

NACCO INDUSTRIES INC
Form DEF 14A
March 16, 2012
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934
Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

NACCO INDUSTRIES, INC.

(Name of Registrant as Specified in Its Charter)

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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Table of Contents

TABLE OF CONTENTS

NOTICE OF ANNUAL MEETING

PROXY STATEMENT

BUSINESS TO BE TRANSACTED

1. Election of Directors

Director Nominee Information

Director Meetings and Committees

Procedures for Submission and Consideration of Director Candidates

Board Leadership Structure and Risk Management

Compensation Committee Interlocks and Insider Participation

Certain Business Relationships

Report of the Audit Review Committee

Director Compensation

Executive Compensation

Compensation Discussion and Analysis

Compensation Committee Report

Summary Compensation Table

Grants of Plan-Based Awards

Equity Compensation

Potential Payments upon Termination/Change in Control

Non-Qualified Deferred Compensation Benefits

Defined Benefit Pension Plans

Section 16(a) Beneficial Ownership Reporting Compliance

Equity Compensation Plan Information

2. Approval, for purposes of Section of 162(m) of the Internal Revenue Code and Section 303A.08 of the New York Stock Exchange's listing standards, of the NACCO Industries, Inc. Executive Long-Term Incentive Compensation Plan (Amended and Restated Effective March 1, 2012)

3. Approval, for purposes of Section 303A.08 of the New York Stock Exchange's listing standards, of the NACCO Industries, Inc. Supplemental Executive Long-Term Incentive Bonus Plan (Amended and Restated Effective March 1, 2012)

4. Approval, for purposes of Section of 162(m) of the Internal Revenue Code, of the NACCO Materials Handling Group, Inc. Long-Term Incentive Compensation Plan (Amended and Restated Effective as of January 1, 2012)

5. Approval, for purposes of Section 162(m) of the Internal Revenue Code, of the NACCO Annual Incentive Compensation Plan (Effective January 1, 2012)

6. Confirmation of Appointment of Independent Registered Public Accounting Firm for the Company for the Current Fiscal Year

BENEFICIAL OWNERSHIP OF CLASS A COMMON AND CLASS B COMMON

Class A Common Stock

Class B Common Stock

SUBMISSION OF STOCKHOLDERS PROPOSALS

COMMUNICATIONS WITH DIRECTORS

SOLICITATION OF PROXIES

OTHER MATTERS

Appendix A

Appendix B

Appendix C

Appendix D

FORM OF PROXY CARD

Table of Contents

5875 LANDERBROOK DRIVE
CLEVELAND, OHIO 44124-4069
NOTICE OF ANNUAL MEETING

The Annual Meeting of stockholders of NACCO Industries, Inc., which we refer to as the Company, will be held on Wednesday, May 9, 2012 at 9:00 A.M., at 5875 Landerbrook Drive, Cleveland, Ohio, for the following purposes:

1. To elect nine directors for the ensuing year;
To act on the proposal to approve, for purposes of Section 162(m) of the Internal Revenue Code and Section 2. 303A.08 of the New York Stock Exchange's listing standards, the NACCO Industries, Inc. Executive Long-Term Incentive Compensation Plan (Amended and Restated Effective March 1, 2012);
To act on the proposal to approve, for purposes of Section 303A.08 of the New York Stock Exchange's listing standards, the NACCO Industries, Inc. Supplemental Executive Long-Term Incentive Bonus Plan (Amended and Restated Effective March 1, 2012);
4. To act on the proposal to approve, for purposes of Section 162(m) of the Internal Revenue Code, the NACCO Materials Handling Group Inc. Long-Term Incentive Compensation Plan (Amended and Restated Effective as of January 1, 2012);
5. To act on the proposal to approve, for purposes of Section 162(m) of the Internal Revenue Code, the NACCO Annual Incentive Compensation Plan (Effective January 1, 2012);
6. To confirm the appointment of the independent registered public accounting firm of the Company for the current fiscal year; and
7. To transact such other business as may properly come before the meeting.

The Board of Directors has fixed the close of business on March 12, 2012 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting or any adjournment thereof. The 2012 Proxy Statement and related form of proxy are being mailed to stockholders commencing on or about March 16, 2012.

Charles A. Bittenbender

Secretary

March 16, 2012

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders To Be Held on May 9, 2012

The 2012 Proxy Statement and 2011 Annual Report are available, free of charge, at <http://www.nacco.com> by clicking on the "2012 Annual Meeting Materials" link and then clicking on either the "2012 Proxy Statement" link or the "2011 Annual Report" link, as appropriate.

If you wish to attend the meeting and vote in person, you may do so.

The Company's Annual Report for the year ended December 31, 2011 is being mailed to stockholders concurrently with the 2012 Proxy Statement. The 2011 Annual Report contains financial and other information about the Company, but is not incorporated into the 2012 Proxy Statement and is not deemed to be a part of the proxy soliciting material. If you do not expect to be present at the Annual Meeting, please promptly fill out, sign, date and mail the enclosed form of proxy or, in the alternative, vote your shares electronically either over the internet (www.investorvote.com/NC) or by touch-tone telephone (1-800-652-8683). If you hold shares of both Class A Common Stock and Class B Common Stock, you only have to complete the single enclosed form of proxy or vote once via the internet or telephone. A self-addressed envelope is enclosed for your convenience. No postage is required if mailed in the United States.

Table of Contents

5875 LANDERBROOK DRIVE

CLEVELAND, OHIO 44124-4069

PROXY STATEMENT — MARCH 16, 2012

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of NACCO Industries, Inc., a Delaware corporation, which we also refer to as the Company, NACCO, we, our or us, of proxies to be used at the annual meeting of stockholders of the Company to be held on May 9, 2012, which we refer to as the Annual Meeting. This Proxy Statement and the related form of proxy are being mailed to stockholders commencing on or about March 16, 2012.

If the enclosed form of proxy is executed, dated and returned or if you vote electronically, the shares represented by the proxy will be voted as directed on all matters properly coming before the Annual Meeting for a vote. Proxies that are properly signed without any indication of voting instructions will be voted for the election of each director nominee, for the approval of each of the incentive plans recommended by our Board of Directors, for the confirmation of the appointment of the independent registered public accounting firm and as recommended by our Board of Directors with regard to any other matters or, if no recommendation is given, in the proxy holders' own discretion. The proxies may be revoked at any time prior to their exercise by giving notice to us in writing or by executing and delivering a later dated proxy. Attendance at the Annual Meeting will not automatically revoke a proxy, but a stockholder attending the Annual Meeting may request a ballot and vote in person, thereby revoking a previously granted proxy.

Stockholders of record at the close of business on March 12, 2012 will be entitled to notice of, and to vote at, the Annual Meeting. On that date, we had 6,793,716 outstanding shares of Class A Common Stock, par value \$1.00 per share, which we refer to as the Class A Common, entitled to vote at the Annual Meeting and 1,592,571 shares of Class B Common Stock, par value \$1.00 per share, which we refer to as the Class B Common, entitled to vote at the Annual Meeting. Each share of Class A Common is entitled to one vote for a nominee for each of the nine directorships to be filled and one vote on each other matter properly brought before the Annual Meeting. Each share of Class B Common is entitled to ten votes for each such nominee and ten votes on each other matter properly brought before the Annual Meeting.

At the Annual Meeting, in accordance with Delaware law and our Bylaws, the inspectors of election appointed by the Board of Directors for the Annual Meeting will determine the presence of a quorum and will tabulate the results of stockholder voting. As provided by Delaware law and our Bylaws, the holders of a majority of our stock, issued and outstanding, and entitled to vote at the Annual Meeting and present in person or by proxy at the Annual Meeting, will constitute a quorum for the Annual Meeting. The inspectors of election intend to treat properly executed proxies marked "abstain" as "present" for purposes of determining whether a quorum has been achieved at the Annual Meeting. The inspectors will also treat proxies held in "street name" by brokers that are voted on at least one, but not all, of the proposals to come before the Annual Meeting, which we refer to as broker non-votes, as "present" for purposes of determining whether a quorum has been achieved at the Annual Meeting.

Class A Common and Class B Common will vote as a single class on all matters anticipated to be brought before the Annual Meeting. In accordance with Delaware law, the nine director nominees receiving the greatest number of votes will be elected directors. In accordance with our Bylaws, the affirmative vote of the holders of a majority of the voting power of our stock that is present in person or represented by proxy and that is actually voted is required to approve all other proposals which are brought before the Annual Meeting. As a result, abstentions and broker non-votes in respect of any proposal will not be counted for purposes of determining whether a proposal has received the requisite approval under our Bylaws by our stockholders.

