NACCO INDUSTRIES INC
Form S-4/A
April 02, 2004

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As filed with the Securities and Exchange Commission on April 2, 2004
Registration No. 333-108538

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

PRE-EFFECTIVE AMENDMENT NO. 2 TO
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

NACCO INDUSTRIES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**3537**	**34-1505819**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

5875 Landerbrook Drive
Mayfield Heights, Ohio 44124-4017
(440) 449-9600

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Charles A. Bittenbender, Esq.
Vice President, General Counsel and Secretary
NACCO Industries, Inc.
5875 Landerbrook Drive
Mayfield Heights, Ohio 44124-4017
(440) 449-9600

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copies to:
Thomas C. Daniels, Esq.
Jones Day
North Point
901 Lakeside Avenue
Cleveland, Ohio 44114-1190
(216) 586-3939

Approximate date of commencement of proposed sale to the public: As soon as practicable following the effective date of this registration statement.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. [ ]

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

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If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

Pursuant to Rule 429(a) under the Securities Act of 1933, the prospectus contained in this amended Registration Statement is a combined prospectus relating to securities registered under this amended Registration Statement and 102,274 shares of securities registered and remaining unsold under the Previous Registration Statement. Pursuant to Rule 429(b), this amended Registration Statement also constitutes Post-Effective Amendment No. 3 to the Previous Registration Statement, which Post-Effective Amendment No. 3 shall hereafter become effective concurrently with the effectiveness of this amended Registration Statement and in accordance with Section 8(c) of the Securities Act of 1933. If securities previously registered under the Previous Registration Statement are offered and sold before the effective date of this amended Registration Statement, the amount of previously registered securities so sold will not be included in the prospectus hereunder.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. The selling stockholders may not sell or accept offers to buy these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting any offer to buy these securities in any state where the offer or sale is not permitted.

Prospectus (Subject to Completion)

Dated April 2, 2004

OFFER BY SELLING STOCKHOLDERS
TO EXCHANGE UP TO 307,047 SHARES OF
CLASS A COMMON STOCK
FOR
307,047 SHARES OF
CLASS B COMMON STOCK
OF
NACCO INDUSTRIES, INC.

Under the terms of NACCO s certificate of incorporation and a stockholders agreement, shares of Class B common stock are generally not transferable except to persons who are permitted transferees as specified in those documents. In accordance with those documents, parties to the stockholders agreement may transfer shares of Class B common stock to the selling stockholders for shares of Class A common stock, on a share for share basis. As a result, the selling stockholders named in this prospectus are offering to transfer up to 307,047 shares of our Class A common stock under this prospectus on a share for share basis, upon receipt, from time to time of shares of our Class B common stock from holders of Class B common stock that are permitted to transfer those shares to the selling stockholders pursuant to the certificate of incorporation and stockholders agreement. Each exchange will result in one or more of the selling stockholders transferring one share of Class A common stock for each share of Class B common stock transferred to the selling stockholder or selling stockholders. We will not receive any of the proceeds from these transactions.

As of the date of this prospectus, the selling stockholders have already exchanged 97,726 shares of Class A common stock of the 200,000 shares of Class A common stock registered by the registration statement and prospectus initially filed on July 13, 2001, as amended, and declared effective on November 19, 2001. The remaining 102,274 shares of Class A common stock registered by that previously filed registration statement and prospectus are included in the 307,047 shares of Class A common stock offered by this prospectus. See Selling Stockholders beginning on page 20.

Our Class A common stock is listed on the New York Stock Exchange under the symbol NC. On April 1, 2004, the last sale price of our Class A common stock as reported by the New York Stock Exchange was $84.25 per share. Our Class B common stock is not publicly traded. Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is entitled to ten votes per share.

Persons who receive shares of Class A common stock from the selling stockholders may resell those shares of Class A common stock in brokerage transactions on the New York Stock Exchange in compliance with Rule 144 under the Securities Act of 1933, except that the one-year holding period requirement of Rule 144 will not apply.

Please consider carefully the Risk Factors beginning on page 7.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is April , 2004.

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WHERE YOU CAN FIND MORE INFORMATION

We have filed this prospectus as part of a registration statement on Form S-4 with the Securities and Exchange Commission under the Securities Act of 1933. The registration statement contains exhibits and other information that are not contained in this prospectus. Our descriptions in this prospectus of the provisions of documents filed as exhibits to the registration statement or otherwise filed with the Commission are only summaries of those documents material terms. If you want a complete description of the contents of those documents, you should obtain the documents yourself by following the procedures described below.

We are subject to the reporting requirements of the Securities Exchange Act of 1934 and, in accordance therewith, file reports and other information with the Commission. Our reports and other information filed by us can be inspected and copied at the Public Reference Section of the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the material can be obtained from the Public Reference Section of the Commission at prescribed rates. Please call the Commission at 1-800-SEC-0330 for further information on the operation of the Public Reference Section. The Commission also maintains a website that contains reports, proxy and information statements and other information regarding us filed electronically with the Commission. The address of the site is: http://www.sec.gov. Our Class A common stock is quoted on the New York Stock Exchange and in connection therewith, reports and other information concerning us may also be inspected at the offices of the New York Stock Exchange. For further information on obtaining copies of our reports and other information concerning us at the New York Stock Exchange, please call (212) 656-5060. In addition, we make our annual and quarterly reports and other information that we filed with the Commission available on our website. The address of our website is http://www.nacco.com. However, the information on our website is not a part of this prospectus, and you should rely only on the information contained in this prospectus when making a decision to exchange shares of Class B common stock for shares of Class A common stock.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Commission allows us to incorporate by reference information into this prospectus, which means that we can disclose important information to you by referring to other documents filed separately with the Commission. This prospectus incorporates important business and financial information about us that is not included in or delivered with this document. The information incorporated by reference is considered to be a part of this prospectus. We incorporate by reference the documents listed below, except to the extent information in those documents is different from the information contained in this prospectus:

- Annual Report on Form 10-K for the fiscal year ended December 31, 2003; and
- The description of Class A common stock set forth in the registration statement on Form 8-B filed June 6, 1986.

