NMHG HOLDING CO
Form 10-Q
August 06, 2004

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended **June 30, 2004**

OR

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

For the transition period from __________ to __________

Commission file number **333-89248**

NMHG Holding Co.

(Exact name of registrant as specified in its charter)

DELAWARE	**31-1637659**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
650 N.E. HOLLADAY STREET; SUITE 1600; PORTLAND, OR	**97232**
(Address of principal executive offices)	(Zip code)

(503) 721-6000

(Registrant s telephone number, including area code)

N/A

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

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

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

YES x NO o

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

YES o NO x

At July 31, 2004, 100 common shares were outstanding.

NMHG HOLDING CO.

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Part I
FINANCIAL INFORMATION
Item 1. Financial Statements

NMHG HOLDING CO. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	JUNE 30 2004	DECEMBER 31 2003
	(In millions, except share data)	
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 41.9**	$ 61.3
Accounts receivable, net	**222.0**	236.2
Tax advances, NACCO Industries, Inc.	**18.3**	24.5
Inventories	**278.0**	247.7
Deferred income taxes	**21.8**	20.4
Prepaid expenses and other	**26.3**	17.6
Total Current Assets	**608.3**	607.7
Property, Plant and Equipment, Net	**237.4**	242.9
Goodwill	**349.5**	351.3
Other Non-current Assets	**74.0**	73.1
Total Assets	**$1,269.2**	$ 1,275.0
LIABILITIES AND STOCKHOLDER S EQUITY		
Current Liabilities		
Accounts payable	**$ 235.6**	$ 208.0
Accounts payable, affiliate	**20.1**	23.0
Revolving credit agreements	**11.6**	17.1
Current maturities of long-term debt	**9.4**	20.5
Accrued payroll	**20.4**	26.3
Accrued warranty obligations	**26.9**	25.7
Other current liabilities	**106.7**	112.5
Total Current Liabilities	**430.7**	433.1
Long-term Debt	**271.9**	270.1
Other Non-current Liabilities	**144.4**	146.5
Minority Interest	**0.1**	0.5
Stockholder s Equity		

Common stock, par value $1 per share, 100 shares authorized; 100 shares outstanding		
Capital in excess of par value	**198.2**	198.2
Retained earnings	**241.2**	238.2
Accumulated other comprehensive income (loss):		
Foreign currency translation adjustment	**21.1**	25.5
Minimum pension liability adjustment	**(38.4)**	(38.4)
Deferred gain on cash flow hedging		1.3
	422.1	424.8
Total Liabilities and Stockholder s Equity	**$1,269.2**	$ 1,275.0

See notes to unaudited condensed consolidated financial statements.

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NMHG HOLDING CO. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2004	**2003**	**2004**	**2003**
	(In millions)			
Revenues	**$495.7**	$428.4	**$966.5**	$847.4
Cost of sales	**422.7**	352.9	**819.3**	697.1
Gross Profit	**73.0**	75.5	**147.2**	150.3
Selling, general and administrative expenses	**65.8**	59.9	**131.7**	122.0
Operating Profit	**7.2**	15.6	**15.5**	28.3
Other income (expense)				
Interest expense	**(8.7)**	(8.7)	**(17.2)**	(17.3)
Loss on interest rate swap agreements		(0.3)	**(0.1)**	(0.7)
Income from other unconsolidated affiliates	**1.8**	1.0	**2.6**	1.7
Other - net	**(0.1)**	0.7	**(0.3)**	0.9
	(7.0)	(7.3)	**(15.0)**	(15.4)
Income Before Income Taxes and Minority Interest	**0.2**	8.3	**0.5**	12.9
Income tax provision (benefit)	**(2.2)**	2.8	**(2.1)**	4.4
Income Before Minority Interest	**2.4**	5.5	**2.6**	8.5
Minority interest income	**0.1**	0.2	**0.4**	0.5
Net Income	**$ 2.5**	$ 5.7	**$ 3.0**	$ 9.0
Comprehensive Income (Loss)	**$ (3.3)**	$ 20.4	**$ (2.7)**	$ 25.3

See notes to unaudited condensed consolidated financial statements.

