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NMHG HOLDING CO  
Form 10-Q  
May 15, 2003

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2003  
-----

OR

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

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

Commission file number 333-89248  
-----

NMHG Holding Co.

-----  
(Exact name of registrant as specified in its charter)

DELAWARE

31-1637659

-----  
(State or other jurisdiction of  
incorporation or organization)

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

650 N.E. Holladay Street; Suite 1600; Portland, OR

97232

-----  
(Address of principal executive offices)

(Zip code)

(503) 721-6000

-----  
(Registrant's telephone number, including area code)

N/A

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

NMHG HOLDING CO. IS A WHOLLY OWNED SUBSIDIARY OF NACCO INDUSTRIES, INC. AND  
MEETS THE CONDITIONS IN GENERAL INSTRUCTION H(1)(a) AND (b) OF FORM 10-Q. WE ARE  
FILING THIS FORM WITH REDUCED DISCLOSURE FORMAT UNDER GENERAL INSTRUCTION H(2).

Indicate by check mark whether the registrant: (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
registrant was required to file such reports), and (2) has been subject to such  
filing requirements for the past 90 days.

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YES X NO \_\_\_\_\_

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

YES \_\_\_\_\_ NO X

At April 30, 2003, 100 common shares were outstanding.

NMHG HOLDING CO.

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PART I  
FINANCIAL INFORMATION  
Item 1. Financial Statements

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS  
NMHG HOLDING CO. AND SUBSIDIARIES

	MARCH 31 2003 -----	DECEMBER 31 2002 -----
	(in millions, except share data)	
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 48.1	\$ 54.9
Accounts receivable, net	203.7	193.1
Tax advances, NACCO Industries, Inc.	13.5	16.4
Inventories	233.6	222.0
Deferred income taxes	22.6	21.6
Prepaid expenses and other	19.4	29.9
	-----	-----
Total Current Assets	540.9	537.9
Property, Plant and Equipment, Net	236.3	242.1
Goodwill	344.8	343.7
Other Non-current Assets	75.4	79.8
	-----	-----
Total Assets	\$1,197.4 =====	\$1,203.5 =====
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
Current Liabilities		
Accounts payable	\$ 204.4	\$ 186.9
Revolving credit agreements	14.0	31.3
Current maturities of long-term debt	18.8	20.0
Accrued payroll	15.7	23.3
Accrued warranty obligations	26.5	23.1
Other current liabilities	120.3	114.2
	-----	-----
Total Current Liabilities	399.7	398.8
Long-term Debt	273.5	273.5
Other Non-current Liabilities	141.2	147.8
Minority Interest	.8	1.1
Stockholder's Equity		
Common stock, par value \$1 per share, 100 shares authorized; 100 shares outstanding	---	---
Capital in excess of par value	198.2	198.2
Retained earnings	225.1	226.8

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Accumulated other comprehensive loss:		
Foreign currency translation adjustment	(8.0)	(10.3)
Minimum pension liability adjustment	(31.9)	(31.9)
Deferred loss on cash flow hedging	(1.2)	(0.5)
	382.2	382.3
Total Liabilities and Stockholder's Equity	\$1,197.4	\$1,203.5

See notes to unaudited condensed consolidated financial statements.

### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME NMHG HOLDING CO. AND SUBSIDIARIES

	THREE MONTHS ENDED MARCH 31	
	2003	2002
	(in millions)	
Revenues	\$419.0	\$371.8
Cost of sales	344.2	310.1
	74.8	61.7
Gross Profit		
Selling, general and administrative expenses	62.1	55.1
	12.7	6.6
Operating Profit		
Other income (expense)		
Interest expense	(8.6)	(5.5)
Gain (loss) on interest rate swap agreements	(.4)	.3
Income from unconsolidated affiliates	.7	1.0
Other - net	.2	.8
	(8.1)	(3.4)
Income Before Income Taxes and Minority Interest	4.6	3.2
Income tax provision (benefit)	1.6	(.9)
	3.0	4.1
Income Before Minority Interest		
Minority interest income	.3	.2

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Net Income	\$ 3.3 =====	\$ 4.3 =====
Comprehensive Income	\$ 4.9 =====	\$ 5.1 =====

See notes to unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
NMHG HOLDING CO. AND SUBSIDIARIES

	THREE MONTHS ENDED MARCH 31	
	2003	2002
	(in millions)	
Operating Activities		
Net income	\$ 3.3	\$ 4.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8.5	10.6
Deferred income taxes	1.4	3.2
Minority interest	(.3)	(.2)
Other non-cash items	(1.8)	(.8)
Working capital changes		
Intercompany receivable/payable, affiliate	2.8	20.4
Accounts receivable	(14.3)	(28.3)
Inventories	(9.1)	15.0
Other current assets	(6.8)	(4.0)
Accounts payable and other liabilities	25.5	8.4
Net cash provided by operating activities	9.2	28.6
Investing Activities		
Expenditures for property, plant and equipment	(3.5)	(6.2)
Proceeds from the sale of assets	8.1	.2
Proceeds from unconsolidated affiliates	---	.6
Net cash provided by (used for) investing activities	4.6	(5.4)
Financing Activities		
Additions to long-term debt and revolving credit agreements	8.6	3.3
Reductions of long-term debt and revolving credit agreements	(27.1)	(8.2)
Cash dividends paid	(1.2)	(15.0)
Notes receivable/payable, NACCO Industries, Inc.	---	(8.0)
Financing fees paid	(.1)	---
Net cash used for financing activities	(19.8)	(27.9)

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Effect of exchange rate changes on cash	(.8)	---
	-----	-----
Cash and Cash Equivalents		
Decrease for the period	(6.8)	(4.7)
Balance at the beginning of the period	54.9	59.6
	-----	-----
Balance at the end of the period	\$48.1	\$54.9
	=====	=====

See notes to unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY  
NMHG HOLDING CO. AND SUBSIDIARIES