We will provide without charge to each person to whom this prospectus is delivered, upon the written or oral request of the person, a copy (without exhibits other than exhibits specifically incorporated by reference) of any or all documents incorporated by reference into this prospectus. Requests for copies of those documents should be directed to NACCO Industries, Inc., 5875 Landerbrook Drive, Mayfield Heights, Ohio, 44124-4017, Attention: Secretary, telephone (440) 449-9600. To obtain timely delivery, you must request the information no later than five business days before the date you elect to exchange shares of Class B common stock.

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SUMMARY

This prospectus contains forward-looking statements which involve risks and uncertainties. Our actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause a material difference include, but are not limited to, those discussed under Risk Factors and elsewhere in this prospectus. Investors should consider carefully the information set forth under the heading Risk Factors beginning on page 7. In this prospectus, the terms NACCO, we, us and our refer to NACCO Industries, Inc.

NACCO

NACCO Industries, Inc. is a holding company that owns four principal operating subsidiaries that function in three principal industries: lift trucks, housewares and lignite mining. We manage our subsidiaries primarily by industry. We manage our lift truck operations, however, as two reportable segments: wholesale manufacturing and retail distribution.

NACCO Materials Handling Group. NACCO Materials Handling Group consists of our wholly owned subsidiary, NMHG Holding Co., and its wholly owned subsidiary, NACCO Materials Handling Group, Inc. NACCO Materials Handling Group designs, engineers, manufactures, sells, services and leases a comprehensive line of lift trucks and aftermarket parts marketed globally under the Hyster® and Yale® brand names.

NACCO Housewares Group. NACCO Housewares Group consists of two of our wholly owned subsidiaries: Hamilton Beach/Proctor-Silex, Inc., a leading designer, manufacturer, importer and marketer of small electric kitchen and household appliances, as well as commercial products for restaurants, bars and hotels, and The Kitchen Collection, Inc., a national specialty retailer of brand-name kitchenware, small electrical appliances and related accessories.

North American Coal. Our wholly owned subsidiary, The North American Coal Corporation, and its affiliated coal companies, mine and market lignite primarily as fuel for power generation and provide selected value-added mining services for other natural resource companies.

NACCO was incorporated as a Delaware corporation in 1986 in connection with the formation of a holding company structure for a predecessor corporation organized in 1913.

Our principal executive offices are located at 5875 Landerbrook Drive, Mayfield Heights, Ohio 44124-4017, and our telephone number is (440) 449-9600.

The Exchange Offer

The selling stockholders named in this prospectus are offering to transfer from time to time up to 307,047 shares of our Class A common stock on a share for share basis, upon receipt, from time to time of shares of our Class B common stock from holders of Class B common stock that are parties to the stockholders agreement and are permitted to transfer those shares to the selling stockholders pursuant to our certificate of incorporation and the stockholders agreement. Each exchange will result in one or more of the selling stockholders transferring one share of Class A common stock for each share of Class B common stock transferred to the selling stockholder or selling stockholders. See Selling Stockholders beginning on page 20.

As of December 31, 2003, the participating stockholders under the stockholders agreement beneficially owned approximately 95% of the Class B common stock issued and outstanding on that date. Holders of shares of Class B common stock that are not subject to the stockholders agreement are permitted to transfer those shares subject to the transfer restrictions set forth in our certificate of incorporation, which include the ability of holders of shares of Class B common stock that are not subject to the stockholders agreement to transfer the shares to persons who are permitted transferees as specified in our certificate of incorporation or convert such shares of Class B common stock into shares of Class A common stock on a one-for-one basis. Only holders of shares of Class B common stock that are subject to the stockholders agreement may exchange their shares of Class B common stock for shares of Class A common stock pursuant to this prospectus.

Material United States Federal Income Tax Consequences

Gain or loss will generally not be recognized by NACCO stockholders who exchange shares of their Class B common stock for shares of Class A common stock held by the selling stockholders. See Material United States Federal Income Tax Consequences beginning on page 35.

The tax consequences of an exchange will depend on the stockholder s particular facts and circumstances. Persons acquiring shares of Class A common stock by exchanging shares of their Class B common stock with the selling stockholders are urged to consult their own tax advisors to fully understand the tax consequences to them of an exchange.

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Summary Consolidated Financial Data

The following tables present a summary of our historical consolidated financial data. The statement of operations and other data for each of the three years in the period ended December 31, 2003 and the balance sheet data as of December 31, 2002 and 2003 have been derived from our audited consolidated financial statements and related notes, which are incorporated by reference in this document. The statement of operations and other data for the years ended December 31, 1999 and 2000, and the balance sheet data as of December 31, 1999, 2000 and 2001 have been derived from our audited consolidated financial statements and related notes that are not included in this document. These consolidated financial statements have been filed with the SEC. See Where You Can Find More Information on page 2. The following information is only a summary and should be read together with Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical consolidated financial statements and related notes.

