HYSTER-YALE MATERIALS HANDLING, INC.
Form DEF 14A
March 18, 2016

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 þ

Filed by a Party other than the Registrant
Check the appropriate box:

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

HYSTER-YALE MATERIALS HANDLING, INC.
(Name of Registrant as Specified in Its Charter)
Payment of Filing Fee (Check the appropriate box):

þ No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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5875 LANDERBROOK DRIVE, SUITE 300
CLEVELAND, OHIO 44124-4069
NOTICE OF ANNUAL MEETING
The Annual Meeting of stockholders of Hyster-Yale Materials Handling, Inc. (the "Company") will be held on Wednesday, May 4, 2016 at 9:00 a.m., at 5875 Landerbrook Drive, Cleveland, Ohio, for the following purposes:

1. To elect ten directors for the ensuing year;
2. To act on an advisory vote to approve the Company's Named Executive Officer compensation;
3. To confirm the appointment of Ernst & Young, LLP, the independent registered public accounting firm of the Company, for the current fiscal year; and
4. To conduct any other business as may properly come before the meeting.

The Board of Directors has fixed the close of business on March 7, 2016 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting and any adjournment thereof. The 2016 Proxy Statement and related form of proxy are being mailed to stockholders commencing on or about March 18, 2016.
Charles A. Bittenbender
Secretary
March 18, 2016
Important Notice Regarding the Availability of Proxy Materials for the
Annual Meeting of Stockholders To Be Held on May 4, 2016
The 2016 Proxy Statement and 2015 Annual Report are available, free of charge, at http://www.hyster-yale.com by clicking on the "2016 Annual Meeting Materials" link and then clicking on either the "2016 Proxy Statement" link or the "2015 Annual Report" link, as appropriate.
If you wish to attend the meeting and vote in person, you may do so.

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The Company's Annual Report for the year ended December 31, 2015 is being mailed to stockholders with the 2016 Proxy Statement. The 2015 Annual Report contains financial and other information about the Company, but is not incorporated into the 2016 Proxy Statement and is not deemed to be a part of the proxy soliciting material.
If you are a holder of record and 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/HY) 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. If your shares are held in street name by your broker, bank or other nominee, please follow the instructions provided by your broker, bank or other nominee.

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5875 LANDERBROOK DRIVE, SUITE 300
CLEVELAND, OHIO 44124-4069
PROXY STATEMENT — MARCH 18, 2016

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Hyster-Yale Materials Handling, Inc., a Delaware corporation, of proxies to be used at the annual meeting of stockholders of the Company to be held on May 4, 2016 (the "Annual Meeting"). The terms the "Company," "Hyster-Yale," "we," "our" and "us" refer to Hyster-Yale Materials Handling, Inc. This Proxy Statement and the related form of proxy are being mailed to stockholders commencing on or about March 18, 2016.

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 as follows:

- for the election of each director nominee;
- for the approval of the Company's Named Executive Officer compensation;
- for the confirmation of the appointment of Ernst & Young, LLP, the independent registered public accounting firm of the Company, for the current fiscal year; 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 of record 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 7, 2016 will be entitled to notice of, and to vote at, the Annual Meeting. On that date, we had 12,435,439 outstanding shares of Class A Common Stock, par value $0.01 per share (the "Class A Common"), entitled to vote at the Annual Meeting and 3,941,712 outstanding shares of Class B Common Stock, par value $0.01 per share (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 ten 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. Class A Common and Class B Common will vote as a single class on all matters anticipated to be 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 of election 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 ("broker non-votes") as "present" for purposes of determining whether a quorum has been achieved at the Annual Meeting.

In accordance with Delaware law, the ten 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 that are brought before the Annual Meeting. As a result, abstentions and broker non-votes in respect of any proposal will not be counted and will have no effect for purposes of determining whether a proposal has received the requisite approval by our stockholders.

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.

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## PART ONE - CORPORATE GOVERNANCE INFORMATION

### Composition of the Board

Directors are elected at each annual meeting to serve for one-year terms and until their respective successors are duly elected and qualified, subject to their earlier death, resignation or removal. During fiscal year 2015, our Board of Directors consisted of eleven directors until the retirement of Michael E. Shannon on May 14, 2015, at which time the Board of Directors was reduced to ten.

### 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 and responsibilities of such committees are as follows:

| Name | Independent | Audit Review | Compensation | Nominating and Corporate Governance | Finance | Executive |
|---|---|---|---|---|---|---|
| J.C. Butler, Jr. | No | | | | X | |
| Carolyn Corvi | Yes | X | X | | Chair | X |
| John P. Jumper | Yes | X | Chair | X | | X |
| Dennis W. LaBarre | Yes | | | Chair | X | X |
| F. Joseph Loughrey | Yes | Chair | | X | | X |
| Alfred M. Rankin, Jr. | No | | | | X | Chair |
| Claiborne R. Rankin | No | | | | X | |
| John M. Stropki | Yes | | X | X | | |
| Britton T. Taplin | Yes | | | | X | |
| Eugene Wong | Yes | X | X | | | |

Our Board of Directors held nine meetings in 2015. During their tenure in 2015, 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.

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 defined in Section 303A of the New York Stock Exchange ("NYSE") listing standards. While our Board of Directors has determined that we could be characterized as a "controlled company," it has elected not to make use at the present time of any of the exceptions to the NYSE listing standards that are available to controlled companies.

In accordance with the rules of the NYSE, our non-management directors are scheduled to meet in executive session, without management, once a year. The Chairman of the Compensation Committee will preside at such meeting. Additional meetings of the non-management directors may be scheduled when the non-management directors believe such meetings are desirable. The determination of the director who should preside at such additional meetings will be made based upon the principal subject matter to be discussed at each such meeting. A meeting of the non-management directors was held on February 10, 2016.

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 who were directors on the date of our 2015 Annual Meeting of Stockholders, with the exception of Mr. Shannon, attended the meeting in person or by electronic means.

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Audit Review Committee
2015 Meetings: 7

| | |
|---|---|
| Members: | The Audit Review Committee has the responsibilities set forth in its charter, including, among others: |
| Carolyn Corvi | the quality and integrity of our financial statements; |
| John P. Jumper | monitor our compliance with legal and regulatory requirements; |
| F. Joseph Loughrey (Chair) | the adequacy of our internal controls; |
| Eugene Wong | our guidelines and policies to monitor and control our major financial risk exposures; |
| Michael E. Shannon* | 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 corporate and employee ethics; and |
| | preparing the Annual Report of the Audit Review Committee to be included in our proxy statement. |
| | No member of the Committee serves on more than three public company audit committees. |
| | All members have been determined to be independent and financially literate under NYSE listing standards and rules of the U.S. Securities and Exchange Commission (the "SEC") as applicable. |
| | The Board has determined that Mr. Loughrey is an "audit committee financial expert" as defined by the SEC and that he has accounting and related financial management expertise as required by NYSE listing standards. |

Nominating and Corporate Governance Committee
2015 Meetings: 2

| | |
|---|---|
| Members: | The Nominating and Corporate Governance Committee (the "NCG Committee") has the responsibilities set forth in its charter, including, among others: |
| John P. Jumper | the review and making of recommendations to our Board of Directors of the criteria for membership on our Board of Directors; |
| Dennis W. LaBarre (Chair) | the review and making of recommendations to our Board of Directors of the optimum number and qualifications of directors believed to be desirable; |
| F. Joseph Loughrey | the establishment and monitoring of a system to receive suggestions for nominees to directorships of the Company; |
| John M. Stropki | the identification and making of recommendations to our Board of Directors of |
| Michael E. Shannon** | |

specific candidates for membership on our Board of Directors;
reviewing our Corporate Governance Guidelines and recommending changes as appropriate;
overseeing evaluations of the Board of Directors' effectiveness;
annually reporting to the Board of Directors its assessment of our Board's performance; and
considering director candidates recommended by our stockholders, see "Procedures for Submission and Consideration of Director Candidates" on page 46.

All members have been determined to be independent under NYSE listing standards.
The NCG Committee may consult with members of the Taplin and Rankin families, including Alfred M. Rankin, Jr., regarding the composition of our Board of Directors.