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NMHG HOLDING CO. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	SIX MONTHS ENDED JUNE 30	
	2004	**2003**
	(In millions)	
Operating Activities		
Net income	**$ 3.0**	$ 9.0
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization	**21.3**	22.3
Deferred income taxes	**(2.3)**	2.4
Minority interest income	**(0.4)**	(0.5)
Other non-cash items	**6.5**	(1.9)
Working capital changes		
Affiliate receivable/ payable	**6.2**	(4.5)
Accounts receivable	**3.6**	(14.8)
Inventories	**(38.0)**	(18.2)
Other current assets	**(7.4)**	(4.7)
Accounts payable and other liabilities	**19.4**	7.5
Net cash provided by (used for) operating activities	**11.9**	(3.4)
Investing Activities		
Expenditures for property, plant and equipment	**(18.2)**	(9.6)
Proceeds from the sale of assets	**4.8**	12.8
Net cash provided by (used for) investing activities	**(13.4)**	3.2
Financing Activities		
Additions to long-term debt and revolving credit agreements	**30.6**	15.6
Reductions of long-term debt and revolving credit agreements	**(44.3)**	(38.7)
Cash dividends paid		(2.5)
Financing fees paid	**(0.6)**	(0.1)
Net cash used for financing activities	**(14.3)**	(25.7)
Effect of exchange rate changes on cash	**(3.6)**	(0.3)
Cash and Cash Equivalents		
Decrease for the period	**(19.4)**	(26.2)
Balance at the beginning of the period	**61.3**	54.9

Balance at the end of the period	**$ 41.9**	$ 28.7

See notes to unaudited condensed consolidated financial statements.

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NMHG HOLDING CO. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER S EQUITY

	SIX MONTHS ENDED JUNE 30	
	2004	**2003**
	(In millions)	
Common Stock	**$**	$
Capital in Excess of Par Value	**198.2**	198.2
Retained Earnings		
Beginning balance	**238.2**	226.8
Net income	**3.0**	9.0
Cash dividends declared		(5.0)
	241.2	230.8
Accumulated Other Comprehensive Income (Loss)		
Beginning balance	**(11.6)**	(42.7)
Foreign currency translation adjustment	**(4.4)**	16.4
Reclassification of hedging activity into earnings	**(1.6)**	0.1
Current period cash flow hedging activity	**0.3**	(0.2)
	(17.3)	(26.4)
Total Stockholder s Equity	**$ 422.1**	$ 402.6

See notes to unaudited condensed consolidated financial statements.

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NMHG HOLDING CO. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004
(Tabular Amounts in Millions, Except Percentage Data)

Note 1 - Basis of Presentation

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

NMHG designs, engineers, manufactures, sells, services and leases a comprehensive line of lift trucks and aftermarket parts marketed globally under the Hyster® and Yale® brand names. Lift trucks and component parts are manufactured in the United States, Northern Ireland, Scotland, the Netherlands, China, Italy, Japan, Mexico, the Philippines and Brazil. NMHG Wholesale includes the manufacture and sale of lift trucks and related service parts, primarily to independent and wholly owned Hyster and Yale retail dealerships. NMHG Retail includes the sale, leasing and service of Hyster and Yale lift trucks and related service parts by wholly owned retail dealerships and rental companies.

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial position of the Company as of June 30, 2004 and the results of its operations for the three and six months ended June 30, 2004 and 2003 and the results of its cash flows and changes in stockholder s equity for the six month periods ended June 30, 2004 and 2003 have been included. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company s Annual Report on Form 10-K for the year ended December 31, 2003 filed with the Securities and Exchange Commission on March 15, 2004.

The balance sheet at December 31, 2003 has been derived from the audited financial statements at that date but does not include all of the information or notes required by accounting principles generally accepted in the United States for complete financial statements.

Operating results for the three and six months ended June 30, 2004 are not necessarily indicative of the results that may be expected for the remainder of the year ending December 31, 2004. For further information, refer to the consolidated financial statements and notes thereto included in the Company s Annual Report on Form 10-K for the year ended December 31, 2003.

Certain amounts in the prior period s Unaudited Condensed Consolidated Financial Statements have been reclassified to conform to the current period s presentation.