	THREE MONTHS ENDED MARCH 31	
	2003	2002
	-----	-----
	(in millions)	
Common Stock	\$ ---	\$ ---
	-----	-----
Capital in Excess of Par Value	198.2	198.2
	-----	-----
Retained Earnings		
Beginning balance	226.8	229.5
Net income	3.3	4.3
Cash dividends declared	(5.0)	(15.0)
	-----	-----
	225.1	218.8
	-----	-----
Accumulated Other Comprehensive Income (Loss)		
Beginning balance	(42.7)	(45.7)
Foreign currency translation adjustment	2.3	(.5)
Reclassification of hedging activity into earnings	(.1)	1.2
Current period cash flow hedging activity	(.6)	.1
	-----	-----
	(41.1)	(44.9)
	-----	-----
Total Stockholder's Equity	\$382.2	\$372.1
	=====	=====

See notes to unaudited condensed consolidated financial statements.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
NMHG HOLDING CO. AND SUBSIDIARIES  
MARCH 31, 2003  
(Tabular Amounts in Millions)

## Note 1 - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of NMHG Holding Co. ("NMHG Holding," the parent company), a Delaware corporation, and its wholly owned subsidiaries, NACCO Materials Handling Group, Inc. ("NMHG Wholesale") and NMHG Distribution Co. ("NMHG Retail") (collectively, "NMHG" or the "Company"). NMHG Holding is a wholly owned subsidiary of NACCO Industries, Inc. ("NACCO"). The Company's subsidiaries operate in the lift truck industry. NMHG segments its lift truck operations into two components: wholesale manufacturing and retail distribution. Intercompany accounts and transactions have been eliminated.

NMHG designs, engineers, manufactures, sells, services and leases a comprehensive line of lift trucks and aftermarket parts and service marketed globally under the Hyster(R) and Yale(R) brand names. NMHG Wholesale includes the manufacture and sale of lift trucks and related service parts, primarily to independent and wholly owned Hyster and Yale retail dealerships. NMHG Retail includes the sale, service and rental of Hyster and Yale lift trucks and related service parts by wholly owned retail dealerships and rental companies.

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial position of the Company as of March 31, 2003 and the results of its operations, cash flows and changes in stockholder's equity for the three month periods ended March 31, 2003 and 2002 have been included.

The balance sheet at December 31, 2002 has been derived from the audited financial statements at that date but does not include all of the information or notes required by accounting principles generally accepted in the United States for complete financial statements.

Operating results for the three month period ended March 31, 2003 are not necessarily indicative of the results that may be expected for the remainder of the year ending December 31, 2003. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002.

## Note 2 - Inventories

Inventories are summarized as follows:

	MARCH 31 2003 -----	DECEMBER 31 2002 -----
Manufactured inventories:		
Finished goods and service parts	\$109.0	\$ 99.9

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Raw materials and work in process	110.7	110.3
	-----	-----
Total manufactured inventories	219.7	210.2
Retail inventories	26.8	23.4
	-----	-----
Total inventories at FIFO	246.5	233.6
LIFO reserve	(12.9)	(11.6)
	-----	-----
	\$233.6	\$222.0
	=====	=====

The cost of certain manufactured and retail inventories, including service parts, has been determined using the LIFO method. At March 31, 2003 and December 31, 2002, 64% of total inventories were determined using the LIFO method. An actual valuation of inventory under the LIFO method can be made only at the end of the year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations must necessarily be based on management's estimates of expected year-end inventory levels and costs. Because these estimates are subject to change and may be different than the actual inventory levels and costs at year-end, interim results are subject to the final year-end LIFO inventory valuation.

Note 3 - Restructuring Charges

The changes to the Company's restructuring accruals since December 31, 2002 are as follows:

	Severance	Asset Impairment	Lease Impairment	Other
	-----	-----	-----	-----
NMHG Wholesale				
Balance at December 31, 2002	\$ 9.3	\$ 3.8	\$ ---	\$ .9
Foreign currency effect	(.1)	---	---	---
Payments	(.8)	---	---	---
	-----	-----	-----	-----
Balance at March 31, 2003	\$ 8.4	\$ 3.8	\$ ---	\$ .9
	=====	=====	=====	=====
NMHG Retail				
Balance at December 31, 2002	\$ 1.5	\$ ---	\$ .1	\$ ---
Reversal	(.1)	---	---	---
Payments	(.2)	---	(.1)	---
	-----	-----	-----	-----
Balance at March 31, 2003	\$ 1.2	\$ ---	\$ ---	\$ ---
	=====	=====	=====	=====

(a) The December 31, 2002 balance indicated in the table above does not include \$7.6 million in curtailment losses relating to pension and other post-retirement benefits which will not be paid until employees reach retirement age. These amounts were accrued in the fiscal year ended December 31, 2000 as part of the restructuring of the Danville, Illinois assembly plant. Final severance payments for the Danville restructuring plan were made in 2002.



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### NMHG 2002 Restructuring Program

As announced in December 2002, NMHG Wholesale is phasing out its Lenoir, North Carolina, lift truck component facility and restructuring other manufacturing and administrative operations, primarily its Irvine, Scotland, lift truck assembly and component facility. During the fourth quarter of 2002, NMHG Wholesale recognized a restructuring charge of approximately \$12.5 million pre-tax. Of this amount, \$3.8 million relates to a non-cash asset impairment charge for building, machinery and tooling, which was determined based on the then current market values for similar assets and broker quotes as compared to the net book value of these assets; and \$8.7 million relates to severance and other employee benefits to be paid to approximately 615 manufacturing and administrative employees. No payments have been made as of March 31, 2003. Payments are expected to begin in 2003 and continue through 2005. Approximately \$0.8 million of pre-tax costs which were not eligible for accrual and are not shown in the table above, primarily related to manufacturing inefficiencies, were expensed in the first quarter of 2003 and are classified as cost of sales in the Unaudited Condensed Consolidated Statement of Income for the three months ended March 31, 2003.

### NMHG 2001 Restructuring Programs

During 2001, management committed to the restructuring of certain operations in Europe for both the Wholesale and Retail segments of the business. As such, NMHG Wholesale recognized a restructuring charge of approximately \$4.5 million pre-tax for severance and other employee benefits to be paid to approximately 285 direct and indirect factory labor and administrative personnel in Europe. As of December 31, 2002, payments of \$3.4 million to approximately 245 employees had been made and \$0.2 million of the amount originally accrued was reversed in 2002. Payments of \$0.8 million to 13 employees were made during the first quarter of 2003. The majority of the headcount reductions were made by the end of 2002.