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Compensation Committee
2015 Meetings: 5

Members:

Carolyn Corvi
John P. Jumper (Chair)
John M. Stropki
Eugene Wong
Michael E. Shannon*

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 responsibilities include:

- the review and approval of corporate goals and objectives relevant to compensation;
- the evaluation of the performance of the Chief Executive Officer, whom we refer to as our CEO, other executive officers and senior managers in light of these goals and objectives;
- the determination and approval of CEO, other executive officer and senior manager compensation levels;
- the establishment of guidelines for administering the Company's compensation policies and programs for all employees;
- 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;
- the periodic review of the compensation of our Board of Directors;
- 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; and
- the discharge of other duties or responsibilities as delegated by the Board of Directors.

All members have been determined to be independent under the NYSE listing standards and the rules of the SEC.

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 below under the heading "Compensation Consultants" on page 15.

Finance Committee

2015 Meetings: 4

| | |
|---|---|
| Members:<br>J.C. Butler, Jr.<br>Carolyn Corvi (Chair)<br>Dennis W. LaBarre<br>Alfred M. Rankin, Jr.<br>Claiborne R. Rankin<br>Britton T. Taplin | The Finance Committee responsibilities include:<br>the review of financing and financial risk management strategies for the Company and its principal operating subsidiary; and<br>making recommendations to the Board on matters concerning finance. |

Executive Committee
2015 Meetings: 0

| | |
|---|---|
| Members:<br>Carolyn Corvi<br>John P. Jumper<br>Dennis W. LaBarre<br>F. Joseph Loughrey<br>Alfred M. Rankin, Jr. (Chair)<br>Michael E. Shannon* | Acts on behalf of the Board of Directors on matters requiring Board action between meetings of the full Board.<br>All members, except Mr. Rankin, are independent. |

* Mr. Shannon served as a member of the Executive Committee, Audit Review Committee and Compensation Committee prior to his retirement, effective May 14, 2015.
** Mr. Shannon served as Chair of the NCG Committee prior to his retirement, effective May 14, 2015.

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## Board Leadership Structure

The Board of Directors believes that it is prudent and in the best interests of stockholders that the CEO and Chairman positions be combined and that such combination has no negative effect on the operation or direction of the Company. Alfred M. Rankin, Jr., the Company's CEO, is the most appropriate person to serve as our Chairman because he possesses in-depth knowledge of the issues, opportunities and challenges facing our business. Because of this knowledge and insight, the Board of Directors believes that Mr. Rankin is in the best position to effectively identify strategic opportunities and priorities and to lead discussions regarding the execution of the Company's strategies and achievement of its objectives. As Chairman, our CEO is able to:

- focus our Board of Directors on the most significant strategic goals and risks of our business;
- utilize the individual qualifications, skills and experience of the other members of the Board of Directors to maximize their contributions to our Board of Directors;
- assess whether each other member of our Board of Directors has sufficient knowledge and understanding of our business to enable them to make informed judgments;
- promote a seamless flow of information to our Board of Directors;
- facilitate the flow of information between our Board of Directors and our management; and
- provide the perspective of a long-term stockholder.

In addition, Colin Wilson is the CEO of our principal operating subsidiary, Hyster-Yale Group, Inc., formerly known as NACCO Materials Handling Group, Inc. ("HYG"), and as such is responsible for the day-to-day operations of the business. This arrangement allows Mr. Rankin to focus almost exclusively on the strategic opportunities and priorities of the overall business.

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.

## Board Oversight of Risk Management

The Board believes that strong and effective controls and risk management processes are essential components needed to achieve long-term stockholder value. The Board, directly and through its Committees, is responsible for overseeing risks that potentially affect the Company. Each Board Committee is responsible for oversight of risk categories related to the Committee's specific function, while our full Board exercises ultimate responsibility for overseeing the risk management as a whole. The respective areas of risk oversight exercised by our Board and its Committees are as follows:

| Board/Committee | Primary Areas of Risk Oversight |
| --- | --- |
| Full Board | Oversees overall Company risk management procedures and regularly receives and evaluates reports and presentations from the Chairs of the Audit Review, Compensation, NCG, and Finance Committees on risk-related matters falling within each respective committee's oversight responsibilities |
| Audit Review Committee | Oversees financial, operational, strategic, and legal risks by regularly reviewing reports and presentations given by management, including our Senior Vice President and General Counsel, Senior Vice President and Chief Financial Officer, and Director, Internal Audit, as well as other operational Company personnel, and evaluates potential related-person transactions<br><br>Regularly reviews our risk management practices and risk-related policies (for example, the Company's Code of Corporate Conduct and legal and regulatory reviews) and evaluates potential risks related to internal control over financial reporting |
| NCG Committee | Oversees potential risks related to our governance practices by, among other things, reviewing succession plans and performance evaluations of the Board and CEO |
| Compensation Committee | |

| | |
|---|---|
| | Oversees potential risks related to the design and administration of our compensation plans, policies and programs, including our performance-based compensation programs, to promote appropriate incentives which do not encourage unnecessary and excessive risk-taking by our executive officers or other employees |
| Finance Committee | Regularly reviews risks related to financing and other risk management strategies, including reviews of our insurance portfolios |

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## Code of Conduct

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, and controller and other persons performing similar functions. Waivers of our Code of Corporate Conduct, if any, for our directors or executive officers may be disclosed on our website, by press release or by filing a Current Report on Form 8-K with 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, Compensation and NCG Committees, are available free of charge on our website at http://www.hyster-yale.com, under the heading "Corporate Governance." The information contained on or accessible through our website is not incorporated by reference into this Proxy Statement and you should not consider such information to be part of this Proxy Statement.

## Review and Approval of Related Party Transactions

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 whether we have or a related person has a direct or indirect material interest in the transaction. 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;
- 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.

## Communication with Directors

Our stockholders and other interested parties may communicate with our Board of Directors as a group, with the non-management directors as a group, or with any individual director by sending written communications to Hyster-Yale Materials Handling, Inc., 5875 Landerbrook Drive, Suite 300, Cleveland, Ohio 44124-4069, Attention: Secretary. Complaints regarding accounting, internal accounting controls or auditing matters will be forwarded directly to the Chairman of the Audit Review Committee. All other communications will be provided to the individual director(s) or group of directors to whom they are addressed. Copies of all communications will be provided to all other directors; provided, however, that any such communications that are considered to be improper for submission to the intended recipients will not be provided to the directors. Examples of communications that would be considered improper for submission include, without limitation, customer complaints, solicitations, communications that do not relate, directly or indirectly, to our or our principal operating subsidiary's business or communications that relate to improper or irrelevant topics.

## 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 consolidated financial statements contained in our Annual Report to Stockholders for the year ended December 31, 2015. 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. 16, "Communications with Audit Committees," as adopted by the Public Company Accounting

Oversight Board.

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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 consolidated financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed with the SEC.

F. JOSEPH LOUGHREY, CHAIR
CAROLYN CORVI
JOHN P. JUMPER
EUGENE WONG

PART TWO - PROPOSALS TO BE VOTED ON AT THE 2016 ANNUAL MEETING

Election of Directors (Proposal 1)

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. The Board of Directors has fixed the total number of directors to be elected at the Annual Meeting at ten. All of the nominees listed below presently serve as our directors and were elected at our 2015 Annual Meeting of Stockholders. If an unexpected occurrence should make it necessary, in the judgment of the proxy holders, to substitute another 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 or her age, all positions held, principal occupation and business experience for the past five years, and the names of other publicly-held companies for which he/she currently serves as a director or has served as a director during the past five years. We have also presented information regarding each nominee's specific experience, qualifications, attributes and skills that led our Board of Directors to the conclusion that he/she should serve as a director. We 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 a member 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 During Last Five Years and other Directorships in Public Companies | Director Since* |
|---|---|---|---|
| J.C. Butler, Jr. | 55 | Senior Vice President - Finance, Treasurer and Chief Administrative Officer of NACCO Industries, Inc. (our former parent company that is an operating holding company with subsidiaries in the mining, small appliance and specialty retail industries) ("NACCO") since October 2012. From prior to 2011 to September 2012, Vice President - Corporate Development and Treasurer of NACCO. From July, 1 2015, President and Chief Executive Officer of The North American Coal Corporation (referred to as NACoal). From July 2014 to June 30, 2015, Senior Vice President - Project Development, Administration and Mississippi Operations of NACoal. From January 2011 to June 2014, Senior Vice President - Project Development and Administration of NACoal. From August 2011 to | 2012 |

September 2012, Treasurer of HYG, our principal operating subsidiary.