	Year Ended December 31,				
	1999	**2000**	**2001**	**2002(1)**	**2003 (1)**
	(In millions, except per share data)				
STATEMENT OF OPERATIONS DATA:					
Revenues	$2,635.9	$2,871.3	$2,637.9	$2,285.0	$2,472.6
Goodwill amortization	$ 15.2	$ 15.7	$ 15.9	$	$
Operating profit	$ 131.3	$ 117.9	$ 5.7	$ 115.5	$ 117.2
Operating profit excluding goodwill amortization (2)	$ 146.5	$ 133.6	$ 21.6	$ 115.5	$ 117.2
Income (loss) before extraordinary gain (loss) and cumulative effect of accounting changes	$ 54.3	$ 37.8	$ (34.7)	$ 49.6	$ 49.8
Extraordinary gain (loss), net-of-tax (3)		29.9		(7.2)	1.8
Cumulative effect of accounting changes, net-of-tax (4)	(1.2)		(1.3)		1.2
Net income (loss)	$ 53.1	$ 67.7	$ (36.0)	$ 42.4	$ 52.8
Net income (loss) excluding goodwill amortization (2)	$ 68.3	$ 83.4	$ (20.1)	$ 42.4	$ 52.8
Basic earnings per share:					
Income (loss) before extraordinary gain (loss) and cumulative effect of accounting changes	$ 6.67	$ 4.63	$ (4.24)	$ 6.05	$ 6.07
Extraordinary gain (loss), net-of-tax		3.66		(0.88)	.22

Cumulative effect of accounting changes, net-of-tax	(0.15)		(0.16)		.15
Net income (loss)	$ 6.52	$ 8.29	$ (4.40)	$ 5.17	$ 6.44
Basic earnings per share excluding goodwill amortization (2):					
Net income (loss)	$ 6.52	$ 8.29	$ (4.40)	$ 5.17	$ 6.44
Goodwill amortization	1.86	1.92	1.95		
Net income (loss) excluding goodwill amortization	$ 8.38	$ 10.21	$ (2.45)	$ 5.17	$ 6.44

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	Year Ended December 31,				
	1999	2000	2001	2002(1)	2003 (1)
	(In millions, except per share data)				
Diluted earnings per share:					
Income (loss) before extraordinary gain (loss) and cumulative effect of accounting changes	$ 6.66	$ 4.63	$ (4.24)	$ 6.05	$ 6.07
Extraordinary gain (loss), net-of-tax		3.66		(0.88)	.22
Cumulative effect of accounting changes, net-of-tax	(0.15)		(0.16)		.15
Net income (loss)	$ 6.51	$ 8.29	$ (4.40)	$ 5.17	$ 6.44
Diluted earnings per share excluding goodwill amortization (2):					
Net income (loss)	$ 6.51	$ 8.29	$ (4.40)	$ 5.17	$ 6.44
Goodwill amortization	1.86	1.92	1.95		
Net income (loss) excluding goodwill amortization	$ 8.37	$ 10.21	$ (2.45)	$ 5.17	$ 6.44
BALANCE SHEET DATA:					
Total assets (as of period end)	$2,013.0	$2,193.9	$2,161.9	$1,780.8	$1,839.8
Long-term debt (excluding project mining subsidiaries) (as of period end)	$ 326.3	$ 450.0	$ 248.1	$ 416.1	$ 363.2
Stockholders equity (as of period end)	$ 562.2	$ 606.4	$ 529.3	$ 559.4	$ 637.0
OTHER DATA:					
Per share data:					
Cash dividends	$ 0.850	$ 0.890	$ 0.930	$ 0.970	$ 1.260

(1) During 2003, the Company adopted Financial Accounting Standards Board Interpretation No. 46, Consolidation of Variable Interest Entities (FIN No. 46), retroactive to 2002. As a result, financial results for 2002 have been restated to reflect the adoption of FIN No. 46. The adoption of FIN No. 46 significantly changed the presentation of the Company s financial statements. As a result of the adoption of FIN No. 46, the Company no longer consolidates the financial statements of the project mining subsidiaries. The Company still has a 100 percent equity investment in the project mining subsidiaries, however, the pre-tax earnings are now reported in the 2003 and 2002 Consolidated Statements of Operations and Comprehensive Income (Loss) as

Earnings of unconsolidated project mining subsidiaries. In addition, the assets and liabilities of the project mining subsidiaries are no longer consolidated within the Company s Consolidated Balance Sheets, although the balance sheets now reflect an investment in the project mining subsidiaries and related tax obligations. Although the adoption changed the financial statement presentation of the Company, it did not impact reported net earnings.

(2) On January 1, 2002, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets. Beginning January 1, 2002, the Company discontinued amortization of its goodwill in accordance with this Statement.

(3) An extraordinary gain was recognized in 2003 and 2000 as a result of a reduction in Bellaire Corporation s (Bellaire) estimated closed mine obligations relating to amounts owed to the United Mine Workers of America Combined Benefit Fund (UMWA) arising as a result of the Coal Industry Retiree Health Benefit Act of 1992 (Coal Act). An extraordinary loss was recognized in 2002 as a result of an increase to Bellaire s estimated closed mine obligations relating to amounts owed to UMWA arising as a result of the Coal Act.

(4) A cumulative effect of a change in accounting principle adjustment was recognized in 1999 for a change in the accounting for start-up costs as required by Statement of Position 98-5, Reporting on the Costs of Start-up Activities. Cumulative effects of changes in accounting were recognized in 2001 as a result of the adoption of SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities and for a change in calculating pension costs. On January 1, 2003, the Company adopted SFAS No. 143, Accounting for Asset Retirement Obligations and recognized a cumulative effect of a change in accounting principle.

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RISK FACTORS

Prospective investors in the shares of Class A common stock offered hereby should consider carefully the following risk factors, in addition to the other information contained in this prospectus. This prospectus contains forward-looking statements which involve risks and uncertainties. Our actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause a material difference include, but are not limited to, those discussed below, as well as those discussed elsewhere in this prospectus and the documents incorporated into this prospectus.

Risks Related to This Offering

The voting power of holders of Class B common stock who transfer their shares to the selling stockholders and receive shares of Class A common stock will diminish.

Holders of Class B common stock have ten votes per share of Class B common stock, while holders of Class A common stock have one vote per share of Class A common stock. Holders of Class B common stock who transfer their shares to the selling stockholders in exchange for shares of Class A common stock will reduce their voting power.

The voting power of the selling stockholders will increase if the selling stockholders exchange their shares of Class A common stock for shares of Class B common stock in the exchange offers.

