenditures throughout 2010, employees' salaries, which had been reduced in 2009, were gradually restored during the course of the year. In 2010, NMHG continued to strengthen its distribution network by divesting all but one of its remaining owned retail dealerships to independent owners, adding strong independent dealers in the United Kingdom and Russia and generally consolidating its global distribution network. Major enhancements were also made to NMHG's product lines. All of these factors, combined with NMHG's aggressive actions to help dealers significantly reduce inventories at the beginning of the downturn, allowed the company to gain market

Left: Hyster's Yardmaster II HR 45-36 Big Truck transports a windmill blade to a different location. The Yardmaster II has a lifting capacity of 36,000 – 45,000 pounds and is ideal for use in heavy-duty applications.

Above from left to right: The new Yale® ESC-AC stand-up three-wheel electric-rider cushion tire lift truck has a lifting capacity of 3,000 to 4,000 pounds.

The Hyster® H450HD Big Truck, with lifting capacities up to 45,000 pounds, features a tire handler attachment for lifting and moving oversize tires.

The new Hyster® H50CT internal combustion engine lift truck has a lifting capacity of 5,000 pounds and is targeted at the medium-duty market segment.

share as orders increased and dealers rebuilt inventory levels as the market improved.

Nonetheless, 2010 was not without its challenges. Material costs began increasing due to rising commodity costs in the second half of the year, which resulted in the implementation of price increases. In addition, currency rates throughout the year became less favorable than in the prior year, despite the positive effect of certain foreign currency contracts and currently continue to be less favorable.

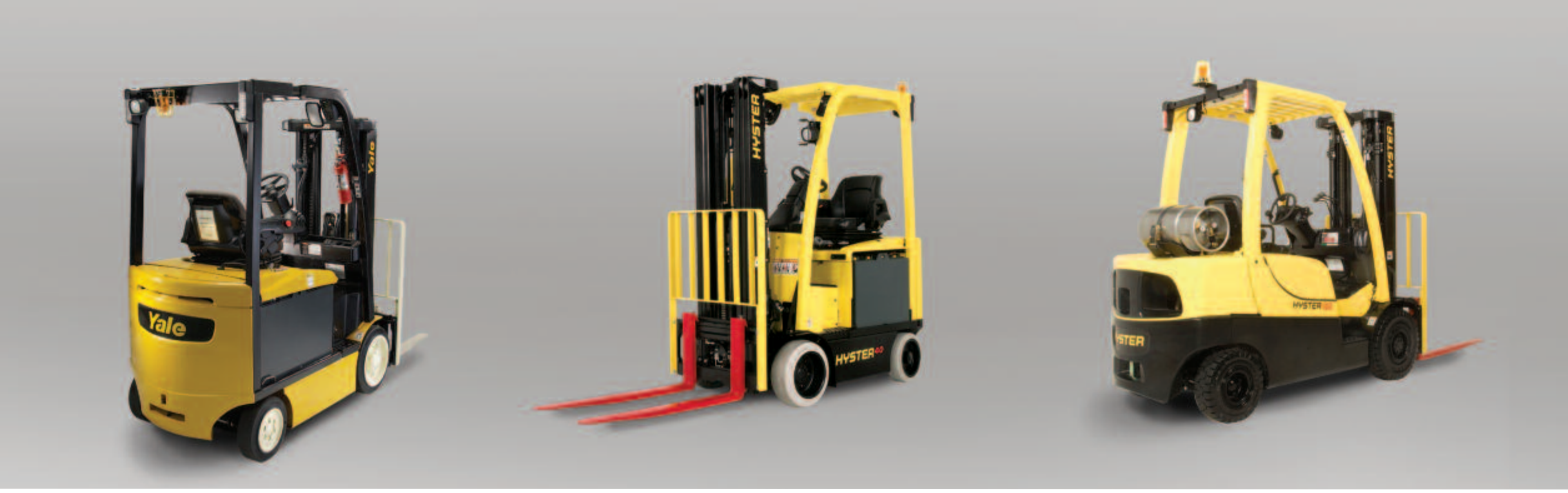
Outlook for 2011

Although the global lift truck market continues to recover, the pace is still unclear in certain parts of the world. Nonetheless, NMHG expects global market demand for units and parts volumes to continue to improve in all markets in 2011 compared with 2010, particularly in the Americas, with more significant growth in the second half of the year. As a result, the company expects increased bookings in 2011 compared with 2010. Unit shipment levels and parts sales are also expected to increase in 2011. Given this market outlook, NMHG is optimistic about recovery prospects but continues to move cautiously in bringing capacity back online until the pace and sustainability of the recovery is clearer.

Actions taken over the past few years to respond to extremely depressed market conditions helped NMHG achieve favorable financial results in 2010. However, costs are expected to increase significantly in 2011 since the company will have a complete year of fully restored compensation and benefits, as well as costs of a larger workforce working additional shifts to meet market demand. NMHG will continue to adjust manufacturing levels as needed to respond to market demand levels and supply chain constraints.