With over 20 years of service as a member of management at NACCO while we were its wholly-owned subsidiary, Mr. Butler has extensive knowledge of the operations and strategies of our Company.

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| Name | Age | Principal Occupation and Business Experience During Last Five Years and other Directorships in Public Companies | Director Since* |
|---|---|---|---|
| Carolyn Corvi | 64 | Retired Vice President and General Manager - Airplane Programs of The Boeing Company (an aerospace company). Director of United Continental Holdings, Inc. and Allegheny Technologies, Inc. From June 2011 to July 2012, Director of Goodrich Corporation.<br><br>Ms. Corvi's experience in general management, including her service as vice president and general manager of a major publicly-traded corporation, enables her to make significant contributions to our Board of Directors. Through this past employment experience and her past and current service on the boards of publicly-traded corporations, she offers the Board a comprehensive perspective for developing corporate strategies and managing risks of a major publicly-traded corporation. | 2012 |
| John P. Jumper | 71 | Retired Chief of Staff, United States Air Force. Chairman of the Board of Leidos Holdings, Inc. (an applied technology company) from 2013 to July 2015. From 2013 to July 2014, Chief Executive Officer of Leidos Holdings, Inc. From March 2012 to September 2013, Chairman and Chief Executive Officer of Science Applications International Corporation (a technology integrator providing full life cycle solutions). From prior to 2011, President, John P. Jumper & Associates (aerospace consulting). General Jumper also serves as a Director of NACCO and Leidos Holdings, Inc. From prior to 2011 to September 2013, Director of Science Applications International Corporation. From prior to 2011 until March 2012, Director of Wesco Aircraft Holding, Inc. From prior to 2011 to February 2012, Director of Jacobs Engineering, Inc. From prior to 2011 to 2012, Director of Goodrich Corporation.<br><br>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 make him a significant contributor to our Board. In addition, General Jumper's service on the boards of other publicly-traded corporations, as well as Chairman and Chief Executive Officer of two Fortune 500 companies, allow him to provide valuable insight to our Board on matters of corporate governance and executive compensation policies and practices. | 2012 |
| Dennis W. LaBarre | 73 | Retired Partner of Jones Day (a law firm). From January 2014 to December 2014, Of Counsel at Jones Day. From prior to 2011 to December 2013, Partner at Jones Day. Mr. LaBarre also serves as a Director of NACCO. | 1985 |

| | | | |
|---|---|---|---|
| | | 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 30 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 legal and business issues, which is further enhanced by his extensive knowledge of us as a result of his many years of service on NACCO's board and through his involvement with its committees. | |
| F. Joseph Loughrey | 66 | Retired Vice Chairman, President and Chief Operating Officer, Cummins, Inc., (an engine manufacturing company). Chairperson of Hillenbrand, Inc. and Director of AB SKF and The Vanguard Group.<br><br>Mr. Loughrey's experiences as a president and chief operating officer of a major public company allow him to make significant contributions to our Board. His over 36 years of experience in manufacturing at a global company have provided him with vast management and financial experience as well as important perspectives for running a global business. | 2013 |
| Alfred M. Rankin, Jr. | 74 | Chairman, President and Chief Executive Officer of the Company and Chairman of HYG. Chairman, President and Chief Executive Officer of NACCO. Chairman of the Board of NACCO and each of NACCO's principal subsidiaries: NACoal, Hamilton Beach Brands, Inc. and The Kitchen Collection, LLC from prior to 2011. From prior to 2011 to October 2014, Director of The Vanguard Group. From prior to 2011 to 2012, Director of the Board of Directors of the Federal Reserve Bank of Cleveland and from prior to 2011 to 2012, Chairman of the Board of Directors of the Federal Reserve Bank of Cleveland. From prior to 2011 to 2012, Director of Goodrich Corporation.<br><br>In over 40 years of service to NACCO, our former parent company, as a Director and over 25 years in senior management of NACCO, 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 unique insight resulting from his service on the boards of other publicly-traded corporations, The Vanguard Group 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, the Company and the community surrounding our corporate headquarters. Mr. Rankin is also the grandson of the founder of NACCO and | 1985 |

additionally brings the perspective of a long-term stockholder to our Board.

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| Name | Age | Principal Occupation and Business Experience During Last Five Years and other Directorships in Public Companies | Director Since* |
|---|---|---|---|
| Claiborne R. Rankin | 65 | Manager of NCAF Management, LLC, the managing member of North Coast Angel Fund, LLC (a private firm specializing in venture capital and investments) from prior to 2011. Managing Member of Sycamore Partners, LLC, the manager of NCAF Management II, LLC and managing member of North Coast Angel Fund II, LLC (private firms specializing in venture capital and investments) from prior to 2011. From prior to 2011, Director of HYG.<br><br>Mr. Rankin is the grandson of the founder of NACCO. As a member of the board of HYG for more than 20 years, Mr. Rankin has extensive knowledge of the lift truck industry and the Company. This experience and knowledge, his venture capital experience and the perspective of a long-term stockholder enable him to contribute to our Board of Directors. | 1994 |
| John M. Stropki | 65 | Executive Chairman, Lincoln Electric Holding, Inc. (a welding products company) from December 2012 to December 2013. Mr. Stropki retired in December 2013. From prior to 2011 to December 2012, Chairman, President and Chief Executive Officer of Lincoln Electric Holding, Inc. Also, Director of the Sherwin Williams Company and Rexnord Corporation.<br><br>Mr. Stropki's experience as a president and chief executive officer of a publicly traded corporation allows him to make significant contributions to our Board of Directors. His 40 years of experience at Lincoln Electric have provided him with vast management, manufacturing and leadership skills in an industrial company as well as important perspectives on operating a business in a global market. | 2013 |
| Britton T. Taplin | 59 | Self-employed (personal investments) from prior to 2011. Mr. Taplin also serves as a Director of NACCO.<br><br>Mr. Taplin is the grandson of the founder of NACCO and brings the perspective of a long-term stockholder to our Board of Directors. | 1992 |
| Eugene Wong | 81 | Professor Emeritus of the University of California at Berkeley from prior to 2011. Dr. Wong formerly served as a Director of NACCO from prior to 2011 to September 2012.<br><br>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 | 2005 |

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 an administrative and management perspective of a corporate chief executive officer.

*Includes time served as director of the predecessor to Hyster-Yale Materials Handling, Inc. Such predecessor was merged into the Company in connection with the spin-off of the Company from NACCO, its former parent company, on September 28, 2012.

J.C. Butler, Jr. is the son-in-law of Alfred M. Rankin, Jr. As indicated on the Director Compensation Table shown below, in 2015 Mr. Butler received $176,264 in total compensation from us as a director.

Claiborne R. Rankin is the brother of Alfred M. Rankin, Jr. As indicated on the Director Compensation Table shown below, in 2015 Mr. Claiborne R. Rankin received $171,407 in total compensation from us as a director.

Director Compensation

The following table sets forth all compensation of each director for services as our directors and as directors of certain of our operating subsidiaries, other than Alfred M. Rankin, Jr. In addition to being a director, Mr. A. Rankin serves as Chairman, President and CEO of the Company and Chairman of HYG. Mr. A. Rankin does not receive any compensation for his services as a director. Mr. A. Rankin's compensation for services as one of our Named Executive Officers is shown in the Summary Compensation Table on page 32.