Proposal two is to approve, for purposes of Section 162(m) of the Internal Revenue Code, which we refer to as Code Section 162(m), and Section 303A.08 of the New York Stock Exchange's listing standards, the NACCO Industries, Inc. Executive Long-Term Incentive Compensation Plan (Amended and Restated Effective March 1, 2012), which we refer to as the NACCO Long-Term Plan. Proposal three is to approve, for purposes of Section 303A.08 of the New York Stock Exchange's listing standards, the NACCO Industries, Inc. Supplemental Executive Long-Term Incentive Bonus Plan (Amended and Restated Effective March 1, 2012), which we refer to as the NACCO Supplemental Long-Term Plan. With respect to proposals two and three, the New York Stock Exchange's listing standards require

the affirmative vote of a majority of votes cast to approve these proposals, provided that the total votes cast on these proposals represents over 50% of the total voting power of all the shares entitled to vote on these proposals. For purposes of approval under the New York Stock Exchange listing standards, abstentions will be treated as votes cast, so any abstentions for proposals two and three will have the same effect as a

1

Table of Contents

vote against proposals two and three. Broker non-votes, however, will not be treated as votes cast, so broker non-votes will not affect the outcomes of proposals two and three for purposes of approval under the New York Stock Exchange's listing standards. However, broker non-votes are considered to be entitled to vote and, therefore, could impair our ability to satisfy the requirement under the New York Stock Exchange's listing standards that votes cast represent at least 50% of the total voting power of all shares entitled to vote on proposals two and three.

The affirmative vote of a majority of the votes cast is required to approve proposals two, four and five for purposes of Code Section 162(m). For purposes of Code Section 162(m), abstentions and broker non-votes will not be treated as votes cast, so abstentions and broker non-votes will not affect the outcomes of proposals two, four and five.

In accordance with Delaware law and our Bylaws, we may, by a vote of the stockholders, in person or by proxy, adjourn the Annual Meeting to a later date or dates, without changing the record date. If we were to determine that an adjournment was desirable, the appointed proxies would use the discretionary authority granted pursuant to the proxy cards to vote in favor of such an adjournment.

Table of Contents

BUSINESS TO BE TRANSACTED

1. Election of Directors

Director Nominee Information

It is intended that shares represented by proxies in the enclosed form will be voted for the election of the nominees named in the following table to serve as directors for a term until the next annual meeting and until their successors are elected, unless contrary instructions are received. All of the nominees listed below presently serve as our directors and were elected at our 2011 annual meeting of stockholders, except for John P. Jumper who was elected to fill a vacancy on our Board of Directors effective January 1, 2012. If an unexpected occurrence should make it necessary, in the judgment of the proxy holders, to substitute some other person for any of the nominees, shares represented by proxies will be voted for such other person as the proxy holders may select.

The disclosure below provides information as of the date of this Proxy Statement about each director nominee. The information presented is based upon information each director has given us about his age, all positions held, his principal occupation and business experience for the past five years, and the names of other publicly-held companies of which he currently serves as a director or has served as a director during the past five years. In addition, we have presented information regarding each nominee's specific experience, qualifications, attributes and skills that led our Board of Directors to the conclusion that he should serve as a director. We also believe that the nomination of each of our director nominees is in the best long-term interests of our stockholders, as each individual possesses the highest personal and professional ethics, integrity and values, and has the judgment, skill, independence and experience required to serve as members of our Board of Directors. Each individual has also demonstrated a strong commitment to service to the Company.

Name	Age	Principal Occupation and Business Experience and Other Directorships in Public Companies During Last Five Years	Director Since
John P. Jumper	67	President and Chief Executive Officer of SAIC, Inc. (a government technology solutions company). Retired Chief of Staff, United States Air Force. From prior to 2007, President, John P. Jumper & Associates (aerospace consulting). Also, Director of Goodrich Corporation, Science Applications International Corporation, Wesco Aircraft Holding, Inc. From prior to 2007 to 2009, Director of TechTeam Global and from 2007 to 2010, Director of Somanectics Corp. From 2007 to February 2012, Director of Jacobs Engineering, Inc.	2012

Through his extensive military career, including as the highest-ranking officer in the U.S. Air Force, General Jumper developed valuable and proven leadership and management skills that will make him a significant contributor to our Board of Directors. In addition, General Jumper's service on the boards of other publicly-traded corporations allows him to provide valuable insight to the Board of Directors on matters of corporate governance and executive compensation policies and practices.

Dennis W. LaBarre	69	Partner in the law firm of Jones Day.	1982
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Mr. LaBarre is a lawyer with broad experience counseling boards and senior management of publicly-traded and private corporations regarding corporate governance, compliance and other domestic and international business and transactional issues. In addition, he has over 25 years of experience as a member of senior management of a major international law firm. These experiences enable him to provide our Board of Directors with an expansive view of the legal and business

issues pertinent to the Company, which is further enhanced by his extensive knowledge of us as a result of his many years of service on our Board of Directors and through his involvement with its committees.

Table of Contents

Name	Age	Principal Occupation and Business Experience and Other Directorships in Public Companies During Last Five Years	Director Since
Richard de J. Osborne	78	Retired Chairman and Chief Executive Officer of ASARCO Incorporated (a leading producer of non-ferrous metals). Current non-executive Chairman of the Board of Directors of Datawatch Corp.	1998
		Mr. Osborne's experience as chairman, chief executive officer and chief financial officer of a leading producer of non-ferrous metals enables him to provide our Board of Directors with a wealth of experience in and understanding of the mining industry. From this experience, as well as his past and current service on the boards of other publicly-traded corporations, Mr. Osborne offers our Board of Directors a comprehensive perspective for developing corporate strategies and managing risks of a major publicly-traded corporation.	
Alfred M. Rankin, Jr.	70	Chairman, President and Chief Executive Officer of the Company. Chairman of the Board of each of our principal subsidiaries: NACCO Materials Handling Group, Inc., which we refer to as NMHG, The North American Coal Corporation, which we refer to as NA Coal, Hamilton Beach Brands, Inc., which we refer to as HBB, and The Kitchen Collection, LLC, which we refer to as KC (all wholly-owned subsidiaries of the Company). Also, Director of Goodrich Corporation and The Vanguard Group, and Chairman of the Board of Directors of the Federal Reserve Bank of Cleveland.	1972
		In over 39 years of service to the Company as a Director and over 20 years in senior management, Mr. Rankin has amassed extensive knowledge of all of our strategies and operations. In addition to his extensive knowledge of the Company, he also brings to our Board of Directors unique insight resulting from his service on the boards of other publicly-traded corporations and the Federal Reserve Bank of Cleveland. Additionally, through his dedicated service to many of Cleveland's cultural institutions, he provides a valuable link between our Board of Directors, the Company and the community surrounding our corporate headquarters.	
Michael E. Shannon	75	President of MESHannon & Associates, Inc. (a private firm specializing in corporate finance and investments). Retired Chairman, Chief Financial and Administrative Officer of Ecolab, Inc. (a specialty chemicals company). From prior to 2007 to April 2010, Director of CenterPoint Energy, Inc. From prior to 2007 to 2007, Director of Apogee Enterprises, Inc. and Director of Clorox Company.	2002
		Mr. Shannon's experience in finance and general management, including his service as chairman and chief financial and administrative officer of a major publicly-traded corporation, enables him to make significant contributions to our Board of Directors, particularly in his capacity as the Chairman of our Audit Review Committee and as our audit committee financial expert. Through his past and current service	

on the boards of publicly-traded corporations, he has a broad and deep understanding of the financial reporting system, the challenges involved in developing and maintaining effective internal controls and the isolation of areas of focus for evaluating risks to the Company.

Britton T. Taplin 55 Self-employed (personal investments). Former Partner of Western Skies Group, Inc. (a privately-held real estate developer) from prior to 2007 to 2007. From prior to 2007 to 2007, worked in a commercial real-estate development business. 1992

Mr. Taplin is a grandson of the founder of the Company and brings the perspective of a long-term stockholder to our Board of Directors.

Table of Contents

Name	Age	Principal Occupation and Business Experience and Other Directorships in Public Companies During Last Five Years	Director Since
David F. Taplin	62	Self-employed (tree farming).	1997
		Mr. Taplin is a grandson of the founder of the Company and brings the perspective of a long-term stockholder to our Board of Directors.	
John F. Turben	76	Founding Partner of Kirtland Capital Partners (a private equity company).	1997
		Mr. Turben brings to our Board of Directors the entrepreneurial perspective of a founder and operator of a successful company. Mr. Turben has acquired extensive experience handling transactional and investment issues through his over 35 years of involvement in operating a private equity firm. Through this experience as well as his service on other boards of publicly-traded corporations and private institutions, he provides important insight and assistance to our Board of Directors in the areas of finance, investments and corporate governance, which enable him to be a significant contributor to our Board of Directors.	
Eugene Wong	77	Professor Emeritus of the University of California at Berkeley.	2005
		Dr. Wong has broad experience in engineering, particularly in the areas of electrical engineering and software design, which are of significant value to the oversight of our information technology infrastructure, product development and general engineering. He has served as technical consultant to a number of leading and developing nations, which enables him to provide an up-to-date international perspective to our Board of Directors. Dr. Wong has also co-founded and managed several corporations, and has served as a chief executive officer of one, enabling him to contribute the unique administrative and management perspective of a corporate chief executive officer.	