Overall, NMHG's product development, supply chain, manufacturing processes and quality and reliability programs are performing at expected levels and are now focused on continuous improvement. NMHG's greatest challenges in 2011 will be to enhance distribution effectiveness to generate additional market share and to ensure that market applications are properly served with the right products at the right prices to achieve target margins, especially in the new medium-duty internal combustion engine product line and in its existing heavy-duty internal combustion engine premier product line.

In 2011, NMHG expects to continue its program of consolidating and strengthening its dealerships as a key component of its efforts to enhance market share. In early 2011, the company entered into agreements with two dealers in India to enhance distribution and permit specified Hyster® and Yale® lift trucks to be manufactured in India under license for the Indian market. These new dealers and licensing agreements



are expected to enhance sales volumes in 2011 and in future years. NMHG also expects to enhance market share through new product introductions, which meet key market needs such as launching a low-cost and performance internal combustion engine lift truck in developing markets around the world.

In addition to its focus on programs to reach target margins by ensuring the right products are offered at the right prices to serve market applications, NMHG expects to continue to increase prices in 2011, as necessary, in response to rising commodity prices but in a manner that does not erode its competitive position. NMHG currently anticipates that material costs, particularly the cost of steel, will continue to increase in 2011 compared with 2010. As a result, price increases on selected models were announced during 2010 which, in combination with additional increases as needed during 2011, are expected over time to offset the effect of increased commodity costs.

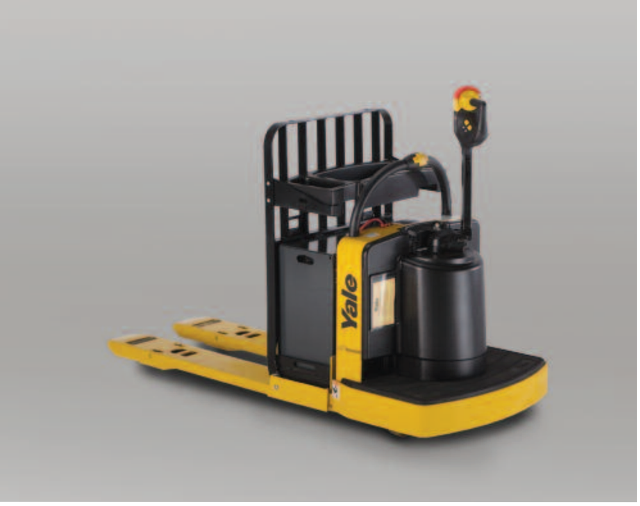
Overall, net income is expected to increase in 2011 compared with 2010. However, significant operating profit improvement from increased volume is expected to be partially offset by increased employee-related costs, the absence of foreign currency contracts which favorably affected 2010 results, and by higher effective tax rates, especially in the first half of 2011. Cash flow before financing activities in 2011 is expected to be higher than in 2010.

Longer-Term Perspective

NMHG remains committed to its vision of being a leading globally integrated designer, manufacturer and marketer of a complete range of high-quality lift truck products designed to meet a broad range of market applications by offering the lowest cost of ownership and providing outstanding sales, parts and service support through an outstanding network of independent dealers.

NMHG is well-positioned to maintain its global competitiveness. The company's product pipeline is on track to produce a continuous stream of new product innovations and product introductions over the next several years, which are expected to enhance its competitiveness and market share. During 2010, NMHG introduced three new electric-rider lift truck series in the Americas and one new electric-rider lift truck series in Europe, all of which were well received for their improved ergonomics and ability to lower operating costs and energy consumption while maximizing productivity. The company plans to introduce the remainder of its new electric lift truck line in 2011, with the launch of four additional series of electric-rider lift trucks in late 2011. NMHG also introduced new base-model internal combustion engine lift truck models aimed at the medium-duty segment of the Americas market in July 2010 and expects to introduce one in Europe in mid-2011. The remaining trucks in this base-model range are expected to be rolled out by 2013. Finally, NMHG expects to introduce a new 12-ton big truck in mid-2011. To strengthen innovation and execution of advanced product development programs, NMHG has recently set up a new Engineering Concept Centre at NMHG's European headquarters in the United Kingdom. In the years ahead, the company expects to continue to work aggressively to meet evolving market requirements in all product segments of the market.

New diesel emission regulations are currently affecting all lift truck manufacturers. NMHG is working



From left to right:
Yale's new electric-rider lift truck series, the Yale® ERC-VA cushion tire series, has lifting capacities of 3,000 to 4,000 pounds. These trucks have been designed for overall productivity at lower costs. The four-wheel truck is shown here.

The new Hyster® E30-40XN electric-rider cushion tire lift truck series has lifting capacities of 3,000 to 4,000 pounds. These trucks have been designed for overall productivity at lower costs. The 4,000 pound lift truck model is shown here.

Hyster Company's new Hyster® H50CT internal combustion engine lift truck has a lifting capacity of 5,000 pounds and is targeted at moderate duty applications.