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For Fiscal Year Ended December 31, 2015

| Name | Fees Earned or Paid in Cash ($)(1) | Stock Awards ($)(2) | All Other Compensation ($)(3) | Total ($) |
|---|---|---|---|---|
| J.C. Butler, Jr. | $82,118 | $89,795 | $4,351 | $176,264 |
| Carolyn Corvi | $112,118 | $89,795 | $4,494 | $206,407 |
| John P. Jumper | $110,118 | $89,795 | $285 | $200,198 |
| Dennis W. LaBarre | $111,618 | $89,795 | $4,272 | $205,685 |
| F. Joseph Loughrey | $104,118 | $89,795 | $5,494 | $199,407 |
| Claiborne R. Rankin | $76,118 | $89,795 | $5,494 | $171,407 |
| Michael E. Shannon (4) | $52,534 | $47,752 | $920 | $101,206 |
| John M. Stropki | $17,325 | $156,545 | $5,494 | $179,364 |
| Britton T. Taplin | $76,118 | $89,795 | $5,494 | $171,407 |
| Eugene Wong | $21,325 | $156,545 | $3,337 | $181,207 |

(1) The amounts in this column reflect the annual retainers and other fees earned by our directors for services rendered in 2015. They also include payment for certain fractional shares of Class A Common that were earned and cashed out under the Hyster-Yale Materials Handling, Inc. Non-Employee Directors' Equity Compensation Plan (the "Non-Employee Directors' Plan"), described below.

(2) Under the Non-Employee Directors' Plan, the directors are required to receive a portion of their annual retainer in shares of Class A Common (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 (the "Voluntary Shares"). Amounts in this column reflect the aggregate grant date fair market value of the Mandatory Shares and Voluntary Shares that were granted to directors under the Non-Employee Directors' Plan, determined pursuant to the Financial Accounting Standards Board Accounting Standards Codification Topic 718, which we refer to as FASB ASC Topic 718. See Note (5) of the consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 for more information regarding the accounting treatment of our equity awards.

(3) The amount listed includes: (i) $126 for each director in Company-paid life-insurance premiums for the benefit of the directors; (ii) other Company-paid premiums for accidental death and dismemberment insurance for the directors and their spouses; and (iii) personal excess liability insurance premiums for the directors and immediate family members (other than Messrs. Butler and LaBarre and General Jumper). The amount listed also includes charitable contributions made in our name on behalf of the director and spouse under our matching charitable gift program in the amount of $2,000 for Dr. Wong, $0 for General Jumper and Mr. Shannon, $3,000 for Ms. Corvi and $4,000 for each of the remaining directors.

(4) Mr. Shannon retired from the Company's Board of Directors effective May 14, 2015.

Description of Material Factors Relating to the Director Compensation Table

Each non-employee director is entitled to receive the following annual compensation for service on our Board of Directors and on HYG's Board of Directors:

- a retainer of $150,000 (at least $94,000 of which is required to be paid in the form of shares of Class A Common, as described below);
- attendance fees of $1,000 per day for each meeting attended (including telephonic meetings) of our Board of Directors or HYG's board of directors (limited to $1,000 per day);
- attendance fees of $1,000 for all meetings attended (including telephonic meetings) of a committee of our Board of Directors on which the director served;
- a retainer of $7,000 for each committee of our Board of Directors on which the director served (other than the Executive Committee);
- an additional retainer of $10,000 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 $15,000 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 a private aircraft available to directors for attendance at meetings of our Board of Directors and HYG's Board of Directors.

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Under the Non-Employee Directors' Plan, each director who was not an officer of the Company or one of our subsidiaries receives $94,000 of the $150,000 retainer in whole shares of Class A Common. Any fractional shares are 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 $94,000 retainer that was earned by the director each quarter
divided by
the average closing price of shares of Class A Common on the NYSE 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 or otherwise transferred by the director 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.

These restrictions lapse on the earliest to occur of:

- ten years after the last day of the calendar quarter for which such shares were earned;
- the director's death or permanent disability;
- five years from the date of the director's retirement;
- the date that a director is both retired from our Board of Directors and has reached age 70; or
- at such other time as determined by the Board of Directors in its sole discretion.

In addition, each director may elect 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 their 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.

Each director also receives (i) Company-paid life insurance in the amount of $50,000; (ii) Company-paid accidental death and dismemberment insurance for the director and spouse; (iii) personal excess liability insurance in the amount of $10 million for the director and immediate family members who reside with the director (other than Messrs. Butler and LaBarre and General Jumper) and (iv) up to $4,000 per year in matching charitable contributions.

Director Compensation Program for 2016

The Compensation Committee periodically evaluates and recommends changes to our compensation program for directors. In 2015, the Compensation Committee used The Hay Group consulting firm to evaluate and provide recommendations regarding our director compensation program. Our Board of Directors adopted certain recommendations and made changes effective January 1, 2016.

The revised director compensation program is structured in a similar manner to the 2015 program. However, the retainers paid to each non-employee director for service on our Board of Directors were increased effective January 1, 2016, from $150,000 ($94,000 of which is paid in the form of shares of Class A Common) to $158,000 ($102,000 of which will be paid in the form of shares of Class A Common).

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership of such securities with the SEC and the NYSE. Officers, directors and greater than ten percent beneficial owners are required by applicable regulations to furnish us with copies of all Section 16(a) forms they file.

Based upon the review of the copies of Section 16(a) forms received by us, and upon written representations from reporting persons concerning the necessity of filing a Form 5 Annual Statement of Changes in Beneficial Ownership, we believe that, during 2015, all filing requirements applicable for reporting persons were met, except as follows: Due to an administrative error, Mr. Gregory Breier filed a late Form 4 related to a conversion of certain of his Class B shares to Class A shares.

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## Advisory Vote to Approve the Company's Named Executive Officer Compensation (Proposal 2)

As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act, referred to as the Dodd-Frank Act, and Section 14A of the Exchange Act, we are asking you to cast an advisory (non-binding) vote on the Company's Named Executive Officer compensation.

### Why You Should Approve our Named Executive Officer 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 as a whole and/or the business unit 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 the Company.

We encourage stockholders to read the Executive Compensation section of this Proxy Statement, including the Compensation Discussion and Analysis and compensation tables, for a more detailed discussion of our compensation programs and policies. We believe our compensation programs and policies are appropriate and effective in implementing our compensation philosophy and in achieving our goals, and that they are aligned with stockholder interests.

We believe that stockholders should consider the following in determining whether to approve this proposal.

### Compensation Program is Highly Aligned with Stockholder Value

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.

### Strong Pay-for-Performance Orientation

The short-term and long-term incentive compensation for our employees is substantially performance-based. Performance targets under our short-term incentive compensation plan are measured against our annual operating plan (AOP), while performance targets under our long-term incentive compensation plans are based on a longer term five-year financial forecast.  Although 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. In general, all performance targets are set at a scale that encourages performance improvement without requiring outstanding results that would encourage conduct inconsistent with building long term value. The chosen performance metrics and measurement periods are well-aligned with our business strategy and objectives for long-term value creation for our stockholders.

### Compensation Program Has Appropriate Long-Term Orientation

Our compensation programs and policies have a long-term focus.

The purpose of our long-term incentive compensation plans is to enable senior management employees to accumulate capital through future managerial performance, which the Compensation Committee believes contributes to the future success of our businesses. Our long-term incentive compensation plans generally require long-term commitment on the part of our senior management employees, and cash withdrawals or stock sales are generally not permitted for a number of years. Rather, the awarded amount is effectively invested in the Company for an extended period to strengthen the tie between stockholders' and the Named Executive Officers' long-term interests.

Therefore, stockholders are asked to cast a non-binding, advisory vote to address the following resolution that will be submitted for a stockholder vote at the meeting:

"RESOLVED, that the compensation paid to the Named Executive Officers, as disclosed pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, the compensation tables and narrative discussion, is hereby APPROVED."

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Stockholder Vote. In accordance with our Bylaws, the affirmative vote of the holders of a majority of the voting power of our stock that are present in person or represented by proxy and that is actually voted is required to approve this proposal. You may vote "FOR" or "AGAINST" the resolution or abstain from voting on the resolution. The result of the say-on-pay vote will not be binding on us or the Board. The final decision on the Company's executive compensation and benefits remains with the Board and the Compensation Committee. However, we and the Board value the views of our stockholders. The Board and the Compensation Committee will review the results of the vote and take them into consideration in addressing future compensation policies and decisions.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE PROPOSAL TO APPROVE THE COMPANY'S NAMED EXECUTIVE OFFICER COMPENSATION DISCLOSED PURSUANT TO THE COMPENSATION DISCLOSURE RULES OF THE SEC, INCLUDING THE COMPENSATION DISCUSSION AND ANALYSIS, THE COMPENSATION TABLES AND NARRATIVE DISCUSSION.