Note 2 - Recent Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) No. FAS 106-1 in January 2004 and FSP No. FAS 106-2 in May 2004 both titled Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (FSP 106-1 and FSP 106-2). FSP 106-1 allows companies to make a one-time election to defer the accounting for the effects of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) that was signed into law on December 8, 2003. The Act establishes a prescription drug benefit, as well as a federal

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subsidy to sponsors of retiree health care benefits that is at least actuarially equivalent to Medicare s prescription drug coverage.

Statement of Financial Accounting Standards (SFAS) No. 106, Employers Accounting for Postretirement Benefits Other than Pensions, requires presently enacted changes in relevant laws to be considered in current period measurements of the accumulated postretirement benefit obligation and the net postretirement benefit costs. FSP 106-2 supercedes FSP 106-1 and provides guidance on the accounting for the effects of the Act for employers that sponsor postretirement health care plans, which provide prescription drug benefits. FSP 106-2 requires those employers to provide certain disclosures regarding the effect of the federal subsidy provided by the Act. Under the guidance of FSP 106-1, the Company elected to defer accounting for the effects of the Act. This deferral remains in effect until the appropriate effective date of FSP 106-2. For entities that elected deferral and for which the impact is significant, FSP 106-2 is effective for the first interim or annual period beginning after June 15, 2004. Entities for which FSP 106-2 does not have a significant impact are permitted to delay recognition of the effects of the Act until the next regularly scheduled measurement date following the issuance of FSP 106-2. The Company is currently evaluating the impact of the Act on our post-retirement plans, but is delaying recognizing the effect of the Act until further Department of Labor guidance is available.

In December 2003, the FASB issued SFAS No. 132 (Revised), Employer s Disclosure about Pensions and Other Post-Retirement Benefits (Revised SFAS No. 132). Revised SFAS No. 132 retains disclosure requirements about pension plans and other post-retirement benefit plans. Revised SFAS No. 132 requires additional disclosures in annual financial statements about the types of plan assets, investment strategy, measurement dates, plan obligations, cash flows, and components of net periodic benefit cost of defined benefit pension plans and other post-retirement benefit plans. Revised SFAS No. 132 also requires interim disclosure of the elements of net periodic benefit cost and the total amount of contributions paid or expected to be paid during the current year if significantly different from amounts previously disclosed. The interim disclosure requirements of Revised SFAS No. 132 are effective for interim periods beginning after December 15, 2003. The Company has made the required interim disclosures in Note 6 to these Unaudited Condensed Consolidated Financial Statements.

In January 2003, the FASB issued Interpretation (FIN) No. 46, Consolidation of Variable Interest Entities. FIN No. 46 clarifies the application of Accounting Research Bulletin (ARB) No. 51, Consolidated Financial Statements, for certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN No. 46 requires that variable interest entities, as defined, be consolidated by the primary beneficiary, which is defined as the entity that is expected to absorb the majority of the expected losses, receive a majority of the expected gains, or both.

NMHG s 20% joint venture, NMHG Financial Services, Inc. (NFS), has been determined to be a variable interest entity. The Company, however, has concluded that NMHG is not the primary beneficiary and will, therefore, continue to use the equity method to account for its 20% interest in NFS. NMHG does not consider its variable interest in NFS to be significant. See further discussion of NFS in Note 9.

On July 1, 2003, the Company prospectively adopted Emerging Issues Task Force (EITF) No. 00-21, Accounting for Revenue Arrangements with Multiple Deliverables. EITF No. 00-21 addresses when and how an arrangement involving multiple deliverables should be divided into separate units of accounting, as well as how the arrangement consideration should be measured and allocated to the separate units of accounting in the arrangement. The adoption of this standard did not have a material impact on the Company s financial position or results of operations.

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Note 3 - Inventories

Inventories are summarized as follows:

	JUNE 30 2004	DECEMBER 31 2003
Manufactured inventories:		
Finished goods and service parts	**$124.7**	$ 113.5
Raw materials and work in process	**145.6**	121.6
Total manufactured inventories	**270.3**	235.1
Retail inventories:	**27.6**	27.9
Total inventories at FIFO	**297.9**	263.0
LIFO reserve	**(19.9)**	(15.3)
	$278.0	$ 247.7

The cost of certain manufactured and retail inventories has been determined using the LIFO method. At June 30, 2004 and December 31, 2003, 60% and 61%, respectively, of total inventories were determined using the LIFO method. An actual valuation of inventory under the LIFO method can be made only at the end of the year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations must be based on management s estimates of expected year-end inventory levels and costs. Because these estimates are subject to change and may be different than the actual inventory levels and costs at year-end, interim results are subject to the final year-end LIFO inventory valuation.