Table of Contents

Directors' Meetings and Committees

The Board of Directors has an Audit Review Committee, a Compensation Committee, a Nominating and Corporate Governance Committee, a Finance Committee and an Executive Committee. The members of such committees are as follows:

Audit Review Committee

John P. Jumper
Richard de J. Osborne
Michael E. Shannon (Chairman)
John F. Turben

Compensation Committee

John P. Jumper
Richard de J. Osborne (Chairman)
Eugene Wong

Finance Committee

Dennis W. LaBarre
Alfred M. Rankin, Jr.
Michael E. Shannon
Britton T. Taplin
John F. Turben (Chairman)

Executive Committee

Dennis W. LaBarre
Richard de J. Osborne
Alfred M. Rankin, Jr. (Chairman)
Michael E. Shannon
John F. Turben

Nominating and Corporate Governance Committee

Dennis W. LaBarre
Richard de J. Osborne
Michael E. Shannon (Chairman)
David F. Taplin
John F. Turben

The Audit Review Committee held eight meetings in 2011. The Audit Review Committee has the responsibilities set forth in its charter with respect to:

- the quality and integrity of our financial statements;
- our compliance with legal and regulatory requirements;
- the adequacy of our internal controls;
- our guidelines and policies to monitor and control our major financial risk exposures;
- the qualifications, independence, selection and retention of the independent registered public accounting firm;
- the performance of our internal audit function and independent registered public accounting firm;
- assisting our Board of Directors and us in interpreting and applying our Corporate Compliance Program and other issues related to us and employee ethics; and
- preparing the Annual Report of the Audit Review Committee to be included in our Proxy Statement.

Our Board of Directors has determined that Michael E. Shannon, the Chairman of the Audit Review Committee, qualifies as an audit committee financial expert as defined in Section 407(d) of Regulation S-K under the Securities Exchange Act of 1934, which we refer to as the Exchange Act. Mr. Shannon is independent, as such term is defined in the listing standards of the New York Stock Exchange and Rule 10A-3(b)(1) under the Exchange Act. Our Board of Directors believes that, in keeping with our high standards, all members of the Audit Review Committee should have a high level of financial knowledge. Accordingly, our Board of Directors has reviewed the membership of the Audit Review Committee and determined that each member of the Audit Review Committee is independent as defined in the listing standards of the New York Stock Exchange and Rule 10A-3(b)(1) under the Exchange Act, is financially literate as defined in Section 303A.07(a) of the New York Stock Exchange's listing standards, has accounting or related financial management expertise as defined in Section 303A.07(a) of the New York Stock Exchange's listing standards and, therefore, may qualify as an audit committee financial expert. No members of the Audit Review Committee serve on more than three public company audit committees.

Table of Contents

The Compensation Committee held four meetings in 2011. The Compensation Committee has the responsibilities set forth in its charter with respect to the administration of our policies, programs and procedures for compensating our employees, including our executive officers and directors. Among other things, the Compensation Committee's direct responsibilities include:

- the review and approval of corporate goals and objectives relevant to compensation for the Chief Executive Officer and other executive officers;
- the evaluation of the performance of the Chief Executive Officer and other executive officers in light of these goals and objectives;
- the determination and approval of Chief Executive Officer and other executive officer compensation levels;
- the consideration of whether the risks arising from our employee compensation policies and practices are reasonably likely to have a material adverse effect on us;
- the making of recommendations to our Board of Directors, where appropriate or required, and the taking of other actions with respect to all other compensation matters, including incentive compensation plans and equity-based plans; and
- the review and approval of the Compensation Discussion and Analysis and the preparation of the annual Compensation Committee Report to be included in our Proxy Statement.

Consistent with applicable laws, rules and regulations, the Compensation Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to one or more subcommittees of the Compensation Committee or, in appropriate cases, to our senior managers. The Compensation Committee retains and receives assistance in the performance of its responsibilities from an internationally recognized compensation consulting firm, discussed further below under the heading "Executive Compensation - Compensation Discussion and Analysis - Compensation Consultants." Each member of the Compensation Committee is independent, as defined in the listing standards of the New York Stock Exchange.

The Nominating and Corporate Governance Committee held three meetings in 2011. The Nominating and Corporate Governance Committee has the responsibilities set forth in its charter. Among other things, the Nominating and Corporate Governance Committee's responsibilities include:

- the review and making of recommendations to our Board of Directors of the criteria for membership on our Board of Directors;
- the review and making of recommendations to our Board of Directors of the optimum number and qualifications of directors believed to be desirable;
- the establishment and monitoring of a system to receive suggestions for nominees to directorships of the Company; and
- the identification and making of recommendations to our Board of Directors of specific candidates for membership on our Board of Directors.

The Nominating and Corporate Governance Committee will consider director candidates recommended by our stockholders. See "- Procedures for Submission and Consideration of Director Candidates" on page 9. In addition to the foregoing responsibilities, the Nominating and Corporate Governance Committee is responsible for reviewing our Corporate Governance Guidelines and recommending changes to the Corporate Governance Guidelines, as appropriate; overseeing evaluations of the Board of Directors' effectiveness; and annually reporting to the Board of Directors the Nominating and Corporate Governance Committee's assessment of our Board of Directors' performance. Each member of the Nominating and Corporate Governance Committee is independent, as defined in the listing standards of the New York Stock Exchange. However, the Nominating and Corporate Governance Committee may, from time to time, consult with certain other members of the Taplin and Rankin families, including Alfred M. Rankin, Jr., regarding the composition of our Board of Directors.

The Finance Committee held seven meetings in 2011. The Finance Committee reviews our financing and financial risk management strategies and those of our principal subsidiaries and makes recommendations to our Board of Directors on matters concerning finance.

Table of Contents

The Executive Committee did not hold any meetings in 2011. The Executive Committee may exercise all of the powers of our Board of Directors over the management and control of our business during the intervals between meetings of our Board of Directors.

Our Board of Directors held nine meetings in 2011. In 2011, all of the directors attended at least 75 percent of the total meetings held by our Board of Directors and by the committees on which they served during their tenure.

Our Board of Directors has determined that, based primarily on the ownership of Class A Common and Class B Common by the members of the Taplin and Rankin families and their voting history, we have the characteristics of, and may be, a “controlled company,” as that term is defined in Section 303A of the listing standards of the New York Stock Exchange. Accordingly, our Board of Directors has determined that we could be characterized as a “controlled company.” However, our Board of Directors has elected not to make use at the present time of any of the exceptions to the requirements of the listing standards of the New York Stock Exchange that are available to controlled companies. Accordingly, at least a majority of the members of our Board of Directors is independent, as defined in the listing standards of the New York Stock Exchange. In making a determination as to the independence of our directors, our Board of Directors considered Section 303A of the listing standards of the New York Stock Exchange and broadly considered the materiality of each director's relationship with us. Based upon the foregoing criteria, our Board of Directors has determined that the following directors and former director are independent as defined in the listing standards of the New York Stock Exchange: Owsley Brown II (former director who passed away in 2011), John P. Jumper, Dennis W. LaBarre, Richard de J. Osborne, Michael E. Shannon, Britton T. Taplin, David F. Taplin, John F. Turben and Eugene Wong.

In accordance with the rules of the New York Stock Exchange, our non-management directors are scheduled to meet in executive session, without management, once a year. The Chairman of the Compensation Committee presides at such meeting. Additional meetings of the non-management directors may be scheduled from time to time when the non-management directors believe such meetings are desirable. The determination of the director who should preside at such additional meeting will be made based upon the principal subject matter to be discussed at the meeting. A meeting of the non-management directors was held on February 8, 2012.

We hold a regularly scheduled meeting of our Board of Directors in conjunction with our annual meeting of stockholders. Directors are expected to attend the annual meeting of stockholders absent an appropriate excuse. All of our directors attended our 2011 annual meeting of stockholders, except John P. Jumper who did not become a director until

January 1, 2012.

We have adopted a code of ethics, entitled “Code of Corporate Conduct,” applicable to all of our personnel, including the principal executive officer, principal financial officer, principal accounting officer or controller and other persons performing similar functions. Waivers of our code of ethics for our directors or executive officers, if any, may be disclosed on our website, by press release or by filing a Current Report on Form 8-K with the Securities and Exchange Commission, which we refer to as the SEC. We have also adopted Corporate Governance Guidelines, which provide a framework for the conduct of our Board of Directors' business. The Code of Corporate Conduct, the Corporate Governance Guidelines and the Independence Standards for Directors, as well as each of the charters of the Audit Review Committee, the Compensation Committee and the Nominating and Corporate Governance Committee, are available free of charge on our website at <http://www.nacco.com>, under the heading “Corporate Governance.” The information contained on or accessible through our website other than this Proxy Statement is not incorporated by reference into this Proxy Statement, and you should not consider such information contained on or accessible through our website as part of this Proxy Statement.