Confirmation of Appointment of Ernst & Young, LLP, the Independent Registered Public Accounting Firm of the Company, for the Current Fiscal Year (Proposal 3)

Ernst & Young, LLP has been selected by the Audit Review Committee as the principal independent registered public accounting firm for the current fiscal year for us and certain of our subsidiaries. The appointment of Ernst & Young LLP as our independent registered public accounting firm is not required to be submitted to a vote of our stockholders for confirmation. However, our Board of Directors believes that obtaining stockholder confirmation is a sound governance practice.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE CONFIRMATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF THE COMPANY FOR 2016.

It is expected that representatives of Ernst & Young LLP will attend the Annual Meeting, with the opportunity to make a statement if they so desire, and, if a representative is in attendance, the representative will be available to answer appropriate questions.

If our stockholders fail to vote on an advisory basis in favor of the confirmation of the appointment of Ernst & Young LLP, the Audit Review Committee will take such actions as it deems necessary as a result of such stockholder vote. Even if the appointment of Ernst & Young, LLP is confirmed, the Audit Review Committee may select a different independent registered public accounting firm at any time during the fiscal year 2016 if it determines that such a change would be in the best interests of the Company and its stockholders.

Audit Fees

2015 and 2014 - Ernst & Young LLP billed or will bill us in the aggregate $3.2 and $3.0 million, respectively, for professional services rendered by Ernst & Young LLP in each of 2015 and 2014 for the audit of our annual consolidated financial statements for the fiscal years ended December 31, 2015 and 2014 and the review of the interim consolidated financial statements included in our Quarterly Reports on Form 10-Q filed during the fiscal years ended December 31, 2015 and 2014, as well as for services provided in connection with statutory audits and regulatory filings with the SEC.

Audit-Related Fees

2015 and 2014 - Ernst & Young LLP billed us in the aggregate less than $0.1 million each year for assurance and related services rendered by Ernst & Young LLP in each of 2015 and 2014, primarily related to services for audits of certain employee benefit plans.

Tax Fees

2015 and 2014 - Ernst & Young LLP billed us less than $0.1 million in the aggregate in 2015 for professional tax services rendered. Ernst & Young LLP did not provide services and has not billed us for professional tax services rendered in 2014.

All Other Fees

2015 and 2014 - Ernst & Young LLP did not provide services and has not billed us fees for services provided by Ernst & Young LLP, other than the services reported under "Audit Fees," "Audit-Related Fees" and "Tax Fees" during the fiscal years ended December 31, 2015 and 2014.

Except as set forth above and approved by the Audit Review Committee pursuant to our pre-approval policies and procedures, no assurance or related services, tax compliance, tax advice or tax planning services were performed by the principal independent registered public accounting firm for us during the last two fiscal years.

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Pre-Approval Policies and Procedures

Under our pre-approval policies and procedures, only audit, audit-related services and limited tax services may be performed by our principal independent registered public accounting firm. All audit, audit-related, tax and other accounting services to be performed for us must be pre-approved by our Audit Review Committee. In furtherance of this policy, for 2015, the Audit Review Committee authorized us to engage Ernst & Young LLP for specific audit and audit-related services up to specified fee levels. The Audit Review Committee has delegated to the Chairman of the Audit Review Committee together with one other Audit Review Committee member the authority to approve services other than audit, review or attest services, which approvals are reported to the Audit Review Committee at its next meeting. We provide a summary of approvals and commitments at each general meeting of the Audit Review Committee.

The Audit Review Committee has considered whether the providing of the non-audit services to us by Ernst & Young LLP is compatible with maintaining its independence. In addition, as a result of the recommendation of the Audit Review Committee, we have adopted policies limiting the services provided by our independent registered public accounting firm that are not audit or audit-related services.

PART THREE - EXECUTIVE COMPENSATION INFORMATION

Summary of Our Executive Compensation Program

The material elements of our 2015 compensation objectives and policies as they relate to the Named Executive Officers listed in the Summary Compensation Table on page 32, referred to as the NEOs, are described below. This discussion and analysis should be read in conjunction with all accompanying tables, footnotes and text in the Proxy Statement.

Our executive compensation program strongly ties the compensation of our NEOs to our short-term and long-term business objectives and to stockholder interests. Key elements of compensation include base salary, annual incentive compensation, long-term incentive compensation and defined contribution retirement benefits.

At our 2013 annual meeting of stockholders, the Company received strong support for our compensation program with 99% of the votes cast approving our advisory vote on named executive officer compensation. The Compensation Committee believes that this overwhelming support reinforces the philosophy and objectives of our executive compensation program.

We pay for performance. We align our executive compensation with corporate performance on both a short-term and long-term basis. In 2015, 80% of Mr. A. Rankin's 2015 target compensation and, as a group, approximately 60% of the other NEOs' target compensation was incentive-based and "at risk" based on Company performance.

In addition, the long-term awards for the U.S. NEOs are paid in the form of restricted shares of Class A Common which, as described in more detail beginning on page 24, are generally subject to transfer restrictions for a period of 10 years. The value of these restricted stock awards continues to be at risk based on future Company performance and continues to align the interests of these NEOs with those of our stockholders.

Other key features of our executive compensation program include:

| What We Do | What We Do Not Do |
|---|---|
| Equity compensation awards generally must be held for 10 years - Equity awards cannot be pledged, hedged or transferred during this time. | We do not provide our U.S. NEOs with employment or individual change in control agreements. |
| We provide limited change in control protections under our incentive and nonqualified deferred compensation plans that (i) accelerate the time of payment of previously vested incentive benefits and non-qualified retirement benefits and (ii) provide for pro-rata target incentive payments for the year of the change in control. | We do not provide any tax gross-ups except for certain relocation expenses and under one non-qualified retirement plan that was frozen in 2007. |
| We provide a modest level of perquisites, the majority of which are paid in cash, that are determined based on market reasonableness. | We do not provide our NEOs with any minimum or guaranteed bonuses. |
| We use an independent compensation consultant. | |

We set our target compensation at the 50th percentile of our chosen benchmark and deliver compensation above or below this level based on performance.

We do not take into account our long-term awards when determining our defined contribution retirement benefits. We do not have any active defined benefit plans and only gave our NEOs credit for time worked under our frozen pension plans.

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## Compensation Discussion and Analysis

### Executive Compensation Governance

The Compensation Committee establishes and oversees the administration of the policies, programs and procedures for compensating our NEOs. The members of the Compensation Committee consist solely of independent directors. The Compensation Committee's responsibilities are listed on page 4.

### Compensation Committee Interlocks and Insider Participation

None of our executive officers serve or have served on the compensation committee of any entity that has one or more of its executive officers serving as a member of our Compensation Committee.

### Named Executive Officers for 2015

The NEOs for 2015 are listed in the table below:

| Name (1) | Titles |
|---|---|
| Alfred M. Rankin, Jr. | Chairman, President and CEO – Hyster-Yale<br>Chairman – HYG |
| Kenneth C. Schilling | Senior Vice President and Chief Financial Officer – Hyster-Yale<br>Senior Vice President and Chief Financial Officer – HYG |
| Colin Wilson | President and CEO, HYG – Hyster-Yale<br>President and CEO – HYG |
| Charles F. Pascarelli (2) | Senior Vice President, President, Americas - HYG |
| Rajiv K. Prasad | Senior Vice President, Global Product Development, Manufacturing and Supply Chain Strategy<br>– HYG |
| Ralf A. Mock (3) | Former Senior Vice President, Managing Director, Europe, Middle East and Africa (EMEA) - HY-UK |

(1) The NEOs for 2015 are (or were) employed by the Company's U.S. operating subsidiary, HYG, except for Mr. Mock who was employed by Hyster-Yale UK Limited (f/k/a NACCO Materials Handling Limited) ("HY-UK"), a wholly-owned, indirect U.K. subsidiary of the Company.

(2) Mr. Pascarelli, who formerly served as President of Sales & Marketing, Americas of HYG, became Senior Vice President, President, Americas of HYG effective January 1, 2015.

(3) Mr. Mock's employment with HY-UK terminated effective April 15, 2015 pursuant to the terms of a separation agreement entered into with HY-UK (the "Separation Agreement"), as further described in "Potential Payments Upon Termination/Change in Control" beginning on page 35.