NMHG Retail recognized a restructuring charge of approximately \$4.7 million pre-tax in 2001, of which \$0.4 million related to lease termination costs and \$4.3 million related to severance and other employee benefits to be paid to approximately 140 service technicians, salesmen and administrative personnel at wholly owned dealers in Europe. As of December 31, 2002, severance payments of \$2.8 million had been made to approximately 110 employees. During the first quarter of 2003, severance payments of \$0.2 million were made to three employees. In addition, \$0.1 million of the amount accrued at December 31, 2002 was reversed in the first quarter of 2003. The majority of the headcount reductions were made by the end of 2002.

### Note 4 - Accounting for Guarantees

In November 2002, the Financial Accounting Standards Board ("FASB") issued Interpretation ("FIN") No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN No. 45 requires guarantors to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee for those guarantees initiated or modified after December 31, 2002. However, certain guarantees, including product warranties and guarantees between parties under common control (i.e., parent and subsidiary), are not required to be recognized at fair value at inception. FIN No. 45 also requires additional disclosures of guarantees, including product warranties and guarantees between parties under common control, beginning with interim or annual periods ending after December 15, 2002. Guarantees initiated prior to December 31, 2002 are not recognized as a liability measured at fair value per this Interpretation, but are subject to the disclosure requirements. The Company has made the required disclosures in these financial statements. Also, the

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Company has recognized guarantees included within the scope of this Interpretation and initiated after December 31, 2002 as liabilities measured at fair value. The adoption of the fair value provisions of this Interpretation did not have a material impact on the Company's financial position or results of operations for the three months ended March 31, 2003.

Under various financing arrangements for certain customers, including independently owned retail dealerships, NMHG provides guarantees of the residual values of lift trucks, or recourse or repurchase obligations such that NMHG would be obligated in the event of default by the customer. Terms of the third-party financing arrangements for which NMHG is providing a guarantee generally range from one to five years. Total guarantees and amounts subject to recourse or repurchase obligations at March 31, 2003 and December 31, 2002 were \$163.2 million and \$153.6 million, respectively. Losses anticipated under the terms of the guarantees, recourse or repurchase obligations, which are not significant, have been reserved for in the accompanying Unaudited Condensed Consolidated Financial Statements. Generally, NMHG retains a security interest in the related assets financed such that, in the event that NMHG would become obligated under the terms of the recourse or repurchase obligations, NMHG would take title to the assets financed. The fair value of collateral held at March 31, 2003 was approximately \$177.5 million, based on Company estimates.

NMHG provides a standard warranty on its forklift trucks, generally for six to twelve months or 1,000 to 2,000 hours. In addition, NMHG sells extended warranty agreements which provide additional warranty up to three to five years or up to 3,600 to 10,000 hours. The specific terms and conditions of those warranties vary depending upon the product sold and the country in which NMHG does business. Revenue received for the sale of extended warranty contracts is deferred and recognized in the same manner as the costs are incurred to perform under the warranty contracts, in accordance with FASB Technical Bulletin 90-1, "Accounting for Separately Priced Extended Warranty and Product Maintenance Contracts." The Company estimates the costs that may be incurred under its warranty programs, both standard and extended, and records a liability for such costs at the time product revenue is recognized. Factors that affect the Company's warranty liability include the number of units sold, historical and anticipated rates of warranty claims and the cost per claim. The Company periodically assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary.

Changes in the Company's current and long-term warranty obligations, including deferred revenue on extended warranty contracts, during the three months ended March 31, 2003 are as follows:

Balance at December 31, 2002	\$	41.9
Warranties issued		8.6
Settlements made		(8.1)
Changes in estimates		(2.2)
		-----
Balance at March 31, 2003	\$	40.2
		=====

The Company's periodic review of the estimates used to calculate its warranty obligations resulted in an adjustment of \$2.2 million recognized in the first quarter of 2003 to reduce the estimated required accrual at March 31, 2003. This adjustment is not necessarily indicative of future trends or adjustments that may be required to adjust the warranty accrual during the remainder of 2003.

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Note 5 - Unaudited Condensed Consolidating Guarantor and Non-Guarantor Financial Information

The following tables set forth the unaudited condensed consolidating statements of income and cash flows for the three months ended March 31, 2003 and 2002 and the unaudited condensed consolidating balance sheets as of March 31, 2003 and December 31, 2002. The following information is included as a result of the guarantee of the Parent Company's Senior Notes by each of NMHG's wholly owned U.S. subsidiaries ("Guarantor Companies"). None of the Company's other subsidiaries has guaranteed the Senior Notes. Each of the guarantees is joint and several and full and unconditional. "NMHG Holding" includes the consolidated financial results of the parent company only, with all of its wholly owned subsidiaries accounted for under the equity method.

### UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2003

	NMHG Holding -----	Guarantor Companies -----	Non-Guarantor Companies -----	Consolidating Eliminations -----	Co ---
Revenues	\$ ---	\$ 262.9	\$ 214.1	\$ (58.0)	\$
Cost of sales	---	221.8	180.3	(57.9)	
Selling, general and administrative expenses	---	32.6	29.5	---	
Operating profit (loss)	---	8.5	4.3	(.1)	
Interest expense	---	(7.0)	(1.6)	---	
Other income (expense)	---	(.3)	.1	---	
Income (loss) before income taxes, minority interest and equity in unconsolidated affiliates	---	1.2	2.8	(.1)	
Income tax expense	---	.9	.7	---	
Minority interest income	---	---	.3	---	
Equity in income (loss) of unconsolidated affiliates	3.3	3.1	---	(5.7)	
Net income (loss)	\$ 3.3 =====	\$ 3.4 =====	\$ 2.4 =====	\$ (5.8) =====	\$ =

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF INCOME

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FOR THE THREE MONTHS ENDED MARCH 31, 2002