Note 4 - Restructuring Charges

The changes to the Company s restructuring accruals since December 31, 2003 are as follows:

	Severance	Lease Impairment	Other	Total
NMHG Wholesale				
Balance at December 31, 2003	$ 6.7	$	$ 0.6	$ 7.3
Reversal	(1.0)			(1.0)
Payments	(1.7)		(0.2)	(1.9)

Balance at June 30, 2004	**$ 4.0**	**$**	**$ 0.4**	**$ 4.4**
NMHG Retail				
Balance at December 31, 2003	$ 0.4	$ 0.2	$	$ 0.6
Payments	(0.1)			(0.1)
Balance at June 30, 2004	**$ 0.3**	**$ 0.2**	**$**	**$ 0.5**

2002 Restructuring Program

As announced in December 2002, NMHG Wholesale is phasing out its Lenoir, North Carolina, lift truck component facility and restructuring other manufacturing and administrative operations, primarily its Irvine, Scotland, lift truck assembly and component facility. During the fourth quarter of 2002, NMHG Wholesale recognized a restructuring charge of approximately $12.5 million pre-tax. Of this amount, $3.8 million related to a non-cash asset impairment charge for building, machinery and tooling, which was determined based on current market values for similar assets and broker quotes compared with the net book value of these assets and $8.7 million related to severance and other employee benefits to be paid to approximately 615 manufacturing and administrative employees. Payments of $1.7 million were made to approximately 115 employees during the first six months of 2004. Payments of $0.2 million related to post-employment medical benefits were made during the first six months of 2004. The post-employment medical accrual is included in the table above under Other. Payments related to this restructuring program are expected to continue through 2006. In addition, $1.0 million of the amount originally accrued for severance was reversed as a result of employees leaving prior to becoming eligible for severance benefits and an additional decrease in the total number of employees estimated to be severed as a result of an increase in estimates of future production levels. Approximately $4.8 million of pre-tax restructuring related costs, which were primarily related to manufacturing inefficiencies and were not eligible for accrual when the restructuring program was announced in December 2002, were expensed in the first six months of 2004 and are not shown in the table above. Of the $4.8 million additional costs incurred during the first six months of 2004, $4.3 million is classified as cost of sales and $0.5 million is classified as selling, general and administrative expenses in the Unaudited Condensed Consolidated Statements of Income for the six months ended June 30, 2004.

2001 Restructuring Program

NMHG Retail recognized a restructuring charge of approximately $4.7 million pre-tax in 2001, of which $0.4 million related to lease termination costs and $4.3 million related to severance and other employee benefits to be paid to approximately 140 service technicians, salesmen and administrative personnel at wholly owned dealers in Europe. Payments of $0.1 million were made during the first six months of 2004. The remaining payments of $0.5 million are expected to be completed during 2004.

Note 5 - Accounting for Guarantees

Under various financing arrangements for certain customers, including independently owned retail dealerships, NMHG provides guarantees of the residual values of lift trucks, or recourse or repurchase obligations such that NMHG would be obligated in the event of default by the customer. Terms of the third-party financing arrangements for which NMHG is providing a guarantee generally range from one to five years. Total guarantees and amounts subject to recourse or repurchase obligations at June 30, 2004 and December 31, 2003 were $185.8 million and $183.2 million, respectively. Losses anticipated under the terms of the guarantees, recourse or repurchase obligations, which are not significant, have been reserved for in the accompanying Unaudited Condensed Consolidated Financial Statements. Generally, NMHG retains a security interest in the related assets financed such that, in the event that NMHG would become obligated under the terms of the recourse or repurchase obligations, NMHG would take title to the assets financed. The fair value of collateral held at June 30, 2004 was approximately $213.4 million, based on Company estimates. The Company estimates the fair value of the collateral using information regarding the original sales price, the current age of the equipment and general market conditions that influence the value of both new and used lift trucks.