Holders of Class A common stock and holders of Class B common stock vote together on matters submitted to a vote of NACCO s stockholders. Consequently, if holders of Class B common stock transfer their shares of Class B common stock to the selling stockholders, the voting power of the selling stockholders will increase. Before this exchange offer, the selling stockholders collectively controlled the power to vote 40.75% of the outstanding shares of NACCO s common stock based on the number of outstanding shares as of March 15, 2004. As of that date, there were 6,591,233 shares of Class A common stock and 1,620,091 shares of Class B common stock outstanding. If all shares of Class A common stock offered by this prospectus are exchanged for shares of Class B common stock and the selling stockholders act together when voting their shares of Class B common stock, they will control the power to vote 52.88% of the outstanding shares of NACCO s common stock as well as the outcome of any class vote of the Class B common stock.

NACCO Materials Handling Group

NACCO Materials Handling Group s lift truck business is cyclical. Any downturn in the general economy could adversely affect our earnings and results of operations.

NACCO Materials Handling Group s lift truck business historically has been cyclical. Fluctuations in the rate of orders for lift trucks reflect the capital investment decisions of NACCO Materials Handling Group s customers, which depend to a certain extent on the general level of economic activity in the various industries that the lift truck customers serve. During economic downturns, customers tend to delay new lift truck purchases. Consequently, NACCO Materials Handling Group has experienced, and in the future will experience, significant fluctuations in its revenues and net income. For example, the downturn in the general economy in 2001 adversely affected NACCO Materials Handling Group s business and results of operations as revenues from its customers declined 13.4% in 2001, from $1,932.1 million in 2000 to $1,672.4 million in 2001, and it had a net loss in 2001 of $49.4 million compared to net income of $21.3 million in 2000. General economic conditions continued to negatively impact NACCO Materials Handling Group s revenues in 2002, with revenues from its customers

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declining 5.0% in 2002, from $1,672.4 million in 2001 to $1,588.4 million in 2002. If there is degradation in the general economy, or in the industries served by NACCO Materials Handling Group s lift truck customers, NACCO s business, results of operations and financial condition could be adversely affected.

If the capital goods market worsens, the cost saving efforts implemented by NACCO Materials Handling Group may not be sufficient to achieve the benefits we expect.

In 2000, NACCO Materials Handling Group began implementing a series of restructuring programs, which included the closure of NACCO Materials Handling Group s Danville, Illinois assembly facility, the phase-out of its Lenoir, North Carolina facility, labor and overhead reductions and the restructuring of NACCO Materials Handling Group s other manufacturing facilities and owned dealers, to improve profits and margins despite decreased revenues. If the economy declines, or the capital goods market does not improve, NACCO Materials Handling Group s revenues could decline. If revenues are lower than expected, the efforts implemented at NACCO Materials Handling Group may not achieve the benefits we expect. NACCO Materials Handling Group may be forced to take additional cost savings steps that could result in additional charges and materially affect its ability to compete or implement its business strategies.

If NACCO Materials Handling Group s global cost reduction program does not prove effective, our results of operations will be adversely affected.

NACCO Materials Handling Group has developed and is implementing a Global Cost Reduction Program encompassing lean manufacturing, global procurement, the transfer of processes and sourcing to lower cost locations, component commonality, overhead cost reductions and improvements in its owned dealers. Some of the anticipated cost reduction program savings estimates are volume-sensitive and the program benefits are based on future unit volume levels that are consistent with historical industry demand cycle patterns. As such, if future industry demand levels are lower than historical industry demand cycles would indicate, the actual annual cost savings could be lower. Although some minor incremental research and development costs are anticipated to support the program development and implementation, the projected developmental expenses could be higher than projected and such costs may have an adverse impact on future results of operations. If NACCO Materials Handling Group is unable to successfully implement the Global Cost Reduction Program, NACCO s results of operations could be adversely affected.

If cost saving efforts implemented for NACCO Materials Handling Group s owned dealers do not continue to be effective, our results of operations could be adversely affected.

Since January 1, 1998, NACCO Materials Handling Group has acquired two dealers in the Americas, 12 dealers and one rental company in Europe and 12 dealers and two rental companies in Asia-Pacific. In 2001, our net loss attributable to owned dealers increased substantially compared to 2000. To improve the profitability of owned dealers, NACCO Materials Handling Group engaged in restructuring activities with respect to the European and American owned dealers in 2001, including the sale of certain dealers in Germany in 2001 and the sale of its U.S. dealer in January 2003. Other restructuring activities included lease termination costs and severance and other employee benefits to be paid to approximately 140 terminated employees at owned dealers in Europe. As of December 31, 2003, NACCO Materials Handling Group had eight dealerships and rental companies in Europe and nine dealerships and rental companies in Asia-Pacific. In each of 2002 and 2003, our net loss attributable to owned dealers decreased compared to our net loss attributable to owned dealers in 2001. However, if the restructuring activities for the European owned dealers do not continue to be effective, NACCO s results of operations could be adversely affected.

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The pricing and costs of NACCO Materials Handling Group s products have been and may continue to be impacted by foreign currency fluctuations, which could adversely affect NACCO s earnings and results of operations.

Since NACCO Materials Handling Group conducts transactions in various foreign currencies, including, among others, the euro, the Japanese yen and the British pound sterling, its lift truck pricing structure and that of some of its competitors is subject to the effects of fluctuations in the value of these foreign currencies and fluctuations in the related currency exchange rates. As a result, our costs and sales have historically been affected by, and may continue to be affected by, these fluctuations. These fluctuations historically have adversely affected, and in the future could continue to adversely affect, NACCO s earnings and results of operations.

The cost of raw materials, including steel, used by NACCO Materials Handling Group s products have been and may continue to be impacted by price fluctuations, which could adversely affect NACCO s earnings and results of operations.