	NMHG Holding	Guarantor Companies	Non-Guarantor Companies	Consolidating Eliminations	NMHG Consolidated
Revenues	\$ ---	\$239.1	\$181.3	\$ (48.6)	\$371.8
Cost of sales	---	208.2	151.1	(49.2)	310.1
Selling, general and administrative expenses	---	30.7	24.6	(.2)	55.1
Operating profit	---	.2	5.6	.8	6.6
Interest expense	(1.8)	(2.5)	(.1)	(1.1)	(5.5)
Other income (expense)	---	1.4	(.3)	---	1.1
Income (loss) before income taxes, minority interest and equity in unconsolidated affiliates	(1.8)	(.9)	5.2	(.3)	2.2
Income tax benefit	(.6)	(.1)	---	(.2)	(.9)
Minority interest income	---	---	.2	---	.2
Equity in income (loss) of unconsolidated affiliates	5.5	6.4	---	(10.9)	1.0
Net income (loss)	\$ 4.3 =====	\$ 5.6 =====	\$ 5.4 =====	\$ (11.0) =====	\$ 4.3 =====

## UNAUDITED CONDENSED CONSOLIDATING BALANCE SHEET AT MARCH 31, 2003

	NMHG Holding	Guarantor Companies	Non-Guarantor Companies	Consolidating Eliminations
Cash and cash equivalents	\$ ---	\$ 16.3	\$ 31.8	\$ ---
Accounts and notes receivable, net	16.0	102.5	175.7	(90.5)
Inventories	---	125.6	108.0	---
Other current assets	2.8	38.5	17.5	(3.3)
	-----	-----	-----	-----

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Total current assets	18.8	282.9	333.0	(93.8)
Property, plant and equipment, net	---	131.4	104.9	---
Goodwill	---	307.2	37.6	---
Other non-current assets	623.9	262.6	28.4	(839.5)
	-----	-----	-----	-----
Total assets	\$ 642.7	\$ 984.1	\$ 503.9	\$ (933.3)
	=====	=====	=====	=====
Accounts and intercompany notes payable	\$ 3.8	\$ 134.1	\$ 143.3	\$ (76.8)
Other current liabilities	9.5	115.0	77.9	(21.1)
Revolving credit agreements	---	---	14.0	---
	-----	-----	-----	-----
Total current liabilities	13.3	249.1	235.2	(97.9)
Long-term debt	247.2	260.3	39.3	(273.3)
Other long-term liabilities	---	113.2	44.4	(15.6)
Stockholder's equity	382.2	361.5	185.0	(546.5)
	-----	-----	-----	-----
Total liabilities and stockholder's equity	\$ 642.7	\$ 984.1	\$ 503.9	\$ (933.3)
	=====	=====	=====	=====

UNAUDITED CONDENSED CONSOLIDATING BALANCE SHEET  
AT DECEMBER 31, 2002

	NMHG Holding	Guarantor Companies	Non-Guarantor Companies	Consolidating Eliminations	NMHG Consol
	-----	-----	-----	-----	-----
Cash and cash equivalents	\$ ---	\$ 5.3	\$ ---	\$ ---	\$ ---
Accounts and notes receivable, net	259.7	120.3	161.7	(348.6)	1
Inventories	---	121.5	100.5	---	2
Other current assets	3.7	55.2	9.3	(0.3)	---
	-----	-----	-----	-----	-----
Total current assets	263.4	302.3	321.1	(348.9)	5
Property, plant and equipment, net	---	133.3	108.8	---	2
Goodwill	---	307.3	36.4	---	3
Other non-current assets	374.8	238.4	27.1	(560.5)	---
	-----	-----	-----	-----	-----
Total assets	\$ 638.2	\$ 981.3	\$ 493.4	\$ (909.4)	\$1,2
	=====	=====	=====	=====	=====
Accounts and intercompany notes payable	\$ ---	\$ 375.2	\$ 152.5	\$ (340.8)	\$ 1
Other current liabilities	3.6	114.4	75.1	(12.5)	1
Revolving credit agreements	5.2	---	26.1	---	---
	-----	-----	-----	-----	-----

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Total current liabilities	8.8	489.6	253.7	(353.3)	3
Long-term debt	247.1	11.5	14.9	---	2
Other long-term liabilities	---	118.7	44.2	(14.0)	1
Stockholder's equity	382.3	361.5	180.6	(542.1)	3
	-----	-----	-----	-----	-----
Total liabilities and stockholder's equity	\$ 638.2	\$ 981.3	\$ 493.4	\$ (909.4)	\$1,2
	=====	=====	=====	=====	=====

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS  
FOR THE THREE MONTHS ENDED MARCH 31, 2003

	NMHG Holding	Guarantor Companies	Non-Guarantor Companies	Consolida Eliminati
	-----	-----	-----	-----
Net cash provided by (used for) operating activities	\$ 1.9	\$ 13.1	\$ (4.6)	\$ (1.2)
Investing activities				
Expenditures for property, plant and equipment	---	(2.0)	(1.5)	---
Proceeds from the sale of assets	---	7.3	.8	---
	-----	-----	-----	-----
Net cash provided by (used for) investing activities	---	5.3	(.7)	---
Financing activities				
Additions to long-term debt and revolving credit agreements	---	1.1	7.5	---
Reductions of long-term debt and revolving credit agreements	(5.2)	(.9)	(21.0)	---
Notes receivable/payable, affiliates	4.6	(6.4)	1.8	---
Other-net	(1.3)	(1.2)	---	1.2
	-----	-----	-----	-----
Net cash provided by (used for) financing activities	(1.9)	(7.4)	(11.7)	1.2
Effect of exchange rate changes on cash	---	---	(.8)	---
	-----	-----	-----	-----
Cash and cash equivalents				
Increase (decrease) for the period	---	11.0	(17.8)	---
Balance at the beginning of the period	---	5.3	49.6	---
	-----	-----	-----	-----
Balance at the end of the period	\$ ---	\$ 16.3	\$ 31.8	\$ ---
	=====	=====	=====	=====

UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

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FOR THE THREE MONTHS ENDED MARCH 31, 2002

	NMHG Holding	Guarantor Companies	Non-Guarantor Companies	Cons Elim
Net cash provided by (used for) operating activities	\$ (0.7)	\$ 17.8	\$ 11.1	\$
Investing activities				
Expenditures for property, plant and equipment	---	(0.8)	(5.4)	
Proceeds from the sale of assets	---	0.3	(0.1)	
Other-net	14.2	2.5	(2.2)	
	14.2	2.0	(7.7)	
Net cash provided by (used for) investing activities	14.2	2.0	(7.7)	
Financing activities				
Additions to long-term debt and revolving credit agreements	---	---	3.3	
Reductions of long-term debt and revolving credit agreements	---	(0.8)	(7.4)	
Notes receivable/payable, affiliates	0.7	(3.6)	(5.4)	
Other-net	(14.2)	(20.0)	6.0	
	(13.5)	(24.4)	(3.5)	
Net cash provided by (used for) financing activities	(13.5)	(24.4)	(3.5)	
Effect of exchange rate changes on cash	---	---	---	
	---	---	---	
Cash and cash equivalents				
Decrease for the period	---	(4.6)	(0.1)	
Balance at the beginning of the period	---	21.9	37.7	
	---	21.9	37.7	
Balance at the end of the period	\$ ---	\$ 17.3	\$ 37.6	\$
	-----	-----	-----	-----

### Note 6 - Segment Information

Financial information for each of the Company's reportable segments, as defined by SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," is presented in the following table.