The new Yale® MPE Walkie/Rider Motorized Hand Pallet Truck, with a carrying capacity of 6,000 to 8,000 pounds, excels in warehousing applications where throughput and productivity are key considerations.

to ensure these requirements are satisfied in a cost-effective manner. However, NMHG expects these regulations to increase the cost of trucks, which in turn is likely to lead to substantial price increases for certain trucks beginning with deliveries in 2012.

Overall, NMHG believes its products, supply chain, manufacturing, quality, pricing, distribution and sales and marketing programs will position the company well in the global lift truck market. NMHG's objective is to leverage this position to increase market share and improve product margins to target levels. These programs are expected to move the company's financial performance in the next few years toward its target level of a minimum operating profit margin of 9 percent at the peak of the market cycle.

North American Coal

2010 Results

North American Coal's coal supply agreements, which are long-term in nature, again helped the company achieve strong, stable performance and steady cash flows in 2010. In addition, several positive financial developments occurred during the year. Mississippi Power Company reimbursed NACoal for previously recognized costs for pre-development activities related to the new Liberty Mine in Mississippi; increased earnings at the unconsolidated mines resulted from contractual price escalation and income from the Liberty Mine; deliveries increased at the limerock mining operations due to the reinstatement of customer mining permits in early 2010, which had been suspended during 2009; royalty income increased; and lower costs of sales at the Mississippi Lignite Mining Company all contributed to enhanced results. Because of these favorable events, NACoal had net income in 2010 of $39.6 million compared with income from continuing operations in 2009 of $30.6 million. NACoal also generated strong cash flow before financing activities of $32.8 million, which includes proceeds of $11.2 million from the sale of joint venture assets in Great American Energy, compared with cash flow before financing activities of $76.5 million in 2009, which included proceeds of $41.4 million from the sale of the assets of the Red River Mining Company.

In 2010, NACoal's subsidiary, Liberty Fuels, finalized a new mining contract to provide approximately 4.2 million tons of lignite coal annually from its new Liberty Mine to Mississippi Power Company's new Ratcliffe power plant currently being built in Mississippi. This project is in the development phase and will not be fully operational for several years. While completion of the project is still contingent on resolving legal challenges to regulatory approvals being pursued by the Ratcliffe power plant, initial deliveries are expected to commence in late 2013. NACoal also extended its limerock mining contract with Cemex S.A.B. de C.V. ("Cemex") to continue mining at the five Cemex quarries in Florida through 2018. In December 2010, NACoal's contract to provide mining services to the San Miguel Mine expired and was not renewed.

Outlook for 2011

NACoal remains focused on safety, environmental compliance and continuous improvement programs. These well-established programs provide a solid foundation for relatively stable operations at all of its coal mines in 2011. However, coal tons delivered in

Above: Two draglines work through the night at The Sabine Mining Company in Texas.
Right: The dragline at Mississippi Lignite Mining Company's Red Hills Mine.

2011 are expected to be lower than in 2010 as a result of the expiration and non-renewal of the San Miguel Mine contract in 2010 and somewhat lower customer requirements. Royalty income in 2011 is also expected to be lower than in 2010.

In 2010, NACoal's limerock customers in the Florida lake belt region required higher limerock deliveries as they rebuilt stockpiles that had been significantly diminished as a result of an unfavorable legal ruling that set aside their mining permits in 2009. With this inventory replenishment now complete, 2011 customer requirements are expected to be lower as market conditions in the southern Florida housing and construction markets remain weak, which is expected to result in lower deliveries in 2011 than in 2010.

NACoal's primary focus in 2011 is the execution and implementation of the projects it currently has in development. In addition to the new Liberty Mine, NACoal has three other mines in development stages that will not be in full production for several years. Caddo Creek Resources Company is in the permitting stage of a project which expects to mine approximately 650,000 tons of coal annually for a customer that currently purchases its coal from The Sabine Mining Company. Initial deliveries are expected to commence in 2013. Camino Real Fuels is in the permitting stage of a project which expects to mine approximately 2.7 million tons of coal annually. Initial deliveries are expected to commence in mid- to late 2012. Finally, although Demery Resources Company is currently in the permitting stage and expects to commence initial deliveries in late 2011, unfavorable market conditions for its customer are expected to delay reaching full production of approximately 300,000 to 400,000 tons of coal annually. Lastly, in early 2011, NACoal finalized a new agreement to provide services to operate a refined coal processing facility through 2018. This agreement and the mines in development are expected to generate modest income during 2011.

NACoal is working on several important new project opportunities in the United States and Asia for which it expects to continue to incur additional expenses in 2011. In the United States, the company continues to move forward to gain a permit for its Otter Creek reserve in North Dakota in preparation for the expected construction of a new mine. The permit is anticipated to be issued in the second half of 2011. NACoal is also performing work under certain mining services agreements in Indonesia and India, in which NACoal is assisting other companies in setting up and managing their mines.

Overall, NACoal expects full-year 2011 net income to decrease compared with 2010 mainly as a result of the absence of the reimbursement of previously expensed costs received in 2010 and reduced royalties in 2011. Cash flow before financing activities in 2011 is expected to be higher than 2010, assuming mine development activities occur as currently planned.