NACCO Materials Handling Group manufactures products that include raw materials that consist of steel, rubber, castings and counterweights. NACCO Materials Handling Group also purchases parts provided by suppliers that are manufactured from castings and steel. The cost of these parts are impacted by the same economic conditions as are the parts that NACCO Materials Handling Group manufacturers. The cost to manufacture lift trucks and related service parts have been and will continue to be affected by fluctuations in prices for these raw materials.

NACCO Materials Handling Group depends on a limited number of suppliers for specific critical components.

NACCO Materials Handling Group depends on a limited number of suppliers for some of its critical components, including diesel and gasoline engines and cast-iron counterweights used to counterbalance some lift trucks. Some of these critical components are imported and subject to regulation, such as inspection by the U.S. Department of Commerce. NACCO s results of operations could be adversely affected if NACCO Materials Handling Group is unable to obtain these critical components, or if the cost of these critical components were to increase significantly, due to costly regulatory compliance or otherwise, and NACCO Materials Handling Group was unable to pass the cost increases on to its customers.

Competition may adversely affect NACCO Materials Handling Group s earnings and results of operations.

NACCO Materials Handling Group experiences intense competition in the sale of lift trucks and aftermarket parts. Competition in the lift truck industry is based primarily on strength and quality of dealers, brand loyalty, customer service, availability of products and aftermarket parts, comprehensive product line offering, product performance, product quality and features and the cost of ownership over the life of the lift truck. NACCO Materials Handling Group competes with several global full-line manufacturers that operate in all major markets. These manufacturers may have greater financial resources and less debt than NACCO Materials Handling Group, which may enable them to commit larger amounts of capital in response to changing market conditions. If NACCO Materials Handling Group fails to compete effectively, NACCO s earnings and results of operations could be adversely affected.

NACCO Materials Handling Group relies primarily on its network of dealers to sell its lift trucks and aftermarket parts and has no direct control over sales by those dealers to customers. If NACCO Materials Handling Group s independent dealers become ineffective or perform poorly, our earnings and results of operations could be adversely affected.

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NACCO Materials Handling Group relies primarily on independent dealers compared to wholly owned dealers for sales of its lift trucks and aftermarket parts. Sales of NACCO Materials Handling Group s products are therefore subject to the quality and effectiveness of the dealers, who are generally not subject to NACCO Materials Handling Group s direct control. As a result, NACCO s earnings and results of operations could be adversely affected by ineffective dealers.

The retirement of existing anti-dumping duties and manufacturing by Japanese competitors in the United States could adversely affect NACCO Materials Handling Group s competitive position, revenues, results of operations and financial condition.

Certain Japanese-built internal combustion engine lift trucks in the 1 to 8 ton capacity range imported into the United States are currently subject to an anti-dumping duty. The anti-dumping duty rates in effect through 2003 ranged from 7.39% to 56.81% depending on the manufacturer or importer. If the anti-dumping duty order is retired when it is reviewed again in 2005, NACCO Materials Handling Group s Japanese competitors might be able to import lift trucks for sale at a cost below fair market value. If NACCO Materials Handling Group were to similarly lower its prices to maintain market share, NACCO s results of operations and financial condition could be materially adversely affected. If NACCO Materials Handling Group did not lower its prices, its competitive position, revenues, results of operation and financial condition could be materially adversely affected. In addition, all of NACCO Materials Handling Group s major Japanese competitors have manufacturing or assembly facilities in the United States. The domestic sourcing of lift truck products by Japanese competitors may negatively impact NACCO Materials Handling Group s competitive position, revenues, operating results or financial condition. As a result, NACCO s earnings and results of operations could be adversely affected.

NACCO Materials Handling Group s actual liabilities relating to pending lawsuits may exceed our expectations.

NACCO Materials Handling Group is a defendant in pending lawsuits involving, among other things, product liability claims. We cannot assure you that NACCO Materials Handling Group will succeed in defending these claims, that judgments will not be rendered against NACCO Materials Handling Group with respect to any or all of these proceedings or that reserves we have set aside will be adequate to cover any such judgments. NACCO could incur a charge to earnings if our reserves prove to be inadequate, which could have a material adverse effect on NACCO s results of operations and liquidity for the period in which the charge is taken and any judgment or settlement amount is paid.

NACCO Materials Handling Group has guaranteed, or is subject to repurchase or recourse obligations with respect to, financing arrangements of some of its customers.

Through arrangements with General Electric Capital Corporation and others, NACCO Materials Handling Group provides dealer and customer financing of new lift trucks in the United States and in major countries of the world outside of the United States. Through these arrangements, NACCO Materials Handling Group s dealers and certain customers are extended credit for the purchase of lift trucks to be placed in the dealer s floor plan inventory or the financing of lift trucks that are sold or leased to customers. For some of these arrangements, NACCO Materials Handling Group provides residual value guarantees or standby recourse or repurchase obligations such that it would become obligated in the event of default by the dealer or customer. Total amounts subject to these types of obligations at December 31, 2003 were $183.2 million. Generally, NACCO Materials Handling Group maintains a perfected security interest in the assets financed such that, in the event that it becomes obligated under the terms of the guarantees or standby recourse or repurchase obligations, it may take title to the assets financed. We cannot be certain, however, that the security interest will equal or exceed the amount of the guarantee or recourse or repurchase obligation. In addition, we cannot be certain that losses under the

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terms of the guarantees or recourse or repurchase obligations will not exceed the reserves that we have set aside in our consolidated financial statements. NACCO could incur a charge to earnings if our reserves prove to be inadequate, which could have a material adverse effect on NACCO s results of operations and liquidity for the period in which the charge is taken.

NACCO Materials Handling Group is subject to risks relating to its foreign operations.