NMHG Wholesale derives a portion of its revenues from transactions with NMHG Retail. The amount of these revenues, which are based on current market prices of similar third-party transactions, are indicated in the following table on the line "NMHG Eliminations" in the revenues section.

THREE MONTHS ENDED  
MARCH 31

2003	2002
-----	-----

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REVENUES FROM EXTERNAL CUSTOMERS		
NMHG Wholesale	\$ 382.6	\$ 327.7
NMHG Retail	53.9	56.2
NMHG Eliminations	(17.5)	(12.1)
	-----	-----
NMHG Consolidated	\$ 419.0	\$ 371.8
	=====	=====
GROSS PROFIT		
NMHG Wholesale	\$ 64.1	\$ 48.8
NMHG Retail	10.3	12.3
NMHG Eliminations	.4	.6
	-----	-----
NMHG Consolidated	\$ 74.8	\$ 61.7
	=====	=====
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
NMHG Wholesale	\$ 50.4	\$ 42.4
NMHG Retail	11.7	13.0
NMHG Eliminations	---	(.3)
	-----	-----
NMHG Consolidated	\$ 62.1	\$ 55.1
	=====	=====
OPERATING PROFIT (LOSS)		
NMHG Wholesale	\$ 13.7	\$ 6.4
NMHG Retail	(1.4)	(.7)
NMHG Eliminations	.4	.9
	-----	-----
NMHG Consolidated	\$ 12.7	\$ 6.6
	=====	=====
INTEREST EXPENSE		
NMHG Wholesale	\$ (7.2)	\$ (3.6)
NMHG Retail	(.9)	(.8)
NMHG Eliminations	(.5)	(1.1)
	-----	-----
NMHG Consolidated	\$ (8.6)	\$ (5.5)
	=====	=====
INTEREST INCOME		
NMHG Wholesale	\$ .5	\$ .6
NMHG Retail	.1	---
	-----	-----
NMHG Consolidated	\$ .6	\$ .6
	=====	=====

THREE MONTHS ENDED  
MARCH 31

	----- 2003 -----	----- 2002 -----
OTHER-NET, INCOME (EXPENSE), EXCLUDING INTEREST INCOME		
NMHG Wholesale	\$ (.3)	\$ 1.5
NMHG Retail	.2	---
	-----	-----
NMHG Consolidated	\$ (.1)	\$ 1.5
	=====	=====



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INCOME TAX PROVISION (BENEFIT)		
NMHG Wholesale	\$ 2.3	\$ (.5)
NMHG Retail	(.7)	(.3)
NMHG Eliminations	---	(.1)
	-----	-----
NMHG Consolidated	\$ 1.6	\$ (.9)
	=====	=====
NET INCOME (LOSS)		
NMHG Wholesale	\$ 4.7	\$ 5.6
NMHG Retail	(1.3)	(1.2)
NMHG Eliminations	(.1)	(.1)
	-----	-----
NMHG Consolidated	\$ 3.3	\$ 4.3
	=====	=====
DEPRECIATION AND AMORTIZATION EXPENSE		
NMHG Wholesale	\$ 6.6	\$ 7.6
NMHG Retail	1.9	3.0
	-----	-----
NMHG Consolidated	\$ 8.5	\$ 10.6
	=====	=====
CAPITAL EXPENDITURES		
NMHG Wholesale	\$ 2.8	\$ 5.4
NMHG Retail	.7	.8
	-----	-----
NMHG Consolidated	\$ 3.5	\$ 6.2
	=====	=====
	MARCH 31	DECEMBER 31
	2003	2002
	-----	-----
TOTAL ASSETS		
NMHG Wholesale	\$ 1,105.9	\$ 1,070.7
NMHG Retail	158.8	187.7
NMHG Eliminations	(67.3)	(54.9)
	-----	-----
NMHG Consolidated	\$ 1,197.4	\$ 1,203.5
	=====	=====

NACCO charges fees to its operating subsidiaries, including NMHG. The amounts charged to NMHG were \$2.0 million and \$1.8 million for the three months ended March 31, 2003 and 2002, respectively.

Note 7 - Accounting Standards Not Yet Adopted

In January 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities." FIN No. 46 clarifies the application of Accounting Research Bulletin ("ARB") 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

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entity that is expected to absorb the majority of the expected losses, receive a majority of the expected gains, or both. The Company is currently evaluating its affiliated entities, however, at this time, the Company does not believe that it is reasonably possible that any entity it is affiliated with but does not currently consolidate will meet the definition of a variable interest entity.

On April 30, 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." This Statement amends and clarifies accounting for derivatives and hedging based on decisions made: (a) previously as part of the Derivative Implementation Group process, (b) in connection with other FASB projects and (c) regarding other issues raised, including the characteristics of a derivative that contains a financing component. This Statement is effective for contracts entered into or modified after June 30, 2003 and should be applied prospectively, with the exception of certain transactions. The Company has not yet determined what impact, if any, the adoption of this Statement will have on its results of operations or financial position.

### Note 8 - Equity Investments

NMHG has a 20% ownership interest in NMHG Financial Services, Inc. ("NFS"), a joint venture with GE Capital Corporation, formed primarily for the purpose of providing financial services to independent and wholly owned Hyster and Yale lift truck dealers and national account customers in the United States. NMHG's ownership in NFS is accounted for using the equity method of accounting.