The Audit Review Committee reviews all relationships and transactions in which we and our directors and executive officers or their immediate family members are participants to determine whether such persons have a direct or indirect material interest in such transactions. Our legal department is primarily responsible for the development and implementation of processes and controls to obtain information from the directors and executive officers with respect to related person transactions in order to enable the Audit Review Committee to determine, based on the facts and circumstances, whether we have or a related person has a direct or indirect material interest in the transaction. As set

forth in the Audit Review Committee's charter, in the course of the review of a potentially material related-person transaction, the Audit Review Committee considers:

- the nature of the related person's interest in the transaction;
- the material terms of the transaction, including, without limitation, the amount and type of transaction;
- the importance of the transaction to the related person;

8

Table of Contents

the importance of the transaction to us;

whether the transaction would impair the judgment of a director or executive officer to act in our best interest; and
any other matters the Audit Review Committee deems appropriate.

Based on this review, the Audit Review Committee will determine whether to approve or ratify any transaction that is directly or indirectly material to us or a related person.

Any member of the Audit Review Committee who is a related person with respect to a transaction under review may not participate in the deliberations or vote with respect to the approval or ratification of the transaction; however, such director may be counted in determining the presence of a quorum at a meeting of the Audit Review Committee that considers the transaction.

Procedures for Submission and Consideration of Director Candidates

Stockholder recommendations for nominees for election to our Board of Directors must be submitted to NACCO Industries, Inc., 5875 Landerbrook Drive, Suite 300, Cleveland, Ohio 44124-4069, Attention: Secretary, and must be received at our executive offices on or before December 31 of each year in anticipation of the following year's annual meeting of stockholders. The Nominating and Corporate Governance Committee will consider such recommendations if they are in writing and set forth the following information:

1. the name and address of the stockholder recommending the candidate for consideration as such information appears on our records, the telephone number where such stockholder can be reached during normal business hours, the number of shares of Class A Common and Class B Common owned by such stockholder and the length of time such shares have been owned by the stockholder; if such person is not a stockholder of record or if such shares are owned by an entity, reasonable evidence of such person's beneficial ownership of such shares or such person's authority to act on behalf of such entity;

2. complete information as to the identity and qualifications of the proposed nominee, including the full legal name, age, business and residence addresses and telephone numbers and other contact information, and the principal occupation and employment of the candidate recommended for consideration, including his or her occupation for at least the past five years, with a reasonably detailed description of the background, education, professional affiliations and business and other relevant experience (including directorships, employments and civic activities) and qualifications of the candidate;

3. the reasons why, in the opinion of the recommending stockholder, the proposed nominee is qualified and suited to be one of our directors;

4. the disclosure of any relationship of the candidate being recommended has with us or any of our subsidiaries or affiliates, whether direct or indirect;

5. a description of all relationships, arrangements and understandings between the proposing stockholder and the candidate and any other person(s) (naming such person(s)) pursuant to which the candidate is being proposed or would serve as a director, if elected; and

6. a written acknowledgment by the candidate being recommended that he or she has consented to being considered as a candidate, has consented to our undertaking of an investigation into that individual's background, education, experience and other qualifications and, in the event that the Nominating and Corporate Governance Committee desires to do so, has consented to be named in our Proxy Statement and to serve as one of our directors, if elected.

We do not require our directors to possess any specific qualifications or specific qualities or skills. In evaluating director nominees, the Nominating and Corporate Governance Committee will consider such factors as it deems appropriate, and other factors identified from time to time by our Board of Directors. The Nominating and Corporate Governance Committee will consider the entirety of each proposed director nominee's credentials. As a general matter, the Nominating and Corporate Governance Committee will consider a diverse number of factors such as judgment, skill, ethics, integrity, values, independence, possible conflicts of interest, experience with businesses and other organizations of comparable size or character, the interplay of the candidate's experience and approach to addressing business issues with the experience and approach of incumbent members of our Board of Directors and other new director candidates. The Nominating and Corporate Governance Committee's goal in selecting directors for nomination to our Board of Directors is generally to seek a well-

Table of Contents

balanced membership that combines a diversity of experience and skill in order to enable us to pursue our strategic objectives.

The Nominating and Corporate Governance Committee will consider all information provided to it that is relevant to a candidate's nomination as one of our directors. Following such consideration, the Nominating and Corporate Governance Committee may seek additional information regarding, and may request an interview with, any candidate who it wishes to continue to consider. Based upon all information available to it and any interviews it may have conducted, the Nominating and Corporate Governance Committee will meet to determine whether to recommend the candidate to our Board of Directors. The Nominating and Corporate Governance Committee will consider candidates recommended by stockholders on the same basis as candidates from other sources.

The Nominating and Corporate Governance Committee utilizes a variety of methods for identifying and evaluating nominees for directors. The Nominating and Corporate Governance Committee regularly reviews the appropriate size of our Board of Directors and whether any vacancies on our Board of Directors are expected due to retirement or otherwise. In the event vacancies are anticipated, or otherwise arise, the Nominating and Corporate Governance Committee may consider various potential candidates. Candidates may be recommended by current members of our Board of Directors, third-party search firms or stockholders. No search firm was retained by the Nominating and Corporate Governance Committee during the past fiscal year. The Nominating and Corporate Governance Committee generally does not consider recommendations for director nominees submitted by individuals who are not affiliated with us. In order to preserve its impartiality, the Nominating and Corporate Governance Committee may not consider a recommendation that is not submitted in accordance with the procedures set forth above.

John P. Jumper was recommended to our Board of Directors and our Nominating and Corporate Governance Committee by a member of our Board of Directors.

Board Leadership Structure and Risk Management

Through our holding company structure, we operate a diverse group of businesses spanning the following four principal industries: lift trucks, small appliances, specialty retail and mining. Due to the diversity of our businesses, including in terms of their products, customers, operations, geographical scope, risks and structure, the Board of Directors believes that our Chief Executive Officer is the most appropriate person to serve as our Chairman because he possesses in-depth knowledge of the issues, opportunities and challenges facing each of our principal businesses. Because of this knowledge and insight, he is in the best position to effectively identify strategic opportunities and priorities and to lead the discussion for the execution of the Company's strategies and achievement of its objectives.

As Chairman, our Chief Executive Officer is able to:

- focus our Board of Directors on the most significant strategic goals and risks of our businesses;
- utilize the individual qualifications, skills and experience of the other members of the Board of Directors in order to maximize their contributions to our Board of Directors;
- ensure that each other member of our Board of Directors has sufficient knowledge and understanding of our businesses to enable him to make informed judgments;
- provide a seamless flow of information from our subsidiaries to our Board of Directors;
- and
- facilitate the flow of information between our Board of Directors and our management.

This board leadership structure also enhances the effectiveness of the boards of directors of our subsidiaries, which have parallel structures and provide oversight at the strategic and operational business unit level. Each director who serves on our Board of Directors is also a member of each subsidiary's board of directors, which integrates our Board of Directors with the boards of our subsidiaries. Our Chief Executive Officer serves as the Chairman of each subsidiary's board of directors, which provides a common and consistent element that enables these subsidiary boards of directors to function effectively and efficiently as well as in an independent, informed basis for exercising effective oversight, including risk oversight. The Board of Directors believes that the combined role of Chairman and Chief Executive Officer promotes strategic development and execution at each of the subsidiaries, which is essential to effective governance. We do not assign a lead independent director but the Chairman of our Compensation Committee presides at the regularly scheduled meetings of non-management directors.

The Board of Directors oversees our risk management. The full Board of Directors (as supplemented by the appropriate board committee in the case of risks that are overseen by a particular committee) regularly reviews information provided by management in order for our Board of Directors to oversee the risk identification, risk management and risk mitigation strategies. Our board committees assist the full Board of Directors' oversight of our material risks by focusing on risks related to the particular area of concentration of the relevant committee. For example, our Compensation Committee

Table of Contents

oversees risks related to our executive compensation plans and arrangements, our Audit Review Committee oversees the financial reporting and control risks, our Finance Committee oversees financing and other financial risk management strategies and our Nominating and Corporate Governance Committee oversees risks associated with the independence of the Board of Directors and potential conflicts of interest. Each committee reports on these discussions of the applicable relevant risks to the full Board of Directors during the committee reports portion of the Board of Directors meeting. The full Board of Directors incorporates the insight provided by these reports into its overall risk management analysis.

Compensation Committee Interlocks and Insider Participation

None of our executive officers serves or has served on the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our Board of Directors or Compensation Committee.

Certain Business Relationships

Dennis W. LaBarre, one of our and our principal subsidiaries' directors, is a partner in the law firm of Jones Day. Jones Day provided legal services on our behalf and on behalf of our principal subsidiaries during 2011 on a variety of matters, and it is anticipated that such firm will provide similar services in 2012. Mr. LaBarre does not receive any direct compensation from legal fees we pay to Jones Day and these legal fees do not provide any material indirect compensation to Mr. LaBarre.