NMHG has a 20% ownership interest in NFS, a joint venture with GE Capital Corporation (GECC), formed primarily for the purpose of providing financial services to Hyster and Yale lift truck dealers and national account customers in the United States. NMHG s ownership in NFS is accounted for using the equity method of accounting. Generally, NMHG sells lift trucks through its independent dealer network or directly to customers. These dealers and customers may enter into a financing transaction with NFS or other unrelated third parties. NFS provides debt financing to dealers and lease financing to both dealers and customers. On occasion, the credit quality of the customer or concentration issues within GECC necessitate providing standby recourse or repurchase obligations or a guarantee of the residual value of the lift trucks purchased by customers and financed through NFS. At June 30, 2004, $153.1 million of the $185.8 million of guarantees discussed above related to transactions with NFS. In addition, in connection with the current joint venture agreement, NMHG also provides a guarantee to GECC for 20% of NFS debt with GECC, such that NMHG would become liable under the terms of NFS debt agreements with GECC in the case of default by NFS. At June 30, 2004, the amount of NFS debt guaranteed by NMHG was $112.8 million. NFS has not defaulted under the terms of this debt financing in the past and although there can be no assurances, NMHG is not aware of any circumstances that would cause NFS to default in future periods.

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NMHG provides a standard warranty on its lift trucks, generally for six to twelve months or 1,000 to 2,000 hours. In addition, NMHG sells extended warranty agreements, which provide additional warranty up to three to five years or up to 3,600 to 10,000 hours. The specific terms and conditions of those warranties vary depending upon the product sold and the country in which NMHG does business. Revenue received for the sale of extended warranty contracts is deferred and recognized in the same manner as the costs are incurred to perform under the warranty contracts, in accordance with FASB Technical Bulletin 90-1, Accounting for Separately Priced Extended Warranty and Product Maintenance Contracts. Factors that affect the Company s warranty liability include the number of units sold, historical and anticipated rates of warranty claims and the cost per claim. The Company also maintains a quality enhancement program under which it provides for specifically identified field product improvements in its warranty obligation. Accruals under this program are determined based on estimates of the potential number of claims to be processed and the cost of processing those claims. The Company periodically assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary.

Changes in the Company s current and long-term warranty obligations, including deferred revenue on extended warranty contracts are as follows:

	2004
Balance at the beginning of the year	**$ 40.3**
Warranties issued	**17.0**
Settlements made	**(18.1)**
Balance at June 30	**$ 39.2**

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Note 6 - Retirement Benefit Plans

The Company maintains various defined benefit pension plans. In 1996, pension benefits were frozen for employees covered under NMHG s United States plans, except for those NMHG employees participating in collective bargaining agreements. As a result, in the United States, only certain employees covered under collective bargaining agreements will earn retirement benefits under defined benefit pension plans. Other employees of the Company, including employees whose pension benefits were frozen as of December 31, 1996, will receive retirement benefits under defined contribution retirement plans. The Company s policy is to periodically make contributions to fund its defined benefit pension plans within the range allowed by applicable regulations. The Company previously disclosed in its financial statements for the year ended December 31, 2003, that it expects to contribute approximately $4.6 million to its U.S. pension plans in 2004. The Company now expects to contribute approximately $3.0 million in 2004. For the six months ended June 30, 2004, the Company contributed $1.1 million to its U.S. pension plans.

The Company also maintains health care and life insurance plans, which provide benefits to certain eligible retired employees. Under the Company s current policy, plan benefits are funded at the time they are due to participants. The plans have no assets.

As a result of the Company s election to defer the impact of the Act as discussed in Note 2, any measures relating to postretirement benefits do not reflect the impact of the Act on the plans. In addition, authoritative guidance, once adopted, may require the Company to change information previously reported relating to its postretirement benefit plans.