Foreign operations represent a significant portion of NACCO Materials Handling Group s business. We expect revenue from foreign markets to continue to represent a significant portion of NACCO Materials Handling Group s total revenue. NACCO Materials Handling Group owns or leases manufacturing facilities in Brazil, Italy, Mexico, The Netherlands, Northern Ireland and Scotland, and owns interests in joint ventures with facilities in China, Japan and the Philippines. It also sells domestically produced products to foreign customers and sells foreign produced products to domestic customers. NACCO Materials Handling Group s foreign operations are subject to additional risks, which include:

- potential political, economic and social instability in the foreign countries in which NACCO Materials Handling Group operates;
- currency risks, see The pricing and costs of NACCO Materials Handling Group s products have been and may continue to be impacted by foreign currency fluctuations, which could adversely affect NACCO s earnings and results of operations;
- imposition of or increases in currency exchange controls;
- potential inflation in the applicable foreign economies;
- imposition of or increases in import duties and other tariffs on NACCO Materials Handling Group s products;
- imposition of or increases in foreign taxation of earnings and withholding on payments received by NACCO Materials Handling Group from its subsidiaries;
- regulatory changes affecting international operations; and
- stringent labor regulations.

Part of our strategy to expand NACCO Materials Handling Group s worldwide market share and decrease costs is strengthening its international distribution network and sourcing basic components in foreign countries. Implementation of this strategy may increase the impact of the risks described above and we cannot assure you that such risks will not have an adverse effect on NACCO s business, results of operations or financial condition.

NACCO Housewares Group

The increasing concentration of our household appliance customer base could negatively affect sales levels or profits.

Hamilton Beach/Proctor-Silex sells a substantial quantity of its products to mass merchandisers, national department stores, variety store chains, drug store chains, specialty home retailers and other retail outlets. These retailers generally purchase a limited selection of small electric appliances. As a result,

Hamilton Beach/Proctor-Silex competes for retail shelf space with its competitors. As the retail industry becomes more concentrated, competition for sales to these retailers may become greater. Also, in the past two years some major retailers, including Kmart, have filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code. If we were to lose any major retail customer or if other major retail customers were to go bankrupt, we might be unable to find alternate distribution sources. Any of the foregoing factors could adversely affect NACCO s earnings or results of operations.

The appliance industry is consolidating, which could have an adverse effect on our success.

Over the past several years, the appliance industry has undergone substantial consolidation, and further consolidation is likely. As a result of this consolidation, the appliance industry could largely consist of a limited number of large manufacturers. To the extent that Hamilton Beach/Proctor-Silex does not continue to be a major participant in the industry, its ability to compete effectively with these larger manufacturers could be negatively impacted. As a result, NACCO s earnings and results of operations could be adversely affected.

Our Housewares Group is subject to risks relating to its dependence on Chinese sources for many of its products.

Our Housewares Group obtains a substantial quantity of its products from sources in China. Dependence upon suppliers in China involves risks, which include:

- potential political, economic and social instability in China;
- regulatory issues involved in dealing with foreign suppliers and in exporting and importing products;
- currency risks, see The pricing and costs of NACCO Materials Handling Group s products have been and may continue to be impacted by foreign currency fluctuations, which could adversely affect NACCO s earnings and results of operations; and
- uncertainties involving the ability to transport products to Chinese ports for distribution.

Any of these risks could adversely affect NACCO s earnings and results of operations and may increase if the Housewares Group sources more products from China.

Competition may adversely affect our earnings and results of operations.

The small electric appliance industry does not have onerous entry barriers. As a result, NACCO Housewares Group competes with many small manufacturers of housewares products. Additional competitors may also enter this market and cause competition to intensify. If we fail to compete effectively with these smaller manufacturers, NACCO s earnings and results of operations could be adversely affected.

We may experience quarterly and annual fluctuations in our earnings and operating results in the future from our Housewares Group.

The net sales and operating results from our Housewares Group may vary significantly from quarter to quarter and from year to year in the future. A number of factors, many of which are outside of our Housewares Group s control, may cause these variations, including:

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- our Housewares Group s ability to develop, introduce, manufacture and ship new and enhanced products in a timely manner without defects;
- delays or reductions in customer purchases of our Housewares Group s products in anticipation of the introduction of new and enhanced products by it or its competitors;
- ability to manage manufacturing efficiencies as future products are sourced from China;
- introductions of new products and product enhancements by our Housewares Group s competitors, entry of new competitors into its markets, pricing pressures and other competitive factors;
- ability of our Housewares Group s suppliers to produce and deliver components and parts, especially components produced by a limited number of suppliers, in a timely manner, in the quantity and quality desired and at the prices it has budgeted;
- customer acceptance of our Housewares Group s products;
- timing or cancellation of customer orders and shipment scheduling;
- foreign currency fluctuations;
- fluctuations in our Housewares Group s product mix;
- economic conditions; and
- potential obsolescence of our Housewares Group s inventory.

You should not rely upon the results of NACCO Housewares Group for any quarter or year as an indication of the future performance of NACCO Housewares Group.

We depend on consumer spending, which fluctuates for a variety of reasons, including seasonality.

Sales of our Housewares Group s products are related to consumer spending. Any downturn in the general economy would adversely affect its business. In addition, the market for small electric appliances is highly seasonal in nature. NACCO Housewares Group often recognizes a substantial portion of its sales in the last half of the year. Accordingly, quarter-to-quarter comparisons of past operating results of NACCO Housewares Group are meaningful, if at all, only when comparing equivalent time periods. Any economic downturn or decrease in consumer spending could impact NACCO s earnings and results of operations.

North American Coal

Our financial statement presentation has changed significantly because we were required to deconsolidate North American Coal s project mining subsidiaries.