### Compensation Consultants

The Compensation Committee receives assistance and advice from The Hay Group, an internationally-recognized compensation consulting firm. The Hay Group is engaged by and reports to the Compensation Committee and also provides advice and discusses compensation issues directly with management. Effective December 1, 2015, The Hay Group was acquired by Korn Ferry, a publicly-traded global people and organizational advisory firm.

Korn Ferry Hay Group (the "Hay Group") makes recommendations regarding substantially all aspects of compensation for our directors and senior management employees, including the NEOs. For 2015, the Hay Group was engaged to make recommendations regarding:

- Director compensation levels;
- Hay point levels, salary midpoints and incentive targets for all new senior management positions and/or changes to current senior management positions;
- 2015 salary midpoints, incentive compensation targets (calculated as a percentage of salary midpoint) and target total compensation for all senior management positions; and
- 2015 salary midpoints and/or range movement for all other employee positions.

All Hay point recommendations are determined 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. A representative of the Hay Group attended one of the Compensation Committee meetings in 2015 and, during that meeting, consulted with the Compensation Committee in executive session without management present.

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The Hay Group also provided limited talent management services (e.g., candidate assessments, executive coaching) to the Company in 2015. However, the Compensation Committee has considered and assessed all relevant factors, including but not limited to those set forth in Rule 10C-1(b)(4)(i) through (vi) of the Exchange Act, that could give rise to a potential conflict of interest with respect to the Hay Group. Based on this review, we are not aware of any conflict of interest that has been raised by the work performed by the Hay Group.

Hay Group's All Industrial Survey - Salary Midpoint

As a starting point for setting target total compensation, the Compensation Committee directed the Hay Group to use the Hay Group's proprietary survey of a broad group of domestic industrial organizations ranging in size from under $150 million to over $5 billion in annual revenues (the "All Industrial survey"). For 2015, participants in the All Industrial survey included 338 parent organizations and 440 independent operating units, which satisfied the Hay Group's quality assurance controls and represented almost all segments of industry, including manufacturing.

The Compensation Committee chose this particular survey as its benchmark for the following reasons:

- It provides relevant information regarding the compensation paid to employees, including senior management employees, with similar skill sets used in our industry and represents the talent pool from which we recruit.
- 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.
- It provides a competitive framework for recruiting employees from outside of our industry.

Using its proprietary Hay point methodology, the Hay Group compares positions of similar scope and complexity with the data contained in the All Industrial survey. The Hay Group then derives a median salary level for each Hay point level targeted at the 50$^{th}$ percentile of the All Industrial survey (the "salary midpoint"). The Compensation Committee sets the salary midpoint for each of the NEOs (other than Mr. A. Rankin - refer to note (3) of the target total compensation table on page 17) at 100% of the salary midpoint recommended by the Hay Group. The Compensation Committee believes that the use of salary midpoints ensures that our compensation program provides sufficient compensation to attract and retain talented executives and maintain internal pay equity, without overcompensating our employees. Because salary midpoints are based on each Hay point level, all of the employees at a particular Hay point level generally have the same salary midpoint, with some geographic differences. The salary midpoint provided by the Hay Group is then used to calculate the total target compensation of all senior management employees, including the NEOs.

Compensation Policies, Objectives and Methodology - Total Target Compensation

The guiding principle of our compensation program is the maintenance of a strong link between an employee's compensation, individual performance and the performance of the Company or the subsidiary or business unit for which the employee has responsibility. The primary objectives of our compensation program are to:

- attract, retain and motivate talented management;
- reward management with competitive total compensation for achievement of specific corporate and individual goals;
- make management long-term stakeholders in the Company;
- ensure that management's interests are closely aligned with those of our Company's stockholders; and
- maintain consistency in compensation among all of the Company's direct and indirect subsidiaries.

The Compensation Committee establishes comprehensively defined "target total compensation" for each senior management employee following rigorous evaluation standards to ensure internal equity. In this process, the Compensation Committee reviews "tally sheets" for the NEOs and other senior management employees that list each employee's title, Hay points and the following information for the current year, as well as that being proposed for the subsequent year:

- salary midpoint, as determined by the Hay Group from the All Industrial survey;
- for U.S. employees, cash in lieu of perquisites (if applicable);
- short-term incentive target dollar amount (determined by multiplying salary midpoint by a specified percentage of that midpoint, as determined by the Compensation Committee, with advice from the Hay Group, for each salary grade);
- long-term incentive target dollar amount (determined in the same manner as the short-term incentive target);
- target total compensation which is the sum of the foregoing amounts; and

base salary.

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In November 2014, the Compensation Committee reviewed the tally sheets for each of our NEOs to decide whether it should make changes to the 2015 compensation program. The Compensation Committee determined that the overall program continued to be consistent with our compensation objectives and did not make any material changes for 2015.

The design of our compensation program provides employees with the opportunity to earn superior compensation for outstanding results. Base salaries are set at levels appropriate to allow our incentive plans to serve as significant motivating factors. Because our program provides significantly reduced compensation for results that do not meet or exceed the established performance targets for the year, it encourages NEOs to earn incentive pay greater than 100% of target over time by delivering outstanding managerial performance.

The Compensation Committee views the various components of compensation as related but distinct. For example, the Compensation Committee uses the information provided from the All Industrial survey to determine the salary midpoint. It then generally sets actual base salaries between 80% and 120% of that salary midpoint (up to 130% for Mr. A. Rankin). The Compensation Committee also obtains the total target incentive compensation amounts from the All Industrial survey but determines the mix of short-term and long-term incentives in its discretion, based on its decision regarding how best to motivate our employees.

The following table sets forth target total compensation for the NEOs, as recommended by the Hay Group and approved by the Compensation Committee for 2015:

| Named Executive Officer | (A) Salary Midpoint ($)(%) | | (B) Cash in Lieu of Perquisites ($)(%)(1) | | (C) Short-Term Plan Target ($)(%) | | (D) Long-Term Plan Target ($)(%) | | (A)+(B)+(C)+(D) Target Total Compensation ($) |
|---|---|---|---|---|---|---|---|---|---|
| Alfred M. Rankin, Jr. (3) | $742,650 | 19% | $33,750 | 1% | $742,650 | 19% | $2,434,035 | 61%(2) | $3,953,085 |
| Kenneth C. Schilling | $379,000 | 43% | $20,000 | 2% | $189,500 | 21% | $305,095 | 34%(2) | $893,595 |
| Colin Wilson | $728,500 | 28% | $40,000 | 2% | $582,800 | 22% | $1,256,663 | 48%(2) | $2,607,963 |
| Charles F. Pascarelli | $444,600 | 38% | $20,000 | 2% | $244,530 | 21% | $460,161 | 39%(2) | $1,169,291 |
| Rajiv K. Prasad | $444,600 | 38% | $20,000 | 2% | $244,530 | 21% | $460,161 | 39%(2) | $1,169,291 |
| Ralf A. Mock (4) | $425,659 | 46% | N/A | N/A | $212,830 | 23% | $281,750 | 31% | $920,239 |

(1) In addition to providing 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 applicable dollar amounts provided to the NEOs in 2015 were approved by the Compensation Committee based on an updated analysis performed by the Hay Group in 2014 and will remain in effect through 2017. Based on this analysis, the Compensation Committee set a defined perquisite allowance for each senior management employee, based on Hay point levels. These amounts are paid in cash ratably throughout the year. This approach satisfies our objective of providing competitive total compensation to our NEOs while recognizing that perquisites are largely just another form of compensation. Non-U.S. executives do not receive a cash allowance in lieu of perquisites. Rather, as is customary in the locations of our non-U.S. executives, certain non-U.S. executives receive a car allowance. Mr. Mock's car allowance for 2015 was $20,411.

(2) 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 awards issued under the Hyster-Yale Materials Handling, Inc. Long-Term Equity Incentive Plan (the "Equity Long-Term Plan"). See "Long-Term Incentive Compensation" beginning on page 24.