The components of pension and post-retirement (income) expense are set forth below:

	THREE MONTHS ENDED JUNE 30		**SIX MONTHS ENDED JUNE 30**	
	2004	**2003**	**2004**	**2003**
U.S. Pension				
Service cost	**$ 0.1**	$ 0.1	**$ 0.2**	$ 0.2
Interest cost	**1.1**	1.1	**2.1**	2.1
Expected return on plan assets	**(1.1)**	(1.1)	**(2.2)**	(2.2)
Net amortization	**0.3**	0.1	**0.6**	0.3
Total	**$ 0.4**	$ 0.2	**$ 0.7**	$ 0.4
Non-U.S. Pension				
Service cost	**$ 0.6**	$ 0.5	**$ 1.3**	$ 1.1
Interest cost	**1.3**	1.1	**2.6**	2.2
Expected return on plan assets	**(1.7)**	(1.5)	**(3.4)**	(3.1)
Employee contributions	**(0.2)**	(0.2)	**(0.3)**	(0.3)
Net amortization	**0.7**	0.5	**1.2**	0.8

Total	**$ 0.7**	$ 0.4	**$ 1.4**	$ 0.7
Post-retirement				
Service cost	**$**	$	**$**	$
Interest cost	**0.1**	0.2	**0.3**	0.3
Net amortization		0.6		1.2
Total	**$ 0.1**	$ 0.8	**$ 0.3**	$ 1.5

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Note 7 - Unaudited Condensed Consolidating Guarantor and Non-Guarantor Financial Information

The following tables set forth the Unaudited Condensed Consolidating Balance Sheets as of June 30, 2004 and December 31, 2003, the Unaudited Condensed Consolidating Statements of Income for the three and six months ended June 30, 2004 and 2003 and the Unaudited Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2004 and 2003. The following information is included as a result of the guarantee of the Parent Company s Senior Notes by each of NMHG s wholly owned U.S. subsidiaries (Guarantor Companies). None of the Company s other subsidiaries has guaranteed the Senior Notes. Each of the guarantees is joint and several and full and unconditional. NMHG Holding includes the consolidated financial results of the parent company only, with all of its wholly owned subsidiaries accounted for under the equity method.

UNAUDITED CONDENSED CONSOLIDATING BALANCE SHEET
AT JUNE 30, 2004

	NMHG Holding	Guarantor Companies	Non-Guarantor Companies	Consolidating Eliminations	NMHG Consolidated
Cash and cash equivalents	$	$ 6.7	$ 35.2	$	$ 41.9
Accounts and notes receivable, net	5.3	90.5	212.7	(86.5)	222.0
Inventories		143.8	134.2		278.0
Other current assets	2.3	47.4	22.7	(6.0)	66.4
Total current assets	7.6	288.4	404.8	(92.5)	608.3
Property, plant and equipment, net		133.2	104.2		237.4
Goodwill		307.2	42.3		349.5
Other non-current assets	665.5	320.2	25.9	(937.6)	74.0
Total assets	$673.1	$1,049.0	$ 577.2	$(1,030.1)	$1,269.2
Accounts and notes payable	$ 0.1	$ 165.1	$ 170.1	$ (79.6)	$ 255.7
Other current liabilities	3.3	98.5	73.3	(11.7)	163.4
Revolving credit agreements			11.6		11.6
Total current liabilities	3.4	263.6	255.0	(91.3)	430.7
Long-term debt	247.6	269.0	51.3	(296.0)	271.9
Other long-term liabilities		115.1	49.7	(20.3)	144.5
Stockholder s equity	422.1	401.3	221.2	(622.5)	422.1

Total liabilities and stockholder s equity	$673.1	$1,049.0	$ 577.2	$(1,030.1)	$1,269.2

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UNAUDITED CONDENSED CONSOLIDATING BALANCE SHEET AT DECEMBER 31, 2003

	NMHG Holding	Guarantor Companies	Non-Guarantor Companies	Consolidating Eliminations	NMHG Consolidated
Cash and cash equivalents	$	$ 15.4	$ 45.9	$	$ 61.3
Accounts and notes receivable, net	9.1	98.0	221.8	(92.7)	236.2
Inventories		129.5	118.2		247.7
Other current assets	2.4	45.7	18.5	(4.1)	62.5
Total current assets	11.5	288.6	404.4	(96.8)	607.7
Property, plant and equipment, net		134.2	108.7		242.9
Goodwill		307.3	44.0		351.3
Other non-current assets	664.2	312.3	24.9	(928.3)	73.1
Total assets	$675.7	$1,042.4	$ 582.0	$(1,025.1)	$1,275.0
Accounts and notes payable	$	$ 146.6	$ 164.3	$ (79.9)	$ 231.0
Other current liabilities	3.3	113.7	84.2	(16.2)	185.0
Revolving credit agreements			17.1		17.1
Total current liabilities	3.3	260.3	265.6	(96.1)	433.1
Long-term debt	247.5	262.1	46.6	(286.1)	270.1
Other long-term liabilities	0.1	116.2	49.9	(19.2)	147.0
Stockholder s equity	424.8	403.8	219.9	(623.7)	424.8
Total liabilities and stockholder s equity	$675.7	$1,042.4	$ 582.0	$(1,025.1)	$1,275.0