J.C. Butler, Jr., one of our executive officers, is the son-in-law of Alfred M. Rankin, Jr. In 2011, Mr. Butler's total compensation from us was \$696,038, which includes annual compensation, long-term compensation and all other compensation.

Report of the Audit Review Committee

The Audit Review Committee has reviewed and discussed with our management and Ernst & Young LLP, our independent registered public accounting firm, our audited financial statements contained in our Annual Report to Stockholders for the year ended December 31, 2011. The Audit Review Committee has also discussed with our independent registered public accounting firm the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1 AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Audit Review Committee has received and reviewed the written disclosures and the independence letter from Ernst & Young LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding Ernst & Young LLP's communications with the Audit Review Committee concerning independence, and has discussed with Ernst & Young LLP its independence.

Based on the review and discussions referred to above, the Audit Review Committee recommended to the Board of Directors (and the Board of Directors subsequently approved the recommendation) that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, filed with the SEC.

MICHAEL E. SHANNON, CHAIRMAN

JOHN P. JUMPER

RICHARD DE J. OSBORNE

JOHN F. TURBEN

Table of Contents

Director Compensation

The following table sets forth all compensation of each director for services as our directors and as directors of our principal subsidiaries for 2011, other than Alfred M. Rankin, Jr. In addition to being a director, Mr. Rankin is also Chairman, President and Chief Executive Officer of the Company and Chairman of each of NMHG, NA Coal, HBB and KC. Mr. Rankin does not receive any compensation for his services as a director. Mr. Rankin's compensation for services as one of our executive officers is shown in the Summary Compensation Table on page 40.

DIRECTOR COMPENSATION

For Fiscal Year Ended December 31, 2011

Name	Fees Earned or Paid in Cash(1) (\$)	Stock Awards(2) (\$)	All Other Compensation(3) (\$)	Total (\$)
Owsley Brown II (4)	\$61,047	\$46,953	\$2,019	\$110,019
John P. Jumper (5)	\$0	\$0	\$0	\$0
Dennis W. LaBarre	\$54,503	\$84,497	\$6,718	\$145,718
Richard de J. Osborne	\$89,226	\$51,774	\$6,518	\$147,518
Michael E. Shannon	\$90,197	\$61,803	\$6,571	\$158,571
Britton T. Taplin	\$71,047	\$46,953	\$6,515	\$124,515
David F. Taplin	\$66,047	\$46,953	\$6,631	\$119,631
John F. Turben	\$97,226	\$51,774	\$6,549	\$155,549
Eugene Wong	\$25,583	\$89,417	\$4,549	\$119,549

Amounts in this column reflect the annual retainers and other fees earned by the directors in 2011. They also (1) include payment for certain fractional shares of Class A Common that were earned and cashed out in 2011 under the Non-Employee Directors' Plan described below.

Under the Non-Employee Directors' Plan, the directors are required to receive a portion of their annual retainer in shares of Class A Common, which we refer to as the Mandatory Shares. They are also permitted to elect to receive all or part of the remainder of the retainer and all fees in the form of shares of Class A Common, which we refer to as the Voluntary Shares. Amounts in this column reflect the aggregate grant date fair value of the Mandatory Shares and Voluntary Shares that were granted to directors under the Non-Employee Directors' Plan, determined (2) pursuant to the Financial Accounting Standards Board Accounting Standards Codification Topic 718, which we refer to as FASB ASC Topic 718. The amounts listed include the following amounts that certain directors elected to receive in the form of Voluntary Shares rather than in cash: \$37,544 for Dennis W. LaBarre, \$4,821 for Richard de J. Osborne, \$14,850 for Michael E. Shannon, \$4,821 for John F. Turben and \$42,464 for Eugene Wong. See Note (2) of the consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 for more information regarding the accounting treatment of our equity awards.

The amount listed includes: (i) \$1,129 for Mr. Brown and \$1,505 for each other director in Company-paid premium payments for life insurance for the benefit of the directors; (ii) other Company-paid premium payments for accidental death and dismemberment insurance for the director and his spouse; and (iii) personal excess liability (3) insurance for the director and members of his immediate family. The amount listed also includes charitable contributions made in our name on behalf of the director and his spouse under our matching charitable gift program in the amount of \$3,796 for Britton Taplin, \$2,000 for Eugene Wong and \$4,000 for each of Messrs. LaBarre, Osborne, Shannon, Turben and David Taplin.

(4) Mr. Brown ceased serving as a director on September 26, 2011 due to his death.

(5) General Jumper became a director effective January 1, 2012.

Table of Contents

Description of Material Factors Relating to the Director Compensation Table

As of July 1, 2011, each non-employee director received the following annual compensation for service on our Board of Directors and on our subsidiaries' boards of directors:

a retainer of \$125,000 (\$69,000 of which is required to be paid in the form of shares of Class A Common, as described below);

- attendance fees of \$1,000 for each meeting attended (including telephonic meetings) of our Board of Directors or a subsidiary board of directors, but not exceeding \$2,000 per day;

attendance fees of \$1,000 for each meeting attended (including telephonic meetings) of a committee of our Board of Directors on which the director served or a committee of a subsidiary's board of directors on which the Director served;

a retainer of \$5,000 for each committee of our Board of Directors on which the director served (other than the Executive Committee);

an additional retainer of \$5,000 for each committee of our Board of Directors on which the director served as chairman (other than the Audit Review Committee); and

an additional retainer of \$10,000 for the chairman of the Audit Review Committee of our Board of Directors.

The retainers are paid quarterly in arrears and the meeting fees are paid following each meeting. Each director is also reimbursed for expenses incurred as a result of attendance at meetings. We also occasionally make our private aircraft available to directors for attendance at meetings of our Board of Directors and our subsidiaries' boards of directors.

Under the Non-Employee Directors' Plan, each director who was not an officer of the Company or of any of our subsidiaries received \$69,000 of his \$125,000 retainer in whole shares of Class A Common. Any fractional shares were paid in cash. The actual number of shares of Class A Common issued to a director is determined by the following formula:

the dollar value of the portion of the \$69,000 retainer that was earned by the director each quarter divided by

the average closing price of shares of Class A Common on the New York Stock Exchange for each week during such quarter.

These shares are fully vested on the date of grant, and the director is entitled to all rights of a stockholder, including the right to vote and receive dividends. However, the shares cannot be assigned, pledged, hypothecated or otherwise transferred by the director, voluntarily or involuntarily, other than:

by will or the laws of descent and distribution;

pursuant to a qualifying domestic relations order; or

to a trust for the benefit of the director or his spouse, children or grandchildren.

The foregoing restrictions on transfer lapse upon the earliest to occur of:

the date which is ten years after the last day of the calendar quarter for which such shares were earned;

the date of the death or permanent disability of the director;

five years (or earlier with the approval of our Board of Directors) from the date of the retirement of the director from our Board of Directors; or

the date that a director is both retired from our Board of Directors and has reached 70 years of age.

In addition, each director has the right under the Non-Employee Directors' Plan to receive shares of Class A Common in lieu of cash for up to 100% of the balance of his retainers and meeting attendance fees. The number of shares issued is determined under the same formula stated above. However, these Voluntary Shares are not subject to the foregoing transfer restrictions.

Table of Contents

Director Compensation Program for 2012

The Compensation Committee periodically evaluates and recommends changes to our compensation program for directors. In 2010, the Compensation Committee used the Hay Group consulting firm to evaluate and provide recommendations regarding our director compensation program. Our Board of Directors agreed to implement the recommendations over a several year period. Effective January 1, 2011, the annual retainer was increased from \$55,000 to \$80,000. Effective July 1, 2011, the annual retainer was increased from \$80,000 to \$125,000. No other changes were made to the director compensation program in 2011. However, the Compensation Committee and our Board of Directors expect to review the compensation program at the end of 2012 to determine if any additional changes are warranted.

Executive Compensation

Compensation Discussion and Analysis

The following describes the material elements of our compensation objectives and policies as they relate to those individuals named in the Summary Compensation Table on page 40, whom we refer to as the Named Executive Officers. This discussion and analysis of our compensation program should be read in conjunction with the accompanying tables and text disclosing the compensation awarded to, earned by or paid to the Named Executive Officers during 2011.

Executive Compensation Governance

The Compensation Committee of our Board of Directors and the Compensation Committees of the Company's subsidiary boards of directors, which we refer to collectively in this "Executive Compensation" section as the Compensation Committee unless the context requires otherwise, establish and oversee the administration of our policies, programs and procedures for compensating our employees, including our executive officers. Each Compensation Committee consists solely of independent directors.