Above left: A truck/shovel operation uncovers coal in the pit of the Red Hills Mine in Mississippi.

Above right: An Easi-Miner mines lignite coal from the ground into a Kress haul truck at The Sabine Mining Company in Texas.

Bottom right: A Wirtgen coal miner loads coal into a Caterpillar dump truck at the Red Hills Mine in Mississippi.

Longer-Term Perspective

NACoal expects to continue its record of operational excellence in safety, environmental stewardship and production at each of its mining operations and, over time, deliver profits that exceed its financial objectives.

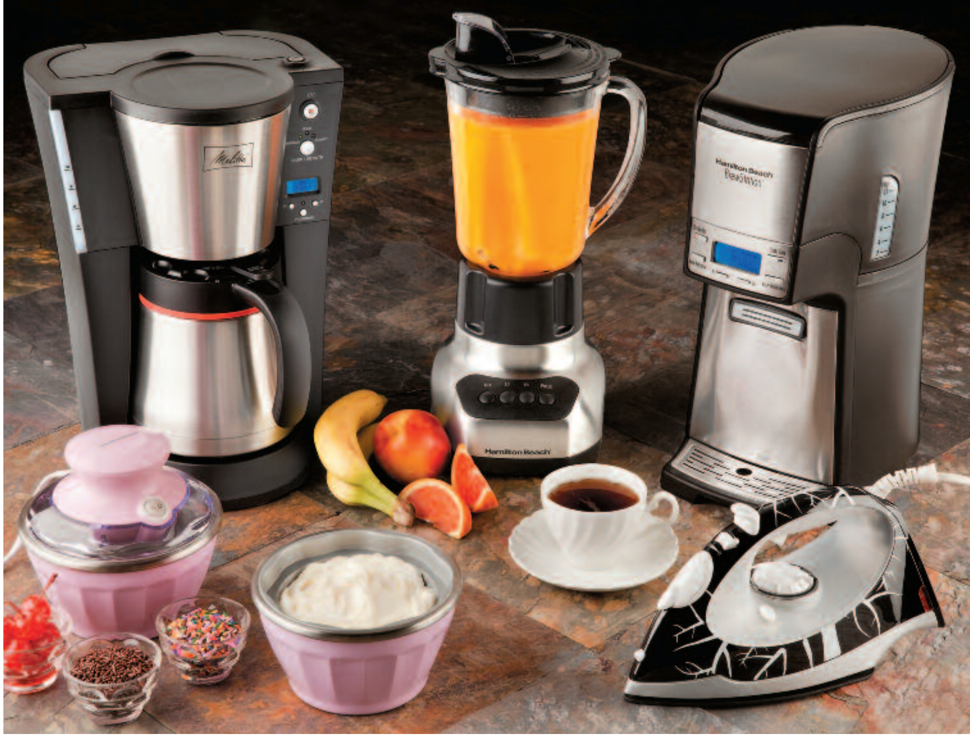
NACoal's vision is to continue to be a leading low-cost miner of coal used in power generation, coal-to-liquids, coal gasification and activated carbon plants and to provide selected value-added mining services for companies in the aggregates business. Over the longer term, NACoal expects to continue its efforts to develop new mining projects. The company is actively pursuing domestic opportunities for new coal mining projects. However, the company also expects to strengthen its position in value-added mining services in the international mining arena in future years because of expected rapid growth in international coal mining activities as developing countries expand low-cost coal-fired power generation. New U.S. mining opportunities, on the other hand, are expected to be more limited, with any significant growth dependent on the United States adopting a balanced energy policy in which coal continues to play a key role. NACoal actively monitors pending regulations and legislation to try to ensure that reasonable actions are taken. The company believes that coal must remain an integral part of the nation's total energy mix for the United States to continue to be fully competitive in a global economy. NACoal will also continue to take a leadership role in helping balance energy needs with environmental responsibility. The company is actively associated with several organizations involved in evaluating and studying various clean-coal technologies, some of which are funded by the Federal government. Also, one of NACoal's customers, Basin Electric, is a pioneer in the carbon capture process, which it employs at its Dakota Gasification facility to pipe CO_2 to Canada for enhanced oil and gas recovery. Further, most of NACoal's new or potential coal-fired power plant customers, such as Mississippi Power, include carbon capture in their new coal project plans. The company continues to believe that new power plant technologies, such as integrated gasification, combined cycle power generation and production of alternative fuels made from coal, will provide important opportunities in the future.

Overall, NACoal sees sound long-term prospects for additional mining opportunities. Also, as the company's new mines currently under construction begin operating, NACoal expects improved profitability over the long term. This enhanced financial performance is expected to provide a solid base for NACoal to continue attaining its long-term financial targets.

Bottom left: Hamilton Beach® products are designed to fit every kitchen style and lifestyle. Featured - Hamilton Beach® Stay or Go® slow cooker.