In January 2003, the Financial Accounting Standards Board issued FIN No. 46, which clarifies the application of Accounting Research Bulletin No. 51, Consolidated Financial Statements for certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated

financial support from other parties. FIN No. 46 requires that variable interest entities, as defined, should be consolidated by the primary beneficiary, which is defined as the entity that is expected to absorb the majority of the expected losses, receive a majority of the expected gains, or both. Three of North American Coal s wholly owned subsidiaries, the project mining subsidiaries meet the definition of a variable interest entity pursuant to FIN No. 46. Although North American Coal owns 100% of the stock and manages the daily operations of the project mining subsidiaries, we determined that the equity capital provided by North American Coal is not sufficient to finance adequately the ongoing activities of the project mining subsidiaries or absorb expected losses without additional support from the utility customers. As a result, North American Coal is not the primary beneficiary and thus, must deconsolidate these entities. The project mining subsidiaries operate lignite coal mines under long-term contracts with various utility customers to sell lignite coal at a price based on actual cost plus an agreed pre-tax profit per ton. These entities are capitalized primarily with debt financing, which the utility customers have arranged and guaranteed. The obligations of these project mining subsidiaries are without recourse to us and North American Coal. The Company s risk of loss related to these entities is limited to its invested capital, including related tax assets and liabilities, which was $4.9 million at December 31, 2003, 2002 and 2001.

The Company has elected to adopt FIN No. 46 effective January 1, 2002 and has restated the financial results for the year ended December 31, 2002. Subsequent to the adoption of FIN No. 46, the pre-tax income from the project mining subsidiaries is reported on the line Earnings of unconsolidated project mining subsidiaries in the Consolidated Statements of Operations and Comprehensive Income (Loss) with related taxes included in the provision for income taxes. The assets and liabilities of the project mining subsidiaries are no longer consolidated in the Consolidated Balance Sheets but the investment in the project mining subsidiaries and related tax assets and liabilities are included. As a result of the deconsolidation of these entities, the financial statement presentation of the Company has changed significantly and although our consolidated reported net earnings have not changed, the financial statements for the years ended December 31, 2003 and 2002 are not comparable to the financial statements prior to the year ended December 31, 2002.

Termination of long-term mining sales contracts could adversely affect our results of operations.

Substantially all of North American Coal s revenues and profits are derived from long-term mining sales contracts. The contracts for our project mining subsidiaries permit the customer under some conditions of default to acquire the assets or stock of the project mining subsidiary for an amount roughly equal to book value. In one case, the customer may elect to acquire the stock of the subsidiary after a specified period of time, for any reason, in exchange for payments to North American Coal on coal mined at that facility in the future. In addition, the customer of our San Miguel lignite mine can terminate the contract for convenience at any time. If any of North American Coal s long-term mining contracts were terminated, our results of operations could be adversely affected to the extent that North American Coal is unable to find alternative customers at the same level of profitability.

North American Coal s unconsolidated project mining subsidiaries are subject to risks created by changes in customer demand, inflationary adjustments and tax rates.

The contracts with the unconsolidated project mining subsidiaries utility customers allow each mine to sell lignite coal at a price based on actual cost plus an agreed pre-tax profit per ton. Unconsolidated project mining subsidiary customers pay on a cost-plus basis only for the coal that they consume and use. As a result, reduced coal usage by our customers could have an adverse impact on NACCO s results of operations. Because of the contractual price formulas for the sale of coal and mining services by these unconsolidated project mining subsidiaries, the profitability of these operations is also subject to fluctuations in inflationary adjustments (or lack thereof) that can impact the per ton profit or management fee paid for the coal and taxes applicable to North American Coal s income on that coal.

North American Coal s other mining subsidiaries are subject to risks created by its capital investment in the mines and the costs of mining the coal, in addition to risks created by changes in customer demand, inflationary adjustments and tax rates.

Our non-project mining operations are comprised of the San Miguel Lignite Mine, Red River Mining Company and Mississippi Lignite Mining Company, royalties and other activities. The profitability of North American Coal s other mining operations is subject to the risk of loss of its investment in these mining operations, as well as increases in the cost of mining the coal. Because the costs of North American Coal s other mining operations are not passed on to its customers, increased costs at these operations would have an adverse effect on North American Coal s results of operations. North American Coal s operations are also subject to customer demand, inflationary adjustments and tax risks described above with respect to its unconsolidated project mining subsidiaries. These factors could adversely effect our earnings and results of operations.

Mining operations are vulnerable to weather and other conditions that are beyond our control.

Many conditions beyond our control can increase or decrease use of coal by North American Coal s customers. These conditions include weather and unexpected maintenance problems and could adversely affect our results of operations and financial condition.

Government regulations could impose costly requirements on North American Coal.

The coal mining industry is subject to regulation by federal, state and local authorities on matters concerning the health and safety of employees, land use, permit and licensing requirements, air quality standards, water pollution, plant and wildlife protection, reclamation and restoration of mining properties after mining, the discharge of materials into the environment, surface subsidence from underground mining and the effects that mining has on groundwater quality and availability. Legislation mandating certain benefits for current and retired coal miners also affects the industry. Mining operations require numerous governmental permits and approvals. North American Coal is required to prepare and present to federal, state or local authorities data pertaining to the impact that production of coal may have upon the environment. Compliance with these requirements may be costly and time-consuming.

New legislation and/or regulations and orders may materially adversely affect North American Coal s mining operations or its cost structure. New legislation, including proposals related to environmental protection that would further regulate and tax the coal industry, may also require North American Coal or its customers to change operations significantly or incur increased costs. The outcome of energy legislation currently under debate in Congress is unknown at this time. There are several provisions under discussion that may or may not be included in the final legislation. Possible limitations on carbon emissions and requirements for a specific mix of fuel sources for energy generation methods may reduce potential coal demand. All of these factors could have a material adverse effect on NACCO s business, financial condition and results of operations.

North American Coal is subject to federal and state mining regulations, which place a burden on it.

Federal and state statutes require North American Coal to restore mine property in accordance with specified standards and an approved reclamation plan, and require that North American Coal obtain and periodically renew permits for mining operations. Regulations require North American Coal to incur

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the cost of reclaiming current mine disturbance. In addition, we are subject to significant long-term liabilities relating to closed mines that had been operated by Bellaire, a non-operating subsidiary of NACCO. These liabilities reflect 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 1992, which requires Bellaire to incur costs for medical expenses of some United Mine Workers retirees and their dependents. In 2002, our results of operations were adversely affected as a result of an extraordinary loss related to an estimated increase in Bellaire s obligation to United Mine Workers, which was based primarily on a U.S. Supreme Court decision in January 2003.