(3) In addition to serving as Chairman, President and CEO of the Company, Mr. A. Rankin also served in 2015 as the Chairman, President and CEO of NACCO, our former parent company. The Company was spun-off from NACCO in September 2012 (the "Spin-Off"). From September 2012 through December 2014, the Compensation Committee benchmarked Mr. A. Rankin's compensation against that of the Hay-recommended aggregate compensation targets

for a hypothetical CEO of a "composite NACCO/Hyster-Yale" company. The Compensation Committee determined that the post-Spin-Off transition period should end on December 31, 2014. As a result, the Compensation Committee directed the Hay Group to use the 50th percentile of the Hay All Industrial survey to reevaluate the position of a stand-alone Chairman, President and CEO of the Company effective January 1, 2015. While the Compensation Committee agreed that the Hay-recommended amounts were appropriate for the position of a stand-alone Chairman, President and CEO of the Company, it decided that it was also appropriate to reduce these amounts to reflect the fact that Mr. A. Rankin would continue to provide services to both the Company and NACCO in 2015. After considering several alternative reduction methods, in order to provide for compensation reflective of the value of Mr. A. Rankin's services to us, the Compensation Committee decided to apply a 25% reduction factor to the Hay-recommended salary midpoint for 2015. As a result, the Compensation Committee set Mr. A. Rankin's target total compensation for 2015 as follows:

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| 2015 Mr. A. Rankin Target Compensation | (A) Salary Midpoint | (B) Cash in Lieu of Perquisites | (C) Short-Term Plan Target (100%) | (D) Equity Long-Term Plan Target (285%) + 15% increase | (A) + (B) + (C) + (D) Target Total Compensation |
|---|---|---|---|---|---|
| Hay-Recommended Amounts | $990,200 | $45,000 | $990,200 | $3,245,381 | $5,270,781 |
| Adjusted Amounts Determined by Compensation Committee (25% reduction - as reflected on table above) | $742,650 | $33,750 | $742,650 | $2,434,035 | $3,953,085 |

(4) Mr. Mock's employment with HY-UK terminated effective April 15, 2015. His annualized salary midpoint, NACCO Materials Handling Group, Inc. Annual Incentive Compensation Plan (the "Short-Term Plan") and NACCO Materials Handling Group, Inc. Long-Term Plan (the "Cash Long-Term Plan") target amounts are shown above. Throughout this Proxy Statement, Mr. Mock's compensation for 2015 has been converted from British pounds to U.S. dollars using a conversion rate of 1.5317 U.S. dollars to 1 British pound, which is the average of the daily closing rates during 2015 as published by Thomson Reuters. The conversion was not required for Mr. Mock's Cash Long-Term Plan target amount, however, since that target amount is calculated in U.S. dollars.

Target total compensation is supplemented by health and welfare benefits and retirement benefits, which consist of both (i) qualified defined contribution plans and (ii) U.S. nonqualified deferred compensation arrangements (the "Excess Plans"). In addition, the Compensation Committee may award discretionary cash and equity bonuses to employees, including the NEOs, although it rarely does so and did not do so for the NEOs in 2015.

Base Salary

The Compensation Committee fixes an annual base salary intended to be competitive in the marketplace to recruit and retain talented 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.

For 2015, the Compensation Committee determined the base salary for the NEOs by taking into account their individual performance for 2014 and the relationship of their 2014 base salary to the new 2015 salary midpoint for their Hay point level. The Compensation Committee also took into account 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 accomplishments or corporate events that occurred during 2014.

The potential for larger salary increases exists for employees 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 employees with higher base salaries relative to their salary midpoint and/or who have performed less effectively during the performance period.

The following table sets forth the salary information for each NEO for 2015:

| Named Executive Officer | Salary Midpoint Determined by the Hay Group ($) | Base Salary For 2015 and as a Percentage of Salary Midpoint ($)(%) | | Change Compared to 2014 Base Salary (%) |
|---|---|---|---|---|
| Alfred M. Rankin, Jr. (1) | $742,650 | $811,150 | 109% | 3.5% |
| Kenneth C. Schilling | $379,000 | $360,282 | 95% | 5.0% |
| Colin Wilson | $728,500 | $600,000 | 82% | 7.1% |
| Charles F. Pascarelli (2) | $444,600 | $420,030 | 94% | 12.5% |
| Rajiv K. Prasad | $444,600 | $422,226 | 95% | 9.6% |

| | | | | |
|---|---|---|---|---|
| Ralf A. Mock (3) | $425,659 | $130,320 | N/A | N/A |

(1) The Compensation Committee reduced Mr. A. Rankin's salary midpoint by 25% from the Hay-recommended amount for a stand-alone CEO of the Company in 2015.

(2) Mr. Pascarelli's salary midpoint and base salary were increased effective January 1, 2015 when he became Senior Vice President, President, Americas of HYG.

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(3) Mr. Mock's employment with HY-UK terminated effective April 15, 2015. The base salary shown above and in the Summary Compensation Table is the amount actually received by Mr. Mock during the first 3-1/2 months of 2015.

Incentive Compensation

One of the principles of our compensation program is that senior management employees, including the NEOs, are compensated based on the performance of the business unit for which they are responsible. As a result, for 2015:

- the incentive compensation of Messrs. A. Rankin, Schilling, Wilson and Prasad were based on the performance of the Company as a whole;
- Mr. Pascarelli's 2015 incentive compensation was based on the performance of the Company's Americas division; and
- Mr. Mock's incentive compensation was based on the performance of the Company's EMEA division.

In 2015, (i) all of the NEOs participated in the Short-Term Plan, (ii) Messrs. A. Rankin, Schilling, Wilson, Pascarelli and Prasad participated in the Equity Long-Term Plan, and (iii) Mr. Mock participated in the Cash Long-Term Plan.

Overview. Our incentive compensation plans are designed to align the compensation interests of the senior management employees with our short-term and long-term interests. A significant portion of the NEOs' compensation is linked directly to the attainment of specific financial and operating targets. The Compensation Committee believes that a material percentage of the NEOs' compensation should be contingent on the performance of the Company and/or the business unit for which they are responsible. As illustrated on the target total compensation table on page 17, 80% of Mr. A. Rankin's 2015 target compensation was variable or "at risk" and tied to Company performance and, as a group, approximately 60% of the other NEOs' target compensation was tied to Company performance. For 2015, the sum of each of the NEO's incentive compensation targets exceeded the sum of his fixed payments (base salary plus perquisite allowance).

The performance criteria and target performance levels for the incentive plans are established annually by the Compensation Committee and are based upon management's recommendations as to our performance objectives for the year. Three 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 the 2015 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 2015 annual operating plan. 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. Certain operating profit percent targets are examples of targets that are based on long-term goals (see "Long-Term Incentive Compensation" beginning on page 24).
- Operating Profit Percent Over-Ride. The Compensation Committee approved an operating profit percent over-ride feature to each of the Incentive Plans (as defined below) for 2015. This feature provides for a reduction in payouts under the plans from the amounts otherwise determined under the pre-established performance targets unless a separate operating profit percent target is achieved, thus providing participants with additional motivation to deliver outstanding performance.

Each NEO is eligible to receive a short-term incentive award and a long-term incentive award based on a target incentive amount that is equal to a percentage of salary midpoint. However, the final payout may be higher or lower than the targeted amount.

Design of Incentive Program: Use of ROTCE to Determine Maximum Awards and Underlying Performance Metrics. Internal Revenue Code ("Code") Section 162(m), provides that we may not deduct compensation of more than $1 million that is paid to the NEOs (other than Mr. Schilling) unless that compensation is "qualified performance-based compensation." Among other requirements, 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. Stockholder approval was previously obtained for the following incentive compensation plans that provide benefits to the NEOs, which we collectively refer to as the Incentive Plans:

- The Short-Term Plan;
- The Equity Long-Term Plan; and

• The Cash Long-Term Plan.

Mr. Mock was the only non-U.S. NEO, and therefore the only NEO who participated in the Cash Long-Term Plan, during 2015. Messrs. Wilson, Mock and Prasad were participants in the Cash Long-Term Plan in prior years and have

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outstanding awards under the Cash Long-Term Plan. Refer to note (8) of the "Nonqualified Deferred Compensation" table on page 38 and "Description of Nonqualified Deferred Compensation Plans" on page 38 for additional information regarding the Cash Long-Term Plan.