The Compensation Committee's direct responsibilities include:

- review and approval of corporate goals and objectives relevant to compensation for the Chief Executive Officer and other executive officers;
- evaluation of the performance of the Chief Executive Officer and other executive officers in light of these performance goals and objectives;
- determination and approval of the compensation levels of the Chief Executive Officer and other executive officers based on this evaluation;
- consideration of whether the risks arising from our employee compensation policies and practices are reasonably likely to have a material adverse effect on us;
- making recommendations to our Board of Directors, where appropriate or required, with respect to non-equity-based compensation matters; and
- taking other actions with respect to all other compensation matters, including equity-based and other incentive compensation plans.

Table of Contents

Named Executive Officers for 2011

The Named Executive Officers for 2011 are listed on the table below. They include executives who were employed by the Company and two of its subsidiaries, NMHG and HBB. None of the Named Executive Officers were employed by NA Coal or KC, our other major subsidiaries.

Name	Title(s)	2011 Employer
Alfred M. Rankin, Jr.	Chairman, President and Chief Executive Officer — NACCO	NACCO
Kenneth C. Schilling	Vice President and Controller — NACCO	NACCO
	Vice President and Chief Financial Officer — NMHG	
Michael P. Brogan	President and Chief Executive Officer — NMHG	NMHG
Colin Wilson	Vice-President, Chief Operating Officer and President, Americas — NMHG	NMHG
Gregory H. Trepp (1)	President and Chief Executive Officer — HBB	HBB
	Chief Executive Officer — KC	

(1) Although Mr. Trepp is the Chief Executive Officer of KC, he does not receive any compensation from KC or participate in any incentive compensation plans sponsored by KC.

Compensation Consultants

The Compensation Committee receives assistance and advice from the Hay Group, an internationally-recognized compensation consulting firm. These consultants are engaged by and report to the Compensation Committee. The consultants also provide advice and discuss compensation issues directly with management.

Throughout 2011, the Hay Group prepared, presented and made recommendations regarding substantially all aspects of compensation for the directors and senior management employees, including the Named Executive Officers. For 2011, the Hay Group was engaged to:

- make recommendations regarding Hay point levels, salary midpoints and incentive targets for all new senior management positions and/or changes to current senior management positions;
- make recommendations regarding 2011 salary midpoints, short-term and long-term incentive compensation targets (calculated as a percentage of salary midpoint) and target total compensation for all senior management positions;
- make recommendations regarding 2011 salary midpoints and/or range movement for all other employee positions;
- evaluate and provide recommendations regarding the compensation program for our non-employee directors; and
- make presentations regarding legislative and regulatory changes.

At the direction of the Compensation Committee, all Hay point recommendations for new senior management positions and/or changes to current positions are determined by the Hay Group through the consistent application of the Hay point methodology, which is a proprietary method that takes into account the know-how, problem solving and accountability requirements of the position.

Representatives of the Hay Group attended one of the Compensation Committee meetings in 2011 by telephone and, during that meeting, consulted with the Compensation Committee in executive session without management present. The Hay Group did not provide any other services to us or the Compensation Committee in 2011.

Hay Group's All Industrials Survey - Salary Midpoint

As a starting point for setting target total compensation, the Compensation Committee directed the Hay Group to use their proprietary survey of a broad group of domestic industrial organizations from almost all segments of industry ranging in size from under \$150 million to over \$5 billion in annual revenues, which we refer to as the All Industrials survey. Organizations that satisfy the consultant's quality assurance controls voluntarily participate in the All Industrials survey by submitting data to the consultant. For 2011, participants in the All Industrials survey included 300 parent organizations and 388 independent operating units representing almost all segments of industry, including the light and heavy manufacturing, consumer products and mining segments.

Table of Contents

The Compensation Committee chose this particular survey as its benchmark for the following reasons:
• the use of a broad-based survey reduces volatility and lessens the impact of cyclical upswings or downturns in any one industry that could otherwise skew the survey results in any particular year; and
• due to the unique nature of our holding group structure, this survey provides internal consistency in compensation among all of our subsidiaries, regardless of industry.

Using the proprietary Hay point methodology discussed above under the heading “- Compensation Consultants,” the Hay Group compares positions of similar scope and complexity with the data obtained in the All Industrials survey. The Hay Group then derives a median salary level for each Hay point level, including those positions occupied by the Named Executive Officers, which is targeted at the 50th percentile of the All Industrials survey. We refer to the 50th percentile median target as the salary midpoint. For 2011, the Compensation Committee used (i) 100% of the salary midpoints recommended by the Hay Group for all positions at NACCO and HBB, as well as for NMHG positions in Europe, the Middle East and Africa, which we refer to as EMEA, and (ii) 97.5% of the salary midpoints for all other positions at NMHG. Because salary midpoints are based on each Hay point level, all of the employees at a particular Hay point level at a particular company generally have the same salary midpoint. This process assures internal equity in pay among the executives across all business units.

Executive officers' compensation levels are set at (or slightly below) the salary midpoint recommended by the Hay Group because the Compensation Committee believes that the use of salary midpoints ensures that the compensation program provides sufficient compensation to attract and retain talented executives and maintain internal pay equity, without overcompensating our executive officers.

The salary midpoint provided by the Hay Group is then used to calculate the total target compensation of all senior management employees, including the Named Executive Officers.

Compensation Policies and Objectives - Total Target Compensation

The guiding principle of the compensation program for senior management employees, including Named Executive Officers, is the maintenance of a strong link between an employee's compensation, individual performance and the performance of the Company or the subsidiary for which the employee has responsibility. The primary objectives of our compensation program are:

- to attract, retain and motivate talented management;
- to reward management with competitive total compensation for achievement of specific corporate and individual goals; and
- to make management long-term stakeholders in us.

In addition, due to the unique nature of our holding company structure, the Compensation Committee attempts to maintain consistency in compensation among all of the Company's subsidiaries.

The Compensation Committee establishes comprehensively defined “target total compensation” for each senior management employee following rigorous evaluation standards to ensure internal equity. Target total compensation is determined explicitly in dollar terms as the sum of: (i) salary midpoint, as determined by the Hay Group, (ii) for U.S. employees, target cash in lieu of perquisites, (iii) target short-term incentives, and (iv) target long-term incentives. The target short-term incentives and long-term incentives are all determined by multiplying each employee's salary midpoint by a specified percentage of that midpoint, as determined by the Hay Group for each Hay salary grade.

Table of Contents

The following table sets forth target total compensation for the Named Executive Officers, as recommended by the Hay Group and approved by the Compensation Committee for 2011:

Named Executive Officer	(A) Salary Midpoint \$(%)	(B) Cash in Lieu of Perquisites \$(%)	(C) Short-Term Plan Target \$(%)	(D) Long-Term Plan Target \$(%)	(A)+(B)+(C)+(D) Target Total Compensation (\$)
Alfred M. Rankin, Jr.	\$974,600	19 % \$50,000	1% \$974,600	19% \$3,082,173	61%(1) \$5,081,373
Kenneth C. Schilling	\$307,600	49 % \$20,000	3% \$123,040	20% \$176,870	28%(1) \$627,510
Michael P. Brogan	\$631,100	31 % \$40,000	2% \$441,770	21% \$946,650	46% \$2,059,520
Colin Wilson	\$475,500	38 % \$32,000	2% \$261,525	21% \$499,275	39% \$1,268,300
Gregory H. Trepp	\$566,100	34 % \$34,992	2% \$339,660	20% \$735,930	44% \$1,676,682

The amounts include a 15% increase from the Hay-recommended long-term plan target awards that the Compensation Committee applies each year to account for the immediately taxable nature of the NACCO (1) Long-Term Plan awards. See “- Long-Term Incentive Compensation - NACCO Long-Term Incentive Compensation.”

In addition to the target total compensation shown on the table above, we provide employees with retirement benefits that are designed to provide a competitive rate of income during retirement, with the opportunity for additional income in the form of profit sharing benefits if a particular business unit (other than NA Coal) attains better than forecasted results.

The design of our compensation program offers opportunities for employees to earn truly superior compensation for outstanding results. It also includes significantly reduced compensation for results that do not meet or exceed the previously established performance targets for the year. In years when we have weaker financial results, payouts under the incentive compensation plans will generally be lower. In years when we have stronger financial results, payouts under the incentive compensation plans will generally be greater. We believe that our program encourages Named Executive Officers to earn incentive pay significantly greater than 100% of target over time by delivering outstanding managerial performance.

In most years, incentive compensation payments made to the Named Executive Officers exceed their base salary plus perquisite allowance for the year and the actual total compensation received exceeds the All Industrials survey median target total compensation for the year. See “- Hay Group's All Industrials Survey - Salary Midpoint.” Except for Mr. Schilling, each of the Named Executive Officer's incentive compensation exceeded the sum of his base salary and perquisite allowance for 2011.

Overview of Executive Compensation Methodology

We seek to achieve the foregoing policies and objectives through a mix of base salaries and incentive plans. Base salaries are set at levels appropriate to allow the incentive plans to serve as significant motivating factors. The Compensation Committee carefully reviews each of these components in relation to our performance.

