



COMPENSATION COMMITTEE CHARTER

Purposes

The Compensation Committee (the “Committee”) of the Boards of Directors of NACCO Industries, Inc. (“NACCO”) and its subsidiaries (NACCO and its subsidiaries hereinafter referred to collectively as the “Company”) establishes and oversees the administration of the Company’s policies, programs and procedures for compensating its employees, including its senior managers and Directors. Among other things, the Committee has direct responsibility to:

- (a) review and approve corporate goals and objectives relevant to CEO and senior manager compensation, evaluate the performance of the CEOs and senior managers in light of these goals and objectives, and determine and approve the CEO and senior manager compensation levels based on this evaluation;
- (b) make any recommendations that are appropriate or required to be made to the Board of Directors with respect to non-CEO compensation, incentive-compensation plans and equity-based plans; and
- (c) produce a report on executive compensation for inclusion in the Company’s proxy statement for its annual meeting of stockholders in accordance with applicable rules and regulations.

Committee Membership

Qualifications. The Committee will be comprised solely of Directors of the Company. Each Committee member must satisfy the applicable independence requirements set forth in the rules of the New York Stock Exchange, unless the Company is determined by the Board of Directors to be a “controlled company”, as defined in NYSE Rule 303A.

Appointment and Removal. The Board of Directors will appoint Committee members and will appoint a Chair of the Committee from among the Committee members. Each Committee member and Committee Chair will serve at the pleasure of the Board for such term as the Board may decide or until such Committee member is no longer a member of the Board of Directors.

Duties and Responsibilities

The duties and responsibilities of the Committee will include the following:

1. Establish Compensation Policies and Programs. The Committee will develop and establish guidelines for the administration of the Company’s compensation policies and programs for all employees, including executive officers and Directors.
2. Performance Evaluation and Compensation. The Committee will review and approve corporate goals and objectives relevant to the compensation of NACCO’s CEO and the other senior managers of the Company. The Committee will evaluate the performance of the CEO and other senior managers in the light of those corporate goals and objectives and set compensation levels for the CEO and other senior managers based on those evaluations and any other factors as it deems appropriate.

3. Equity-Based Plans. The Committee will make recommendations to the Board with respect to the approval, adoption and amendment of all equity-based plans, including equity-based incentive compensation plans in which any executive officer of the Company participates. The Committee will be responsible for the administration of all equity-based plans, and will approve all grants of stock options and other equity-based awards, subject to the terms and conditions of applicable plans.
4. Review Director Compensation. The Committee will periodically review director compensation in the light of such factors as the Committee may deem appropriate, and will make recommendations to the Board of Directors.
5. Assist in Succession Planning. At least annually, the Committee will report to the Board on succession planning. The report will include appropriate contingencies in case the Chief Executive Officer retires, resigns or is incapacitated. The Committee will assist the Board in evaluating potential successors to the Chief Executive Officer.
6. Board Reports. At least annually, the Committee will report its activities to the Board in such manner and at such times as the Committee or the Board deems appropriate.
7. Other Delegated Duties or Responsibilities. The Committee will perform any other duties or responsibilities delegated to the Committee by the Board of Directors from time to time.

Meetings

The Committee will meet as frequently as necessary to carry out its responsibilities under this Charter. The Committee Chair or a majority of the Committee members may call a meeting of the Committee at any time. A majority of the members of the Committee will constitute a quorum at any meeting, and the act of a majority of the members present at a meeting at which a quorum is present will be the act of the Committee, unless a greater number is required by law, the Company's Certificate of Incorporation or its By-Laws. Any Committee member may be excused from a meeting to permit the remaining members of the Committee to act on any matter in which such member's participation is not appropriate, and such member's absence will not destroy the quorum for the meeting.

Delegation

Consistent with applicable laws, rules and regulations, the Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to one or more subcommittees of the Committee or, in appropriate cases, to senior managers of the Company.

Resources and Authority

The Committee, at its discretion, shall have the power to retain one or more compensation consultants, which consultants shall be independent of management and in addition to any consultants that may have been retained by the Company, to assist the Committee in the evaluation of director, CEO and/or senior executive compensation. The Committee will have the sole authority to retain and terminate any such compensation consultants and the sole authority to approve the fees and other retention terms of such compensation consultants. The Committee may also retain independent counsel and other independent advisors to assist it in carrying out its responsibilities. The Committee will have appropriate resources and authority to discharge its responsibilities, including, without limitation, appropriate funding, in such amounts as the Committee deems necessary, to compensate any consultants and any independent advisors retained by the Committee.

Compensation Committee Report

The Committee, with the assistance of management and any outside advisors the Committee deems appropriate, will prepare a report for inclusion in the Company's proxy statement relating to the Company's annual meeting of stockholders.

Annual Review

At least annually, the Committee will (a) review this Charter with the Board of Directors and recommend any changes to the Board and (b) evaluate its own performance against the requirements of this Charter and report the results of this evaluation to the Board. The Committee will conduct its review and evaluation in such manner as it deems appropriate.

Disclosure of Charter

Consistent with New York Stock Exchange listing requirements, this Charter is included on the Company's website and is available upon request in writing sent to the Secretary of the Company. The Company's annual report to stockholders states that this Charter is available on the Company's website and is available upon request in writing sent to the Secretary of the Company.

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