For 2015, the Compensation Committee adopted pre-established, objective Return on Total Capital Employed ("ROTCE") performance targets under each of the Incentive Plans that were designed to meet the requirements of qualified performance-based compensation under Code Section 162(m) and preserve full income tax deductibility for the 2015 performance period. For each Incentive Plan, we established a formula for calculating awards that is based on a comparison of the Company's actual performance against these pre-established ROTCE targets. The Compensation Committee believes that use of ROTCE performance objectives align the executives' interests with those of our stockholders.

A threshold ROTCE target of 1% must be met in order for any payment to be made under a particular Incentive Plan. Once the threshold target is met, each Incentive Plan permits award payouts based on actual ROTCE results, with 100% of each participant's target award payable at 2% ROTCE and the maximum permitted award for each participant (defined as a percentage of the participant's target award) payable at 8% ROTCE. For 2015, the Company's final ROTCE results were above the maximum performance target of 8% ROTCE, permitting award payouts of up to 150% of each participant's target award under the Short-Term Plan and Cash Long-Term Plan and 200% of each participant's target award under the Equity Long-Term Plan, while still preserving full income tax deductibility under Code Section 162(m).

In order to determine the final incentive compensation payments for each participant under the Incentive Plans, the Compensation Committee compared actual results against certain underlying financial and operating performance measures and exercised "negative discretion," as permitted under Code Section 162(m). These underlying financial and operating performance measures are listed in the incentive compensation tables beginning on page 23 and reflect the achievement of specified business goals for 2015. See "Deductibility of Executive Compensation" on page 30 for additional information about our philosophy on structuring our incentive compensation plans for tax purposes.

In 2015, ROTCE targets were also used to determine final payouts for participants under the Short-Term Plan based on the pre-established formula (see "Short-Term Incentive Compensation" beginning on page 22). 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. 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.

Consolidated ROTCE is calculated from the 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.

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The same ROTCE targets were used under all three Incentive Plans for 2015. The following table contains the calculation of the Company's consolidated ROTCE for purposes of determining the threshold, target and maximum awards under the Incentive Plans for 2015:

| | | |
|---|---|---|
| 2015 Net income | $74.7 | |
| Plus: 2015 Interest expense, net | 3.2 | |
| Less: Income taxes on 2015 interest expense, net at 38% | (1.2 | ) |
| Earnings Before Interest After-Tax | $76.7 | |
| 2015 Average stockholders' equity (12/31/2014 and each of 2015's quarter ends) | $449.7 | |
| 2015 Average debt (12/31/2014 and each of 2015's quarter ends) | 44.1 | |
| Less: 2015 Average cash (12/31/2014 and each of 2015's quarter ends) | (114.3 | ) |
| Total Capital Employed | $379.5 | |
| ROTCE (Before Adjustments) | 20.2 | % |
| Plus: Adjustments to Earnings Before Interest After-Tax | $24.3 | |
| Plus: Adjustments to Total Capital Employed | $9.2 | |
| Adjusted Consolidated ROTCE | 26.0 | % |

Adjustments to the ROTCE calculation under the Incentive Plans are non-recurring or special items that are established by the Compensation Committee at the time the ROTCE targets are set. During 2015, the anticipated and actual results of Nuvera Fuel Cells, LLC ("Nuvera") were excluded from the ROTCE target and Adjusted Consolidated ROTCE. In addition, for 2015, the ROTCE adjustments generally related to the after-tax impact of the following costs or expenses only if they were in excess of the amounts included in the 2015 annual operating plan:

- non-cash pension settlement accounting charges;
- valuation allowances provided against deferred tax assets;
- environmental expenses;
- restructuring expenses; and
- expenses related to tax law changes.

The Compensation Committee determined that these items were incurred in connection with improving our operations and, as a result, these items should not adversely affect incentive compensation payments, as the actions or events were beneficial to us or were generally not within the employees' control.

Calculation and Payment Overview. Awards under the Incentive Plans are determined as follows:

- Target awards for each executive are equal to a specified percentage of the executive's 2015 salary midpoint, based on the number of Hay points assigned to the position and the appropriate level of short-term and long-term incentive compensation targets recommended by the Hay Group and adopted by the Compensation Committee at that level. The Compensation Committee then increases the target amounts under the Equity Long-Term Plan by 15% to account for the immediately taxable nature of the awards.
- The plans have a one-year performance period.
- Final awards are determined after year-end by comparing actual performance to the pre-established performance targets that were set by the Compensation Committee.
- The Compensation Committee, in its discretion, may decrease or eliminate awards.
- For participants other than the NEOs, the Compensation Committee, in its discretion, may also increase awards and may approve the payment of awards where performance would otherwise not meet the minimum criteria set for payment of awards, although it rarely does so.
- Short-Term Plan awards are paid annually in cash. Equity Long-Term Plan awards are paid annually in a combination of cash and restricted shares of Class A Common. Cash Long-Term Plan awards are paid in cash on the third anniversary of the grant date of the award.
- All awards are immediately vested when granted.
- Refer to " Employment and Severance Agreements" on page 29 for a description of the impact of a change in control on Incentive Plan awards.

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Incentive Compensation Tables. When reviewing the incentive compensation tables beginning below, the following factors should be considered:

- Selection of Performance Factors and Targets. The Compensation Committee considered the factors described under "Incentive Compensation - Overview" beginning on page 19 and adopted performance criteria and target performance levels to determine the 2015 incentive compensation awards. In calculating the various performance targets and results, adjustments were made for various items incurred in connection with improving our operations, similar to the adjustments listed for the ROTCE calculation above.
- Achievement Percentages. The achievement percentages are based on the formulas contained in performance guidelines adopted by the Compensation Committee. The formulas do not provide for straight-line interpolation from the performance target to the maximum payment target.
- Market Share Performance Factors. These tables do not disclose our market share targets or results due to the competitively sensitive nature of that information. The market share targets under the Short-Term Plan were based on our expected 2015 annual operating plan results, while the market share targets under the Equity Long-Term Plan were based on a combination of the Company's current market position and long-term strategic objectives. The Compensation Committee believed that, with strong management performance, it was reasonably possible for the Company to meet all market share targets in 2015.
- Operating Profit Percent Over-Ride. The Compensation Committee approved the addition of an operating profit percent over-ride feature to each of the Incentive Plans for 2015. This feature provides for a reduction in payouts under the plans from the amounts otherwise determined under the pre-established performance targets unless a separate operating profit percent target of 4.0% is achieved, thus providing participants with additional motivation to deliver outstanding performance.
- Nuvera Integration and Project Development Goals. For 2015, the Short-Term Plan awards for certain of the U.S. NEOs were based in part on performance criteria pertaining to the integration of Nuvera following its acquisition by HYG in December 2014. The integration and project development goals are highly specific, task-oriented goals. Among other things, they identify specific future projects, customers and contracts. The Compensation Committee believed that, with strong management performance, it was reasonably possible for the Company to meet all Nuvera integration and project development targets in 2015.

Short-Term Incentive Compensation

For 2015, the Short-Term Plan was designed to provide target short-term incentive compensation to the NEOs of between 50% and 100% of salary midpoint, depending on the NEO's position. The table below shows the short-term target awards approved by the Compensation Committee under the Short-Term Plan for each NEO for 2015:

| Named Executive Officer | (A) 2015 Salary Midpoint ($) | (B) Short-Term Plan Target as a % of Salary Midpoint (%) | (C) = (A) x (B) Short-Term Plan Target ($) | (D) 2015 Short-Term Plan Payout (%) (1) | (E) = (C) x (D) Short-Term Plan Payout ($) | (F) = (E)/(A) Short-Term Plan Payout as a % of Salary Midpoint |
|---|---|---|---|---|---|---|
| Alfred M. Rankin, Jr. | $742,650 | 100.0% | $742,650 | 70.2% | $520,969 | 70.2% |
| Kenneth C. Schilling | $379,000 | 50.0% | $189,500 | 71.1% | $134,735 | 35.6% |
| Colin Wilson | $728,500 | 80.0% | $582,800 | 70.2% | $408,834 | 56.1% |
| Charles F. Pascarelli (2) | $444,600 | 55.0% | $244,530 | 76.6% | $187,310 | 42.1% |
| Rajiv K. Prasad | $444,600 | 55.0% | $244,530 | 66.4% | $162,246 | 36.5% |
| Ralf A. Mock (3) | | | | | | |