Incentive-based compensation plans are designed to provide significant rewards for achieving or surpassing annual operating and financial performance objectives, as well as to align the compensation interests of the senior management employees, including the Named Executive Officers, with our long-term interests.

The Compensation Committee views the various components of compensation as related but distinct. While a significant percentage of total target compensation is allocated to incentive compensation as a result of the policies and objectives discussed above, there is no pre-established policy or target for the allocation between either cash and non-cash or short-term and long-term incentive compensation. The Compensation Committee does not believe that significant compensation derived from one component of compensation should negate or reduce compensation from other components. Rather, the Compensation Committee reviews information provided from the Hay Group All Industrials survey to determine the appropriate level for each component and mix of compensation.

The Compensation Committee reviews and takes into account all elements of executive compensation in setting policies and determining compensation levels. In this process, the Compensation Committee reviews “tally sheets” with

respect to target total compensation for the Named Executive Officers and other senior management employees. The tally sheets list each officer's title, Hay points, salary midpoint, base salary, perquisite allowance (for U.S. employees), short-term and long-term incentive compensation targets and target total compensation for the current year, as well as those that are being proposed for the subsequent year.

Table of Contents

In November 2010, the Compensation Committee reviewed the tally sheets for each of our Named Executive Officers to help decide whether it should make changes to the 2011 compensation program. Although the Committee determined that the overall program continued to be consistent with our compensation objectives, it made the following adjustments for 2011:

As a result of the improvement in the economy and the Company's financial results in 2010, the Compensation Committee fully restored retirement benefits at NACCO and NMHG effective January 1, 2011.

The Hay Group prepared an updated analysis of the cash in lieu of perquisite amounts for our senior U.S. management employees. Based on this analysis, starting January 1, 2011, the Compensation Committee changed the methodology from calculating the perquisite allowance based on a percentage of salary midpoint to paying a specified dollar amount, which was recommended by the Hay Group and varies based on Hay salary grade. This change avoids unwarranted annual automatic increases in perquisite allowances. The Committee intends to have the Hay Group review the dollar amounts every few years in order to determine if the amounts should be modified.

Components of Named Executive Officers' Compensation. As discussed above, compensation for senior management employees primarily includes the following components:

- base salary;
- cash in lieu of perquisites for U.S. executives;
- short-term incentives; and
- long-term incentives.

Target total compensation is supplemented by retirement benefits, which consist mainly of the qualified plans and U.S. restoration nonqualified deferred compensation arrangements described below, and other benefits, such as health and welfare benefits. In addition, from time to time, the Compensation Committee may award discretionary cash and equity bonuses to employees, including the Named Executive Officers.

Base Salary. The Compensation Committee fixes an annual base salary intended to be competitive with the marketplace to recruit and retain talented senior management employees. Base salary is intended to provide employees with a set amount of money during the year with the expectation that they will perform their responsibilities to the best of their ability and in our best interests.

Each year, the Compensation Committee determines the base salary for each senior management employee, including the Named Executive Officers, by taking into account the employee's individual performance for the prior year and the relationship of the employee's prior year's base salary to the new salary midpoint for the employee's Hay point level. The Committee also takes into account any other relevant information, including:

- general inflation, salary trends and economic forecasts provided by the Hay Group;
- general budget considerations and business forecasts provided by management; and
- any extraordinary personal or corporate events that occurred during the prior year.

The potential for larger salary increases exists for individuals with lower base salaries relative to their salary midpoint and/or superior performance. The potential for smaller increases or even no increase exists for those individuals with higher base salaries relative to their salary midpoint and/or who have performed poorly during the performance period.

Table of Contents

The following table sets forth the salary midpoint, salary range and base salary for each Named Executive Officer for 2011, as well as the percentage of increase from the 2010 base salary:

Named Executive Officer	Salary Midpoint Determined by the Hay Group (\$)	Salary Range (Compared to Salary Midpoint) Determined by the Compensation Committee (%)	Base Salary For 2011 and as a Percentage of Salary Midpoint (\$)(%)	Change Compared to 2010 Base Salary (%)
Alfred M. Rankin, Jr.	\$974,600	80% - 130%	\$1,167,000 120 %	5.6%
Kenneth C. Schilling	\$307,600	80% - 120%	\$277,022 90 %	6.5%
Michael P. Brogan	\$631,100	80% - 120%	\$534,711 85 %	6.6%
Colin Wilson	\$475,500	80% - 120%	\$446,727 94 %	10%
Gregory H. Trepp	\$566,100	80% - 120%	\$459,996 81 %	4.5%

Cash in Lieu of Perquisites. In addition to providing car allowances to NMHG executives in EMEA and other perquisites to a limited number of employees in unique circumstances, U.S. senior management employees are paid a fixed dollar amount of cash in lieu of perquisites. The amount of the perquisite allowance for 2011 and future years is equal to a flat dollar amount, based on the employee's Hay point level.

The applicable dollar amounts were recommended by the Hay Group based on an analysis of the 2010 data from its proprietary Benefits Report, which contains employee benefits data from a survey conducted by the Hay Group. For the 2010 Benefits Report, the organizations that submitted information included 852 organizations or operating units representing almost all areas of industry, including the light and heavy manufacturing, consumer products and mining segments, as well as other organizations from the health care, service and financial sectors. Consistent with the use of the All Industrials survey, the Compensation Committee determined that the Benefits Report was an appropriate benchmark because using a broad-based survey reduces volatility and lessens the impact of cyclical upswings or downturns in any industry that could otherwise affect the survey results in a particular year.

For this study, the Compensation Committee did not seek identical comparisons. Rather, it merely requested an indication of the cost of perquisites that would represent a reasonable competitive level of perquisites for our various executive positions, which are reflected in the Hay points assigned to each position.

The table below sets forth the dollar amount of cash paid in lieu of perquisites, as determined by the Hay Group. The Compensation Committee approved the use of these recommendations for each of the Named Executive Officers. These amounts were paid in cash ratably throughout the year. This approach satisfied our objective of providing competitive total compensation to its Named Executive Officers while recognizing that many perquisites are largely just another form of compensation.

Named Executive Officer	Amount of Cash Paid in Lieu of Perquisites in 2011 (\$)
Alfred M. Rankin, Jr.	\$50,000
Kenneth C. Schilling	\$20,000
Michael P. Brogan	\$40,000
Colin Wilson	\$32,000
Gregory H. Trepp	\$34,992

Incentive Compensation of Named Executive Officers

Applicable Incentive Compensation Plans. As described in more detail under the heading “- Compensation Policies and Objectives - Total Target Compensation,” one of the principles of our compensation program is that senior management employees, including Named Executive Officers, are compensated based on the performance of the subsidiary for which the employee has responsibility or, in the case of employees of NACCO, our performance as a whole.

Due to the unique nature of our holding company structure, this means that the incentive compensation of the senior management employees who are employed by the Company is based on the aggregate performance of our four subsidiaries - NMHG, NA Coal, HBB and KC. However, the incentive compensation of senior executives who are employed by a subsidiary of the Company is based solely on the performance of that particular subsidiary.

Table of Contents

The table below identifies the employer of each of the Named Executive Officers, as well as the name of each of the incentive compensation plans in which the Named Executive Officer participated, during 2011:

Name	2011 Employer	Incentive Compensation Plan Name
Alfred M. Rankin, Jr.	NACCO	NACCO Short-Term Plan
		NACCO Long-Term Plan
Kenneth C. Schilling	NACCO	NACCO Short-Term Plan
		NACCO Long-Term Plan
Michael P. Brogan	NMHG	NMHG Short-Term Plan
		NMHG Long-Term Plan
Colin Wilson	NMHG	NMHG Short-Term Plan
		NMHG Long-Term Plan
Gregory H. Trepp	HBB	HBB Short-Term Plan
		HBB Long-Term Plan

Overview. A significant portion of the compensation of each Named Executive Officer is linked directly to the attainment of specific corporate financial and operating targets. The Compensation Committee believes that the Named Executive Officers should have a material percentage of their compensation contingent upon the performance of the Company and/or its subsidiaries.

The performance criteria and target performance levels for the incentive plans are established within the Compensation Committee's discretion, and are generally based upon management's recommendations as to the performance objectives of the particular business for the year. Two types of performance targets are used in the incentive compensation plans:

Targets Based on Annual Operating Plan. Certain performance targets are based on forecasts contained in each subsidiary's 2011 annual operating plan. With respect to these targets, there is an expectation that these performance targets will be met during the year. If they are not, the participants will not receive all or a portion of the award that is based on these performance criteria.

Targets Based on Long-Term Goals. Other performance targets are not based on the 2011 annual operating plans. Rather, they are based on long-term goals established by the Compensation Committee. Because these targets are not based on the annual operating plan, it is possible in any given year that the level of expected performance may be above or below the specified performance target for that year. Return on total capital employed, which we refer to as ROTCE, is an example of a target that is based on long-term goals (see below).