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UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED JUNE 30, 2004

	NMHG Holding	Guarantor Companies	Non-Guarantor Companies	Consolidating Eliminations	NMHG Consolidated
Revenues	$	$ 289.4	$ 279.1	$ (72.8)	$ 495.7
Cost of sales		254.3	241.2	(72.8)	422.7
Selling, general and administrative expenses		33.3	32.5		65.8
Operating profit		1.8	5.4		7.2
Interest expense		(6.5)	(2.2)		(8.7)
Income from unconsolidated affiliates	2.5	4.7		(5.4)	1.8
Other income (expense)		0.1	(0.2)		(0.1)
Income before income taxes and minority interest	2.5	0.1	3.0	(5.4)	0.2
Income tax provision (benefit)		(2.4)	0.2		(2.2)
Income before minority interest	2.5	2.5	2.8	(5.4)	2.4
Minority interest income			0.1		0.1
Net income	$ 2.5	$ 2.5	$ 2.9	$ (5.4)	$ 2.5

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UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED JUNE 30, 2003

	NMHG Holding	Guarantor Companies	Non-Guarantor Companies	Consolidating Eliminations	NMHG Consolidated
Revenues	$	$ 257.5	$ 231.2	$ (60.3)	$ 428.4
Cost of sales		219.8	193.4	(60.3)	352.9
Selling, general and administrative expenses		29.5	30.4		59.9
Operating profit		8.2	7.4		15.6
Interest expense		(7.0)	(1.7)		(8.7)
Income from unconsolidated affiliates	5.7	5.5		(10.2)	1.0
Other income		0.3	0.1		0.4
Income before income taxes and minority interest	5.7	7.0	5.8	(10.2)	8.3
Income tax provision		1.3	1.5		2.8
Income before minority interest	5.7	5.7	4.3	(10.2)	5.5
Minority interest income			0.2		0.2
Net income	$ 5.7	$ 5.7	$ 4.5	$ (10.2)	$ 5.7

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UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2004

	NMHG Holding	Guarantor Companies	Non-Guarantor Companies	Consolidating Eliminations	NMHG Consolidated
Revenues	$	$558.9	$ 552.1	$(144.5)	$ 966.5
Cost of sales		489.7	474.1	(144.5)	819.3
Selling, general and administrative expenses		64.4	67.3		131.7
Operating profit		4.8	10.7		15.5
Interest expense		(13.3)	(3.9)		(17.2)
Income from unconsolidated affiliates	3.0	8.0		(8.4)	2.6
Other income (expense)		0.2	(0.6)		(0.4)
Income (loss) before income taxes and minority interest	3.0	(0.3)	6.2	(8.4)	0.5
Income tax provision (benefit)		(3.3)	1.2		(2.1)
Income before minority interest	3.0	3.0	5.0	(8.4)	2.6
Minority interest income			0.4		0.4
Net income	$ 3.0	$ 3.0	$ 5.4	$ (8.4)	$ 3.0

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UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2003

	NMHG Holding	Guarantor Companies	Non-Guarantor Companies	Consolidating Eliminations	NMHG Consolidated
Revenues	$	$ 520.3	$ 445.3	$ (118.2)	$ 847.4
Cost of sales		441.6	373.7	(118.2)	697.1
Selling, general and administrative expenses		62.1	59.9		122.0
Operating profit		16.6	11.7		28.3
Interest expense		(14.0)	(3.3)		(17.3)
Income from unconsolidated affiliates	9.0	8.6		(15.9)	1.7
Other income			0.2		0.2
Income before income taxes minority interest	9.0	11.2	8.6	(15.9)	12.9
Income tax provision		2.2	2.2		4.4
Income before minority interest	9.0	9.0	6.4	(15.9)	8.5
Minority interest income			0.5		0.5
Net income	$ 9.0	$ 9.0	$ 6.9	$ (15.9)	$ 9.0