NMHG has a 50% ownership interest in Sumitomo NACCO Materials Handling Company, Ltd. ("SN"), a limited liability company which was formed primarily for the manufacture and distribution of Sumitomo-Yale branded lift trucks in Japan and the export of Hyster and Yale branded lift trucks and related components and service parts outside of Japan. NMHG purchases products from SN under normal trade terms.

Summarized financial information for these equity investments is as follows:

	THREE MONTHS ENDED MARCH 31	
	2003	2002
	-----	-----
Revenues	\$ 56.4	\$ 40.0
Gross Profit	\$ 20.1	\$ 12.5
Net Income	\$ 3.4	\$ 1.5

### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Tabular Amounts in Millions)

=====

#### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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Please refer to the discussion of the Company's Critical Accounting Policies and Estimates as disclosed on pages 10 and 11 in the Company's Form 10-K for the fiscal year ended December 31, 2002.

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=====  
FINANCIAL REVIEW  
=====

The segment and geographic results of operations for NMHG were as follows for the three months ended March 31:

	2003	2002
	-----	-----
Revenues		
Wholesale		
Americas	\$256.2	\$228.3
Europe, Africa and Middle East	102.7	84.6
Asia-Pacific	23.7	14.8
	-----	-----
	382.6	327.7
	-----	-----
Retail (net of eliminations)		
Americas	.7	7.6
Europe, Africa and Middle East	17.5	16.1
Asia-Pacific	18.2	20.4
	-----	-----
	36.4	44.1
	-----	-----
NMHG Consolidated	\$419.0	\$371.8
	=====	=====
Operating profit (loss)		
Wholesale		
Americas	\$ 13.2	\$ 9.2
Europe, Africa and Middle East	.5	(2.8)
Asia-Pacific	---	---
	-----	-----
	13.7	6.4
	-----	-----
Retail (net of eliminations)		
Americas	.2	.2
Europe, Africa and Middle East	(1.5)	.3
Asia-Pacific	.3	(.3)
	-----	-----
	(1.0)	.2
	-----	-----
NMHG Consolidated	\$ 12.7	\$ 6.6
	=====	=====
Interest expense		
Wholesale	\$ (7.2)	\$ (3.6)
Retail (net of eliminations)	(1.4)	(1.9)
	-----	-----
NMHG Consolidated	\$ (8.6)	\$ (5.5)
	=====	=====
Other income, net		
Wholesale	\$ .2	\$ 2.1
Retail (net of eliminations)	.3	---
	-----	-----
NMHG Consolidated	\$ .5	\$ 2.1
	=====	=====

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Net income (loss)		
Wholesale	\$ 4.7	\$ 5.6
Retail (net of eliminations)	(1.4)	(1.3)
	-----	-----
NMHG Consolidated	\$ 3.3	\$ 4.3
	=====	=====

### FINANCIAL REVIEW - continued

	2003	2002
	----	----
Effective tax rate		
Wholesale	34.3%	(a)
Retail (net of eliminations)	33.3%	23.5%
NMHG Consolidated	34.8%	(a)

(a) The effective tax rate for the first quarter of 2002 for NMHG Wholesale and NMHG Consolidated is not meaningful due to a \$1.9 million tax benefit recognized in the first quarter of 2002 related to the recognition of previously generated losses in China, combined with a relatively low level of pre-tax income. These factors resulted in a net tax benefit generated on pre-tax income.

### First Quarter of 2003 Compared with First Quarter of 2002

#### NMHG Wholesale

Revenues increased to \$382.6 million in the first quarter of 2003, up 16.8% from \$327.7 million in the first quarter of 2002. Increased unit volume in the Americas and, to a lesser degree, favorable currency movements in Europe contributed to revenue growth. Worldwide unit volumes increased 16.6% to 17,452 units shipped in the first quarter compared with 14,971 units shipped in the first quarter of 2002. Increased revenues from these factors were partially offset by a higher proportion of lower-priced lift trucks sold in the first quarter of 2003 compared with the first quarter of 2002.

Operating profit increased to \$13.7 million in the first quarter of 2003 from \$6.4 million in the first quarter of 2002. Operating profit improved primarily due to increased unit and parts volume and a favorable shift in mix to higher-margin products sold. The increase in operating profit was partially offset by increased product development expenses of \$2.6 million and additional expenses related to the previously announced phase-out of the Lenoir, North Carolina lift truck component facility. See additional discussion of the NMHG Wholesale restructuring programs under the heading "NMHG Restructuring Plans" in this Form 10-Q.

Net income decreased to \$4.7 million in the first quarter of 2003 from \$5.6 million in the first quarter of 2002. Although operating profit increased in the first quarter of 2003 as compared with the first quarter of 2002, net income declined primarily due to (i) increased interest expense, including the amortization of deferred financing fees, resulting from the refinancing of NMHG's debt in the second quarter of 2002, (ii) an increase in the effective tax rate due to a non-recurring \$1.9 million tax benefit recorded in 2002 related to the recognition of previously generated losses in China and (iii) the negative effect of the amortization of accumulated other comprehensive income related to terminated interest rate swap agreements. The interest rate swap agreements were terminated in 2002 as a result of the May 2002 refinancing of NMHG's floating rate revolving credit facility.

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NMHG Wholesale's worldwide backlog level at the end of the first quarter of 2003 increased 6.1% to 17,300 units, compared with 16,300 units at the end of first quarter of 2002. However, the backlog level at March 31, 2003 decreased 8.0%, compared with 18,800 units at the end of the fourth quarter of 2002. NMHG Wholesale's bookings in the first quarter of 2003 were affected, like many capital goods manufacturers, by pre-war purchasing conservatism by customers.

### FINANCIAL REVIEW - continued

#### NMHG Retail (net of eliminations)

Revenues decreased to \$36.4 million in the first quarter of 2003 from \$44.1 million in the first quarter of 2002. This decrease is primarily due to the January 3, 2003 sale of NMHG Retail's only wholly owned U.S. dealer. NMHG Retail-Americas revenues were \$7.6 million in the first quarter of 2002 compared with \$0.7 million in the first quarter of 2003. Revenues in Europe increased primarily due to favorable currency movements, while revenues in Asia-Pacific decreased primarily due to lower service and parts sales. NMHG Retail generated an operating loss of \$1.0 million in the first quarter of 2003 compared with an operating profit of \$0.2 million in the first quarter of 2002. The decrease in operating results is primarily due to \$1.1 million of additional wind-down costs related to dealers which have been sold. Net loss in the first quarter of 2003 was \$1.4 million compared with a net loss of \$1.3 million in the first quarter of 2002. The 2003 net loss is comparable to 2002 results due to the factors affecting operating profit (loss), partially offset by (i) a decrease in interest expense allocated to NMHG Retail, (ii) favorable foreign currency movements included in other-net expenses and (iii) an increase in the effective tax rate benefit applied to the pre-tax loss in the first quarter of 2003 as compared with the first quarter of 2002.