Bottom right: Hamilton Beach® slow cookers are versatile for everyday meals or for entertaining in the home. Featured - Hamilton Beach® 3-in-One Slow Cooker.

At right: Hamilton Beach Brands's newest products include, clockwise at top: Hamilton Beach® Wave Power® Plus blender, Hamilton Beach® BrewStation® 12-cup dispensing coffeemaker, Hamilton Beach® FashionFirst™ iron, Hamilton Beach® Half Pint™ soft-serve ice cream maker, Melitta® 12 cup coffee brewer.



Hamilton Beach Brands

2010 Results

Hamilton Beach Brands had strong financial results and solid cash flow before financing activities in 2010. Revenues improved from $497.0 million in 2009 to $515.7 million in 2010 primarily as a result of significantly higher unit sales volumes. However, despite these higher volumes and lower product costs in the first half of the year, net income declined moderately to $24.4 million in 2010 from $26.1 million in 2009. In 2009, margins were unusually strong in the U.S. consumer market and the company had reduced costs as a result of lower employee compensation and benefits, all of which returned to more normal levels in 2010. These factors, along with increased product and transportation costs in the second half of 2010, resulted in the slight decline in 2010 net income. HBB generated cash flow before financing activities of $12.8 million in 2010, down from the prior year amount of $33.4 million as a result of higher finished goods inventory levels at the end of 2010.

Outlook for 2011

The small kitchen appliance market in which HBB participates has largely recovered. Nonetheless, although consumer confidence and other key indicators have improved compared with 2009, the U.S. mass market is expected to remain soft as mass-market consumers continue to struggle with financial concerns and unemployment rates remain high. International markets and commercial product markets experienced a stronger recovery in 2010 and the momentum seen in these markets is expected to continue into 2011.

In 2011, the company will continue to invest in innovative products and value-added services for its key customers to ensure HBB products maintain their current strong market position. HBB continues to focus on strengthening its market position with all retailers through product innovation, promotions, increased placements and branding programs, as well as appropriate levels of advertising for the company's highly successful Brewstation® coffee maker and Stay-or-Go® slow cooker lines. In addition, the company expects to continue to introduce innovative products in several small appliance categories. In 2011, HBB plans to continue to strengthen its focus on the higher-end U.S. consumer market. The new Melitta-branded beverage appliances, introduced in late 2010, are expected to continue to gain position in 2011. The company also expects to launch the Scoop™, a single-serve coffee maker, and a new Durathon™ iron product line. As a result of these new products, HBB anticipates revenues in 2011 will increase compared with 2010.

From left to right: Proctor Silex® 1.5 Quart portable oval slow cooker, offered in citrus colors of red, orange, green and yellow; Hamilton Beach Stay-or-Go® Personal Cup™ pod coffeemaker; Hamilton Beach® Commercial Tournant™ high-performance food blender; Hamilton Beach® digital two-slice toaster; Hamilton Beach® Big Mouth® Pro juice extractor.

Overall, full-year 2011 net income is expected to be slightly lower than 2010 due to increased operating expenses and higher income tax expense. Increased product and transportation costs in the first half of 2011 are expected to reduce net income in the first half of 2011 compared with the first half of 2010. The company will remain focused on adding placements while maintaining or improving product margins. HBB continues to monitor commodity costs closely and will adjust product prices and placements as appropriate if commodity costs continue to increase as expected. Also, to increase distribution efficiencies, HBB is moving its distribution center into a larger facility during 2011. HBB expects to incur additional expenses in the second quarter related to this relocation. Cash flow before financing activities in 2011 is expected to be higher than in 2010.