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UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2004

	NMHG Holding	Guarantor Companies	Non-Guarantor Companies	Consolidating Eliminations	NMHG Consolidated
Net cash provided by operating activities	$ 0.1	$ 11.2	$ 0.3	$ 0.3	$ 11.9
Investing activities					
Expenditures for property, plant and equipment		(7.9)	(10.3)		(18.2)
Proceeds from the sale of assets		0.8	4.0		4.8
Net cash used for investing activities		(7.1)	(6.3)		(13.4)
Financing activities					
Additions to long-term debt and revolving credit agreements		21.0	9.6		30.6
Reductions of long-term debt and revolving credit agreements		(21.7)	(22.6)		(44.3)
Notes receivable/payable, affiliates	0.5	(12.1)	11.9	(0.3)	
Other - net	(0.6)				(0.6)
Net cash used for financing activities	(0.1)	(12.8)	(1.1)	(0.3)	(14.3)
Effect of exchange rate changes on cash			(3.6)		(3.6)
Cash and cash equivalents					
Decrease for the period		(8.7)	(10.7)		(19.4)
Balance at beginning of the period		15.4	45.9		61.3
Balance at the end of the period	$	$ 6.7	$ 35.2	$	$ 41.9

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UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2003

	NMHG Holding	Guarantor Companies	Non-Guarantor Companies	Consolidating Eliminations	NMHG Consolidated
Net cash provided by (used for) operating activities	$ 3.1	$ 4.5	$ (5.7)	$ (5.3)	$ (3.4)
Investing activities					
Expenditures for property, plant and equipment		(6.3)	(3.3)		(9.6)
Proceeds from the sale of assets		11.5	1.3		12.8
Net cash provided by (used for) investing activities		5.2	(2.0)		3.2
Financing activities					
Additions to long-term debt and revolving credit agreements		2.1	13.5		15.6
Reductions of long-term debt and revolving credit agreements	(3.1)	(1.9)	(33.7)		(38.7)
Notes receivable/payable, affiliates	2.6	(6.6)	1.2	2.8	
Other - net	(2.6)	(2.5)		2.5	(2.6)
Net cash used for financing activities	(3.1)	(8.9)	(19.0)	5.3	(25.7)
Effect of exchange rate changes on cash			(0.3)		(0.3)
Cash and cash equivalents					
Increase (decrease) for the period		0.8	(27.0)		(26.2)
Balance at beginning of the period		5.3	49.6		54.9
Balance at the end of the period	$	$ 6.1	$ 22.6	$	$ 28.7

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Note 8 - Segment Information

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

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

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2004	**2003**	**2004**	**2003**
REVENUES FROM EXTERNAL CUSTOMERS				
NMHG Wholesale	**$ 445.5**	$ 389.2	**$ 866.8**	$ 771.8
NMHG Retail	**62.5**	57.5	**130.1**	111.4
Eliminations	**(12.3)**	(18.3)	**(30.4)**	(35.8)
	$ 495.7	$ 428.4	**$ 966.5**	$ 847.4
GROSS PROFIT				
NMHG Wholesale	**$ 61.9**	$ 64.3	**$ 124.8**	$ 128.4
NMHG Retail	**10.9**	11.5	**22.5**	21.8
Eliminations	**0.2**	(0.3)	**(0.1)**	0.1
	$ 73.0	$ 75.5	**$ 147.2**	$ 150.3
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES				
NMHG Wholesale	**$ 53.5**	$ 48.8	**$ 106.7**	$ 99.2
NMHG Retail	**12.2**	11.2	**25.1**	22.9
Eliminations	**0.1**	(0.1)	**(0.1)**	(0.1)
	$ 65.8	$ 59.9	**$ 131.7**	$ 122.0
OPERATING PROFIT (LOSS)				
NMHG Wholesale	**$ 8.4**	$ 15.5	**$ 18.1**	$ 29.2
NMHG Retail	**(1.3)**	0.3	**(2.6)**	(1.1)

Eliminations	**0.1**	(0.2)		0.2
	$ 7.2	$ 15.6	**$ 15.5**	$ 28.3