#### NMHG Restructuring Plans

##### NMHG 2002 Restructuring Program

As announced in December 2002, NMHG Wholesale is phasing out its Lenoir, North Carolina, lift truck component facility and restructuring other manufacturing and administrative operations, primarily its Irvine, Scotland, lift truck assembly and component facility. During the fourth quarter of 2002, NMHG Wholesale recognized a restructuring charge of approximately \$12.5 million pre-tax. Of this amount, \$3.8 million relates to a non-cash asset impairment charge for building, machinery and tooling, which was determined based on the then current market values for similar assets and broker quotes as compared to the net book value of these assets; and \$8.7 million relates to severance and other employee benefits to be paid to approximately 615 manufacturing and administrative employees. No payments have been made as of March 31, 2003. Payments are expected to begin in 2003 and continue through 2005.

Approximately \$0.8 million of pre-tax costs primarily related to manufacturing inefficiencies were expensed in the first quarter of 2003 and are classified as cost of sales in the Unaudited Condensed Consolidated Statement of Income for the three months ended March 31, 2003. Additional costs for severance and manufacturing inefficiencies to be expensed as incurred are expected to be approximately \$10.0 million for the remainder of 2003, \$8.1 million in 2004 and \$5.7 million in 2005. Initial net benefits from this restructuring program are expected to be realized in 2004 with a full twelve months of estimated annual pre-tax benefits of approximately \$14.8 million expected beginning in 2006. Although a majority of the projected savings is the result of a reduction in fixed factory costs, the overall benefit estimates could vary depending on unit volumes and the resulting impact on manufacturing efficiencies. In addition,

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outlays for capital expenditures, primarily for new tooling and equipment, of approximately \$6.8 million are expected for the remainder of 2003.

This restructuring program will allow the Company to re-focus its product line manufacturing activities, including the manufacture of new product lines in Europe. As a result, the Company expects to receive government grants during 2003 through 2005 totaling approximately \$6.5 million over that three-year period. Of this total amount, \$0.3 million is expected to be received in 2003.

### FINANCIAL REVIEW - continued

#### NMHG 2001 Restructuring Programs

During 2001, management committed to the restructuring of certain operations in Europe for both the Wholesale and Retail segments of the business. As such, NMHG Wholesale recognized a restructuring charge of approximately \$4.5 million pre-tax for severance and other employee benefits to be paid to approximately 285 direct and indirect factory labor and administrative personnel in Europe. As of December 31, 2002, payments of \$3.4 million to approximately 245 employees had been made and \$0.2 million of the amount originally accrued was reversed in 2002. Payments of \$0.8 million to 13 employees were made during the first quarter of 2003. The majority of the headcount reductions were made by the end of 2002. As a result of the reduced headcount in Europe, NMHG Wholesale realized pre-tax cost savings primarily from reduced employee wages and benefits of \$2.3 million for the first three months of 2003 and estimates pre-tax savings of \$6.9 million for the remainder of 2003. Annual pre-tax cost saving of \$9.2 million are expected to continue subsequent to 2003 as a result of this program. Although a majority of the projected savings is the result of a reduction in fixed factory costs, the overall benefit estimates could vary depending on unit volumes and the resulting impact on manufacturing efficiencies or due to changes in foreign currency rates.

NMHG Retail recognized a restructuring charge of approximately \$4.7 million pre-tax in 2001, of which \$0.4 million related to lease termination costs and \$4.3 million related to severance and other employee benefits to be paid to approximately 140 service technicians, salesmen and administrative personnel at wholly owned dealers in Europe. As of December 31, 2002, severance payments, net of currency effects, of \$2.8 million had been made to approximately 110 employees. During the first quarter of 2003, severance payments of \$0.2 million were made to three employees. In addition, \$0.1 million of the amount accrued at December 31, 2002 was reversed in the first quarter of 2003. The majority of the headcount reductions were made by the end of 2002. Cost savings primarily from reduced employee wages, employee benefits and lease costs of approximately \$0.7 million pre-tax were realized in the first three months of 2003 and are expected to be approximately \$2.4 million for the remainder of 2003 related to this program. Annual pre-tax cost saving of \$3.1 million are expected to continue subsequent to 2003 as a result of this program. Estimated benefits could be reduced by additional severance payments, if any, made to employees above the statutory or contractually required amount that was accrued in 2001 or due to changes in foreign currency rates.

#### LIQUIDITY AND CAPITAL RESOURCES

Expenditures for property, plant and equipment were \$2.8 million for NMHG Wholesale and \$0.7 million for NMHG Retail during the first three months of 2003. These capital expenditures include tooling for new products, machinery, equipment and lease and rental fleet. It is estimated that NMHG's capital expenditures for the remainder of 2003 will be approximately \$31.0 million for

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NMHG Wholesale and \$0.8 million for NMHG Retail. Planned expenditures for the remainder of 2003 include tooling for new products, capital expenditures arising as a result of the manufacturing restructuring programs, replacement of machinery and equipment and additions to retail lease and rental fleet. The principal sources of financing for these capital expenditures will be internally generated funds and bank borrowings.

Since December 31, 2002, there have been no significant changes in the total amount of NMHG's contractual obligations or commercial commitments, or the timing of cash flows in accordance with those obligations, as reported in the Company's 10-K for the year ended December 31, 2002.

During 2002, NMHG issued \$250.0 million of 10% unsecured Senior Notes that mature on May 15, 2009. The Senior Notes are senior unsecured obligations of NMHG Holding Co. and are guaranteed by substantially all of NMHG's domestic subsidiaries. NMHG Holding Co. has the option to redeem all or a portion of the Senior Notes on or after May 15, 2006 at the redemption prices set forth in the Indenture governing the Senior Notes. The proceeds from the Senior Notes were reduced by an original issue discount of \$3.1 million.