On July 15, 2003, the fund filed suit against 214 companies, including Bellaire, seeking an increase in premiums paid to the fund. If the fund prevails, our estimate of our accrual related to obligations to the fund could increase within an estimated range of $0 to $5.0 million on a pre-tax basis. Since the outcome of this proceeding is uncertain, we have not revised our accrual. In 2003, however, NACCO recorded a $1.8 million extraordinary gain, net of $1.0 million tax expense, that was the result of lower than estimated premium inflation, a lower than estimated number of assigned beneficiaries and an increase in actual mortality rates as compared with previous estimates, resulting in a decrease in expected future obligations related to the United Mine Workers of America Combined Benefit Fund. Although our management believes that appropriate accruals have been recorded for all expected reclamation and other costs associated with closed mines, our future operating results would be adversely affected if our accruals for these costs are later determined to be insufficient or if changed conditions, including adverse judicial proceedings or revised assumptions, require a change in these reserves.

North American Coal s operations are impacted by the Clean Air Act Amendments on coal consumption.

The Federal Clean Air Act, including the Clean Air Act Amendments of 1990, and corresponding state laws that regulate emissions of materials into the air, affect coal mining operations both directly and indirectly. Measures intended to improve air quality extensively regulate the emissions of sulfur dioxide, nitrogen oxide and other substances by coal-fueled utility power plants, which are our primary customers. Those measures could make coal a less attractive fuel alternative in the planning and building of utility power plants in the future. Any reduction in coal s share of the capacity for power generation could have a material adverse effect on NACCO s business, financial condition and results of operations. We cannot predict how present or future regulations will affect the coal industry in general and us in particular. It is possible that the new air quality standards under the Clean Air Act and any other future regulatory provisions will materially increase our costs of doing business and reduce consumption of and demand for coal by our customers.

Because coal mining operations emit particulate matter and other pollutants, North American Coal s mining operations may be affected directly when the states revise their implementation plans to comply with the stricter standards for particulate matter and ozone. State and federal regulations relating to the new standards may restrict North American Coal s ability to develop new mines or could require it to modify its existing operations. The extent of the potential direct impact of the new standards on the coal industry will depend on the policies and control strategies associated with the state implementation process, but could increase North American Coal s costs of doing business and adversely affect our earnings and results of operations.

North American Coal is subject to the high costs and risks involved in the development of new coal mining projects.

From time to time North American Coal seeks to develop new coal mining projects. The costs and risks associated with such projects can be substantial.

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General

We may become subject to claims regarding foreign laws and regulations, which may be expensive, time consuming and distracting.

Because we have employees, property and business operations in the United States and, with respect to NACCO Materials Handling Group and NACCO Housewares Group, elsewhere, we are subject to the laws and the court systems of many jurisdictions. We may become subject to claims outside the United States based in foreign jurisdictions for violations of their laws with respect to our foreign operations of NACCO Materials Handling Group and NACCO Housewares Group. In addition, these laws may be changed or new laws may be enacted in the future. International litigation is often expensive, time consuming and distracting. As a result, any of these risks could have a material adverse effect on NACCO s business, financial condition and results of operations.

The loss of key personnel could impair our success.

We benefit from the leadership and experience of our senior management team and we depend on their continued services in order to successfully conduct our business. The loss of key personnel could adversely affect NACCO s financial condition, earnings and results of operations.

The amount and frequency of dividend payments made on our common stock could change.

The Board of Directors has the power to determine the amount and frequency of the payment of dividends. Decisions regarding whether or not to pay dividends and the amount of any dividends are based on our earnings, capital, future expense requirements, financial conditions, contractual limitations and other factors that the Board of Directors may consider. Accordingly, holders of our common stock should not rely on payment of dividends in a particular amount, or at all.

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CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated herein by reference contain statements that constitute forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. We intend for these forward-looking statements to be covered by the safe harbor for forward-looking statements in these sections. These forward-looking statements include, without limitation, statements about our market opportunity strategies, competition, expected activities and investments, and the adequacy of our available cash resources. These forward-looking statements are usually accompanied by words such as believe, anticipate, plan, see expect, intend, and similar expressions. The forward-looking information is based on various factors and was derived using numerous assumptions. Our and our subsidiaries actual results could be materially different or worse from those expressed or implied by these forward-looking statements as a result of various factors, including the risk factors and uncertainties described above and elsewhere in this prospectus. In addition, the following risks and uncertainties with respect to our subsidiaries operations include, among others, the following:

NACCO Materials Handling Group:

changes in demand for lift trucks and related aftermarket parts and service on a worldwide basis, especially in the U.S. where NACCO Materials Handling Group derives a majority of its sales;

changes in sales prices;

delays in delivery or changes in costs of raw materials or sourced products and labor;

delays in manufacturing and delivery schedules;

exchange rate fluctuations, price fluctuations for certain raw materials, changes in foreign import tariffs and monetary policies and other changes in the regulatory climate in the foreign countries in which NACCO Materials Handling Group operates and/or sells products;

product liability or other litigation, warranty claims or returns of products;

delays in or increased costs of restructuring programs;

the effectiveness of the cost reduction programs implemented globally, including the successful implementation of procurement initiatives;

customer acceptance of, changes in the prices of, or delays in the development of new products;

acquisitions and/or dispositions of dealerships by NACCO Materials Handling Group;

changes mandated by federal and state regulation, including health, safety or environmental legislation; and

the uncertain impact on the economy or the public s confidence in general from terrorist activities and the impact of the situation in Iraq.

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NACCO Housewares Group:

- changes in the sales prices, product mix or levels of consumer purchases of kitchenware and small electric appliances;
- bankruptcy of or loss of major retail customers or suppliers;