Longer-Term Perspective

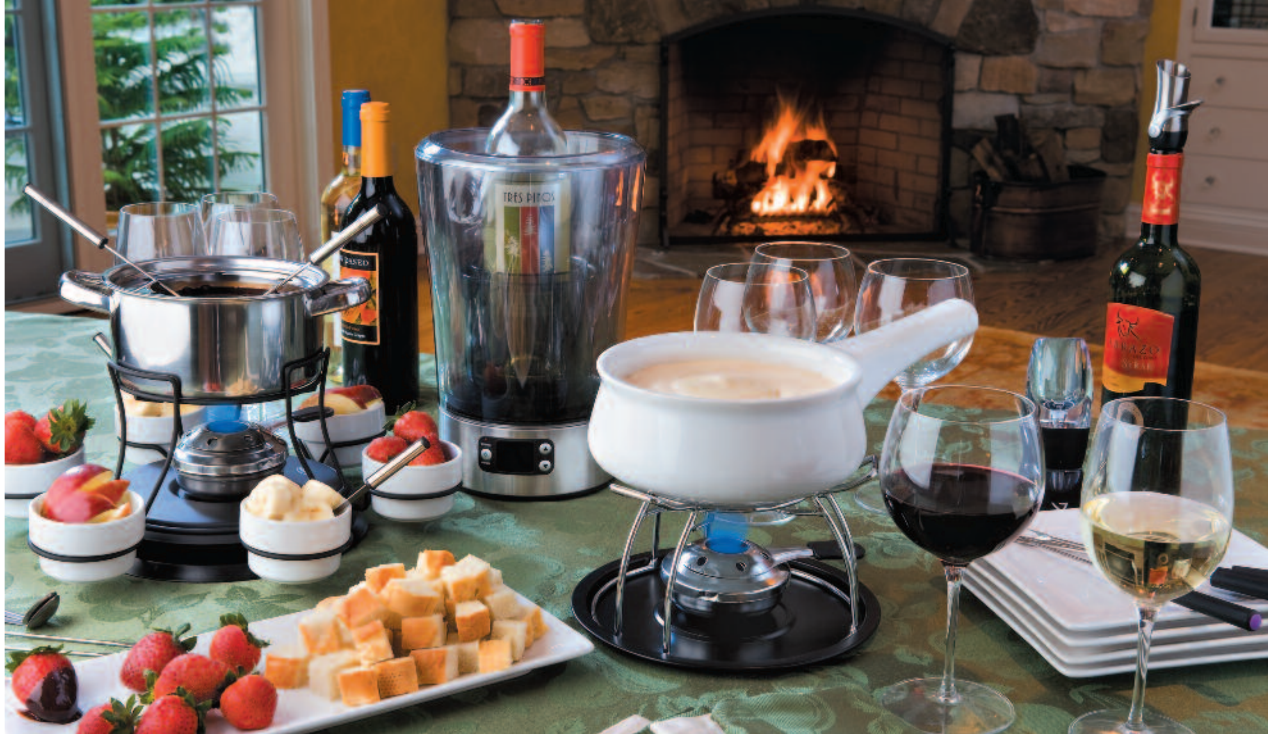
Product quality, customer service and fact-based professional sales and marketing remain areas of excellence for HBB. Important promotional campaigns designed to support HBB's brands and new products are expected to continue. The company's product and placement track record continues to be impressive due to innovation processes centered on understanding and meeting end-user needs. New products introduced in 2010, as well as further new product introductions in the pipeline for 2011 and future years, are expected to improve revenues. The company expects its product pipeline to be at or above historical levels in 2011.

HBB is focused on ensuring that the company remains a leading designer, marketer and distributor of small electric household and commercial products sold worldwide under strong brand names and achieves profitable growth from innovative solutions that improve everyday living. Longer term, the company will continue to work to increase revenues and profitability by gaining placements, improving efficiencies, reducing costs and pursuing strategic growth opportunities, including achieving growth for both the Hamilton Beach® and Proctor Silex® brands, growth in the high-end consumer market, growth throughout Latin America and growth in global commercial markets. The company is well-positioned to continue its leadership position in the small kitchen appliances industry and to move toward achieving its long-term financial objective of a minimum 10 percent operating profit margin in the years ahead.

Kitchen Collection

2010 Results

Solid strides were made at Kitchen Collection in 2010 to improve operations in both the Kitchen Collection® and Le Gourmet Chef® store formats. While results were encouraging, continued improvement is still necessary, primarily at the Le Gourmet Chef®



A layout of products available at Kitchen Collection's Le Gourmet Chef® stores. Le Gourmet Chef® stores feature higher-margin, brand-name kitchenware and gourmet foods.

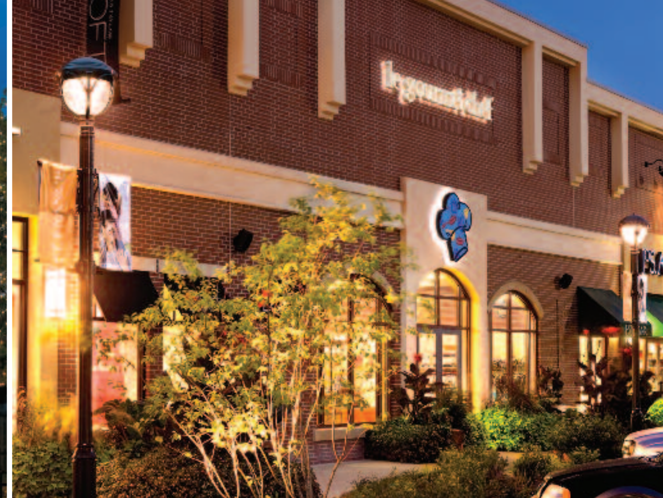
store format. Despite fewer customer visits and reduced number of sales transactions at both store formats due to weakness in mass-consumer markets, Kitchen Collection was able to increase revenues from $213.9 million in 2009 to $219.6 million in 2010 and deliver improved gross margins primarily from new store sales and an increase in the average sales transaction value at comparable stores for both store formats. However, net income and cash flow before financing activities declined slightly. Net income decreased to $3.5 million in 2010 from $3.9 million in 2009 largely due to higher employee-related costs, while cash flow before financing activities was $3.6 million in 2010 compared with $4.3 million in 2009.