### LIQUIDITY AND CAPITAL RESOURCES - continued

Additionally, NMHG has a secured, floating-rate revolving credit facility which expires in May 2005. Availability under the revolving credit facility is up to \$175.0 million and is governed by a borrowing base derived from advance rates against the inventory and accounts receivable of the borrowers, as defined in the revolving credit facility. Adjustments to reserves booked against these assets, including inventory reserves, will change the eligible borrowing base and thereby impact the liquidity provided by the facility. At March 31, 2003, the borrowing base under the revolving credit facility was \$93.0 million, which reflects reductions for the commitments or availability under certain foreign credit facilities and for an excess availability requirement of \$15.0 million. There were no borrowings outstanding under this facility at March 31, 2003. Therefore, at March 31, 2003, the excess availability under the revolving credit facility was \$93.0 million. The floating rate of interest applicable to this facility on March 31, 2003 was 6.25%, including the applicable floating rate margin.

In addition to the amount outstanding under the Senior Notes, NMHG had borrowings of approximately \$32.2 million outstanding at March 31, 2003 under various foreign working capital facilities and other domestic term loans.

NMHG believes that funds available under the revolving credit facility, other available lines of credit and operating cash flows are sufficient to finance all of its operating needs and commitments arising during the foreseeable future.

NMHG's capital structure is presented below:

	MARCH 31 2003 -----	DECEMBER 31 2002 -----
Total net tangible assets	\$ 342.7	\$ 362.8

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Goodwill and other intangibles at cost	491.4	487.7
	-----	-----
Net assets before amortization of intangibles	834.1	850.5
Accumulated goodwill and other intangibles amortization	(144.8)	(142.3)
Total debt	(306.3)	(324.8)
Minority interest	(.8)	(1.1)
	-----	-----
 Stockholder's equity	 \$ 382.2	 \$ 382.3
	=====	=====
 Debt to total capitalization	 44%	 46%

The decrease in total net tangible assets of \$20.1 million is in part due to an \$8.6 million decrease in net assets as a result of the sale of NMHG Retail's wholly owned U.S. dealership on January 3, 2003. The remaining \$11.5 million decrease in net tangible assets is primarily due to a \$17.5 million increase in trade and intercompany accounts payable and a \$5.8 million decrease in property, plant, and equipment, partially offset by an \$11.6 million increase in inventories. Total debt decreased consistent with the decrease in total net tangible assets and from the use of \$7.3 million of proceeds received in the first quarter of 2003 from the January 3, 2003 sale of NMHG Retail's wholly owned U.S. dealership. Stockholder's equity at March 31, 2003 decreased \$0.1 million as a result of a dividend to NACCO of \$5.0 million and an unfavorable adjustment to the deferred loss on hedges of \$0.7 million, partially offset by net income of \$3.3 million and a favorable foreign currency translation adjustment of \$2.3 million for the first three months of 2003.

### LIQUIDITY AND CAPITAL RESOURCES - continued

#### EFFECTS OF FOREIGN CURRENCY

NMHG operates internationally and enters into transactions denominated in foreign currencies. As such, the Company's financial results are subject to the variability that arises from exchange rate movements. The effects of foreign currency fluctuations on revenues, operating profit and net income are addressed in the discussion of operating results, above.

#### OUTLOOK

##### NMHG Wholesale

NMHG Wholesale expects overall lift truck shipments to increase modestly in 2003 compared with 2002. While market prospects are currently more uncertain than usual, lift truck markets in the Americas are anticipated to improve in the second half of 2003 while markets in Europe and Asia-Pacific are expected to remain relatively flat.

NMHG Wholesale expects that results in 2003 will be affected by ongoing costs for a product development program that is expected to mature in 2004-2006 and additional costs related to the Lenoir, North Carolina, and Irvine, Scotland, manufacturing restructuring program announced in December 2002.

##### NMHG Retail



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NMHG Retail expects to continue its programs to improve the performance of its wholly owned dealerships in 2003 as part of its objective to achieve and sustain at least break-even results.

The statements contained in this Form 10-Q that are not historical facts are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are made subject to certain risks and uncertainties which could cause actual results to differ materially from those presented in these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof. Such risks and uncertainties with respect to the Company's operations include, without limitation:

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

### Item 4. Controls and Procedures

**EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES:** The Company maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. Within the 90-day period prior to the filing of this report, an evaluation was carried out under the supervision and with the participation of the Company's management, including the Principal Executive Officer and the Principal Financial Officer, of the effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, these officers have concluded that the Company's disclosure controls and procedures are effective.

**CHANGES IN INTERNAL CONTROLS:** Subsequent to the date of their evaluation, there have been no significant changes in the Company's internal controls or in other factors that could significantly affect these controls, including any corrective action with regard to significant deficiencies and material weaknesses.

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- Item 1. Legal Proceedings  
None
- Item 5. Other Information  
None
- Item 6. Exhibits and Reports on Form 8-K  
(a) Exhibits.  
See Exhibit Index on page 30 of this quarterly report on Form 10-Q.  
(b) Reports on Form 8-K.  
Current Report on Form 8-K filed with the Commission on March 27, 2003 (Item 9)

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NMHG Holding Co.

-----  
(Registrant)

Date May 15, 2003

/s/ Michael K. Smith

-----  
Michael K. Smith  
Vice President Finance & Information Systems  
and Chief Financial Officer  
(Authorized Officer and Principal  
Financial and Accounting Officer)

Certifications

I, Reginald R. Eklund, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NMHG Holding Co.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this

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quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ Reginald R. Eklund

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Reginald R. Eklund  
President, Chief Executive Officer  
and Director  
(Principal Executive Officer)

I, Michael K. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NMHG Holding Co.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by

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this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a. Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c. Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a. All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ Michael K. Smith

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Michael K. Smith  
Vice President Finance & Information  
Systems and Chief  
Financial Officer  
(Principal Financial Officer)

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Exhibit Index

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Exhibit  
Number\*

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Description of Exhibits

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Certifications under Section 906 of the Sarbanes-Oxley Act of 2002

\*Numbered in accordance with Item 601 of Regulation S-K.