Each Named Executive Officer is eligible to receive a short-term cash incentive payment and a long-term incentive award based on a target incentive amount that is expressed as a percentage of salary midpoint. However, the final, actual payout may be higher or lower than the targeted amount, as explained in further detail below.

Design of Incentive Program: Use of ROTCE and Underlying Performance Metrics. Code Section 162(m) provides that we may not deduct compensation of more than \$1 million that is paid to the Named Executive Officers (other than Mr. Schilling) unless that compensation consists of "qualified performance-based compensation." The performance-based exception to Code Section 162(m) requires that deductible compensation be paid under a plan that has been approved by our stockholders. In order to comply with Code Section 162(m), we obtained stockholder approval of the following incentive compensation plans which provide benefits to the Named Executive Officers, which we collectively refer to as the 162(m) Plans:

• The NACCO Industries, Inc. Executive Long-Term Incentive Compensation Plan (Amended and Restated Effective February 1, 2010), referred to as the NACCO Long-Term Plan;

• The NACCO Industries, Inc. Annual Incentive Compensation Plan (effective January 1, 2010), referred to as the NACCO Short-Term Plan;

• The NACCO Materials Handling Group, Inc. Long-Term Incentive Compensation Plan (Effective January 1, 2010), referred to as the NMHG Long-Term Plan; and

• The Hamilton Beach Brands, Inc. Long-Term Incentive Compensation Plan (Effective January 1, 2010), referred to as the HBB Long-Term Plan.

Table of Contents

See “- Tax and Accounting Implications - Deductibility of Executive Compensation” on page 37 for additional information about our philosophy on structuring our incentive compensation plans for tax purposes.

In order to ensure that the incentive compensation payments to the Named Executive Officers under the 162(m) Plans would count as qualified performance-based compensation and would be deductible under Code Section 162(m), the Compensation Committee adopted performance targets under the 162(m) Plans that were designed to meet the requirements for qualified performance-based compensation under Code Section 162(m). Specifically, for 2011, the Compensation Committee adopted minimum and maximum ROTCE performance targets under each of the 162(m) Plans. In each case, ROTCE is calculated as described below or in the same manner as described below under “- Incentive Compensation of Named Executive Officers - ROTCE Methodology and Explanation,” including the adjustments for non-recurring and special items.

For each 162(m) Plan, we establish a payment pool based on actual results against the ROTCE performance targets. The minimum ROTCE target must be met in order for any payment to be permitted, and any payment pool to be created, under a particular 162(m) Plan. The maximum ROTCE target is used to establish a maximum limit, and a maximum payment pool, for awards that can be paid to each participant under a particular 162(m) Plan for the 2011 performance period. For 2011, ROTCE results were at or above the applicable maximum ROTCE target and resulted in a maximum payment pool of 150% of target under all 162(m) Plans other than the NACCO Long-Term Plan which had a maximum payment pool of 200%.

The Compensation Committee then considered actual results against underlying financial and operating performance measures for each of our subsidiaries and exercised “negative discretion,” as permitted under Code Section 162(m), to determine the final, actual incentive compensation payment for each participant. These underlying financial and operating performance measures reflect the achievement of our specified business goals for 2011 (for those targets that are based on the annual operating plans) or for future years (for those targets that are based on long-term goals), as further described below.

ROTCE Methodology and Explanation. For 2011, a substantial portion of the short-term incentive compensation and long-term incentive compensation for our employees depended on the extent to which our ROTCE performance met long-term financial objectives. The Compensation Committee views the ROTCE performance targets as stockholder protection rates of return. They reflect the Compensation Committee's belief that our stockholders are entitled to at least a certain rate of ROTCE for each of our subsidiaries and the Company overall. Accordingly, as a measure of protection for our stockholders, performance against the ROTCE rates of return, rather than based on cyclical movements in our stock price, should determine the payouts for a portion of our incentive compensation plans. The ROTCE targets used for incentive compensation purposes reflect our long-term corporate objectives. They are not based on ROTCE operating targets established by management and contained in our five-year long-range business plan or the long-term subsidiary financial objectives (although there is a connection between them). The ROTCE performance targets that were established by the Compensation Committee to determine the final, actual incentive compensation payments under the 2011 incentive compensation plans represent the financial performance that the Compensation Committee believes we should deliver over the long-term, not the performance expected in the current year or the near-term.

The members of the Compensation Committee consider the following factors together with their general knowledge of each of our industries and businesses, including the historical results of operations and financial positions of the subsidiaries and the Company overall, to determine the ROTCE performance targets for the Company and the subsidiaries:

- forecasts of future operating results and the business models for the next several years (including the annual operating plans for the current fiscal year and our five-year long-range business plans);
- anticipated changes in the industries and businesses that affect ROTCE (e.g., the amount of capital required to generate a projected level of sales); and
- the potential impact a change in the ROTCE performance target would have on the ability to incentivize our employees.

The Compensation Committee reviews these factors annually and, unless the Compensation Committee concludes that changes in these factors warrant an increase or decrease in the ROTCE performance targets, the ROTCE performance

targets generally remain the same from year to year. The ROTCE performance targets have been adjusted in the past from time to time. When made, these periodic adjustments generally have reflected:

- a subsidiary's expected ability to take advantage of anticipated changes in industry dynamics over the longer term;
- the anticipated impact of programs (such as layoffs and restructurings) on future profitability of a subsidiary's business;

Table of Contents

the anticipated impact of economic conditions on a subsidiary's business;

major accounting changes; and

the anticipated impact over time of changes in a subsidiary's business model on the subsidiary's business.

The ROTCE targets that were used in the 162(m) Plans to establish the minimum and maximum incentive payment pools for purposes of Code Section 162(m), as well as the underlying ROTCE targets that were used by the Compensation Committee using negative discretion to determine final, actual payouts for participants under the 162(m) Plans, remained essentially unchanged from the targets that were used in 2010, except that (i) the ROTCE target under the HBB Short-Term Plan and (ii) the ROTCE target used to determine the minimum and maximum payment pool under the NMHG Long-Term Plan were each increased in anticipation of improved business conditions from 2010 to 2011.

After our year-end financial results are finalized, actual ROTCE performances are compared against the ROTCE performance targets and, using the pre-established formulas, used to determine both (i) the maximum payment pool under the 162(m) Plans for the year and (ii) the final, actual incentive compensation payouts under the incentive plans for the year. As a result, ROTCE serves as both a metric for tax deductibility to establish maximum potential incentive amounts and as a metric for underlying performance to determine final incentive compensation payout amounts. ROTCE is calculated for both of these purposes as follows:

Earnings Before Interest After-Tax after adjustments

divided by

Total Capital Employed after adjustments

Earnings Before Interest After-Tax is equal to the sum of interest expense, net of interest income, less 38% for taxes, plus net income from continuing operations attributable to stockholders, which we refer to as net income. Total

Capital Employed is equal to (i) the sum of the average debt and average stockholders' equity less (ii) average consolidated cash. For purposes of the NACCO Short-Term Plan and NACCO Long-Term Plan, average debt, stockholders' equity and consolidated cash are calculated by taking the sum of the balance at the beginning of the year and the balance at the end of each of the next twelve months divided by thirteen.

ROTCE is calculated from the Company or subsidiary financial statements using average debt, average stockholders' equity and average cash based on the sum of the balance at the beginning of the year and the balance at the end of each quarter divided by five, which is then adjusted for any non-recurring or special items.

Following is the calculation of our consolidated ROTCE for purposes of the NACCO Short-Term Plan and NACCO Long-Term Plan for 2011:

2011 Net income	\$162.1	
Plus: 2011 Interest expense, net	22.4	
Less: Income taxes on 2011 interest expense, net at 38%	(8.5)
Earnings Before Interest After-Tax	\$176.0	
2011 Average stockholders' equity (12/31/2010 and each of 2011's quarter ends)	\$525.4	
2011 Average debt (12/31/2010 and each of 2011's quarter ends)	379.1	
Less: 2011 Average cash (12/31/2010 and each of 2011's quarter ends)	(273.9)
Total Capital Employed	\$630.6	
ROTCE (Before Adjustments)	27.9	%
Less: Adjustments to Earnings Before Interest After-Tax	\$(31.1)
Less: Adjustments to Total Capital Employed	\$(14.6)
ROTCE (After Adjustments)	23.5	%

Adjustments to the ROTCE calculation under our incentive plans are non-recurring or special items that are generally established by the Compensation Committee at the time the ROTCE targets are set. For 2011, the ROTCE adjustments related

Table of Contents

to (i) the after-tax impact of subsidiary restructuring costs including reduction in force charges; (ii) the after-tax impact of subsidiary acquisition, disposition or related costs and expenses and (iii) the following costs or expenses only if they were in excess of the amounts included in the 2011 annual operating plans:
the elimination of the cost of any valuation allowances;