The Kitchen Collection® stores, which sell a wide variety of basic kitchen items, had very strong results in 2010, benefitting from newly opened stores, an increase in the number of seasonal stores, a refreshed store format with improved product assortments, and enhanced merchandising, all of which resulted in improved margins. However, higher employee-related costs and unfavorable comparable store results reduced Kitchen Collection® store income compared with the prior year. The Le Gourmet Chef® stores, which sell higher-end goods focusing on cooking and entertaining themes, achieved a strong turnaround as an increase in sales at comparable stores, lower rent and the closing of unprofitable stores improved results to break-even levels. A new, revitalized store format and an enhanced website for the Le Gourmet Chef® stores, both focused more on food, tabletop and on-trend merchandise and both fully implemented late in 2009, helped drive an increase in sales volumes and improved margins for the Le Gourmet Chef® stores.

Outlook for 2011

Kitchen Collection expects the economic recovery to continue in 2011, although consumer spending levels are likely to reflect financial concerns and high unemployment rates in Kitchen Collection's target consumer base. In addition, increasing fuel costs could continue to affect the number of customer visits in 2011. Nevertheless, due to the opening of new Kitchen Collection® stores, enhanced product offerings and the continued strength of the Kitchen Collection® and Le Gourmet Chef® store formats, Kitchen Collection expects a modest increase in revenue in 2011 compared with 2010.

Favorable sales and margin trends that occurred in both store formats during 2010 are expected to continue into 2011. In addition, the company plans to continue to refine its promotional offers and merchandise mix in the Le Gourmet Chef® stores. Because of Kitchen Collection's prior actions to improve product selection, the company does not anticipate significant markdowns in 2011. These factors are expected to further enhance sales and margins.



Left: The Kitchen Collection® store at Aurora Farms Premium Outlets near Cleveland, Ohio features higher-margin, brand-name kitchen gadgets, small electric appliances and a variety of other kitchen- and housewares-related products.

Above: The Le Gourmet Chef® store in Indianapolis, Indiana.

The opening of new stores, the renegotiation of leases and the company's continuing program of closing underperforming stores are also expected to provide improved results in 2011. As a result of favorable short-term leasing rates, Kitchen Collection was able to increase the number of seasonal stores opened in 2010 and keep some of these seasonal stores open in early 2011. While growth in the number of Le Gourmet Chef® stores continues to be a long-term goal, the expected closure of underperforming stores in 2011 will result in a near-term reduction in the number of Le Gourmet Chef® stores. The effect of opening new stores and closing unprofitable ones is expected to result in a net increase of 17 total stores for the year.

In addition, to increase the efficiency of its distribution operations, Kitchen Collection is combining its two distribution centers into one larger facility. The company expects to incur some additional expenses in the first quarter of 2011, when the relocation is expected to occur. The company also anticipates increased transportation costs in 2011 but expects to offset these increased costs through pricing and other actions as needed.

Overall, Kitchen Collection anticipates an increase in full-year net income and cash flow before financing activities in 2011 compared with 2010.

Longer-Term Perspective

Kitchen Collection's vision is to be the leading specialty retailer of kitchen, home entertaining and gourmet food products in outlet malls and other retail channels for consumers seeking a large selection of unique, high-quality products at exceptional value. The company has two strong store formats and plans to leverage this strength with strong, separate brand identities for each.

Overall, the company is in a growth phase. The Kitchen Collection® store format is strong and Le Gourmet Chef® continues to improve. Going forward, management plans to focus on revenue and profitability growth through further strengthening of its merchandise mix, store displays and appearance, while maintaining disciplined cost control. The company also plans to expand the number of outlet malls in which Kitchen Collection® and Le Gourmet Chef® operate and to optimize store footprint sizes to enhance its ability to achieve target profit levels. The company also plans to continue to work on refining a traditional mall approach for both store formats which focuses on a smaller store footprint and which takes advantage of open locations and lower rents. In the near term, expansion at both outlet malls and traditional malls will be focused on the Kitchen Collection® format. When adequate profit prospects are demonstrated for the Le Gourmet Chef® format, focus will shift to growth in the number of these stores. The Le Gourmet Chef® website, which was updated in 2009, and the Kitchen Collection® website, which was updated in 2010, are also expected to provide ongoing revenue growth opportunities.

With the improvements made or planned, Kitchen Collection® stores are expected to achieve higher margins in 2011 than their long-term operating margin target of 5 percent. Le Gourmet Chef® stores are not expected to achieve the target margin until sales volumes increase and certain underperforming stores have been closed.

Conclusions and NACCO Outlook

The economic environment continues to improve, but uncertainties still remain. NACCO's companies will be managed cautiously until each company's management is more comfortable that a solid, sustainable economic recovery is unfolding. In 2010, NACCO's companies benefited from programs put in place prior to and during the downturn. These programs and improving markets are expected to lead to solid financial performance in 2011, which will enable each subsidiary company to continue to move toward achievement of its minimum financial goals.

In 2011, overall consolidated results are expected to improve moderately over 2010. Improvement is expected at NMHG despite anticipated cost increases. We expect continued strong performance from HBB, which continues to operate very well. Improved results are expected at Kitchen Collection as the company focuses on improving the profitability of its Le Gourmet Chef® stores. Finally, while results are expected to decline moderately at NACoal primarily because of the absence of certain non-recurring benefits realized in 2010 and the loss of the San Miguel Mine, ongoing operations are expected to continue to be excellent.

NACCO plans to continue to focus on maximizing cash flow before financing activities in 2011 and future years, with an increase in cash flow before financing activities anticipated for 2011 in comparison to 2010. However, capital expenditures are expected to increase at NMHG and NACoal. In general, future capital expenditures are expected to be modest relative to cash flow in the years ahead unless new growth opportunities develop.

NACCO continues to have great confidence in the management teams at each of the Company's subsidiaries. The many experienced and capable people who worked together so closely and successfully during the steep global downturn have clearly been the key to the Company's remarkably strong results at each subsidiary company in 2010.

In closing, we would like to welcome Richard R. Chene, Jr. as the new President of Kitchen Collection. He brings extensive senior-level retail experience to Kitchen Collection. Rich joined us on February 1, 2011.

Finally, we would like to take this opportunity to thank all of our subsidiaries' customers, retailers, dealers and suppliers and all NACCO stockholders for their continued support, and to thank all NACCO and subsidiary employees most sincerely for their hard work, sacrifice and commitment over the past year. We are pleased with 2010 results and look forward to greater achievement in 2011.

Alfred M. Rankin, Jr.

Alfred M. Rankin, Jr.
Chairman, President and Chief Executive Officer, NACCO Industries, Inc.

Robert L. Benson
President and Chief Executive Officer,
The North American Coal Corporation

Michael P. Brogan
President and Chief Executive Officer
NACCO Materials Handling Group, Inc.

Gregory H. Trepp
President and Chief Executive Officer, Hamilton Beach Brands, Inc.
Chief Executive Officer, The Kitchen Collection, LLC

Richard R. Chene, Jr.
President, The Kitchen Collection, LLC

Corporate Information

Annual Meeting
The Annual Meeting of Stockholders of NACCO Industries, Inc. will be held on May 11, 2011, at 9 a.m. at the corporate office located at: 5875 Landerbrook Drive, Cleveland, Ohio 44124

Form 10-K
Additional copies of the Company's Form 10-K filed with the Securities and Exchange Commission are available through NACCO's website (www.nacco.com) or by request to:

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(440) 449-9669

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1-800-622-6757

Legal Counsel
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North Point
901 Lakeside Avenue
Cleveland, Ohio 44114

Independent Registered Public Accounting Firm
Ernst & Young LLP
1300 Huntington Building
925 Euclid Avenue
Cleveland, Ohio 44115

Stock Exchange Listing
The New York Stock Exchange
Symbol: NC

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NACCO Industries Website
Additional information on NACCO Industries may be found at the corporate website, www.nacco.com. The Company considers this website to be one of the primary sources of information for investors and other interested parties.

Subsidiary Company Websites
The websites of several subsidiary companies and their brands can be found at the following locations:

NACCO Materials Handling Group:
www.nmhg.com

Hyster North America:
www.hysteramericas.com

Hyster Europe:
www.hyster.co.uk

Hyster Asia-Pacific:
www.hyster.com.au

Hyster China:
www.hyster.com.cn

Yale North America:
www.yale.com

Yale Europe:
www.yale-forklifts.eu

Yale Asia-Pacific:
www.yale.com.au

Hamilton Beach Brands–U.S.:
www.hamiltonbeach.com
www.proctorsilex.com
www.buytraditions.com
www.commercial.hamiltonbeach.com

Hamilton Beach Brands–Mexico:
www.hamiltonbeach.com.mx

Kitchen Collection:
www.kitchencollection.com
www.legourmetchef.com

North American Coal:
www.nacoal.com

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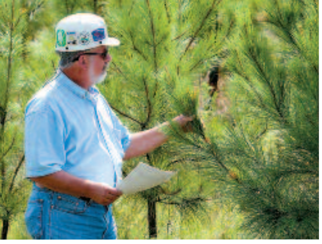
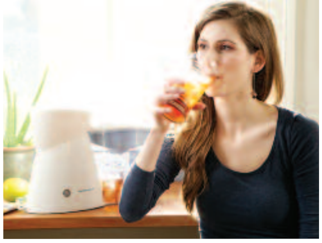
Environmental Benefits

This Annual Report on Form 10-K is printed using post-consumer waste recycled paper and vegetable-based inks. By using this environmental paper, NACCO Industries, Inc. saved the following resources:

60 trees preserved for the future	139 lbs. waterborne waste not created	41,336 gal. wastewater flow saved	5,228 lbs. solid waste not generated	4,442 lbs. net greenhouse gases prevented	34,000,000 BTUs energy not consumed

The FSC Trademark identifies wood fibers coming from forests which have been certified in accordance with the rules of the Forest Stewardship Council.


NACCO Industries, Inc.

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