

June 29, 2007

IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ALBERTA, BRITISH COLUMBIA, SASKATCHEWAN,  
MANITOBA, ONTARIO, QUEBEC, NEW BRUNSWICK,  
PRINCE EDWARD ISLAND, NOVA SCOTIA,  
NEWFOUNDLAND AND LABRADOR, YUKON,  
NORTHWEST TERRITORIES, AND NUNAVUT  
(the "Jurisdictions")

AND

IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF  
NACCO INDUSTRIES, INC.  
(the "Filer" or "NACCO")

**MRRS DECISION DOCUMENT**

**Background**

The local securities regulatory authority or regulator (the "**Decision Maker**") in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") for an exemption from the dealer registration requirements and the prospectus requirements of the Legislation (the "**Dealer Registration and Prospectus Requirements**") in respect of the proposed distribution of shares of Class A common stock and Class B common stock of Hamilton Beach, Inc. ("**Hamilton Beach**") by the Filer to holders of shares of Class A common stock of NACCO resident in Canada (the "**Canadian Shareholders**") by way of an in specie dividend as part of the Filer's spin-off of Hamilton Beach (the "**Requested Relief**").

Under the Mutual Reliance Review System For Exemptive Relief Applications

(a) the Ontario Securities Commission is the principal regulator for this application; and

(b) this MRRS decision document evidences the decision of each Decision Maker.

**Interpretation**

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

## **Representations**

This decision is based on the following facts represented by the Filer:

1. The Filer is an operating holding company incorporated under the laws of Delaware. Its principal executive offices are located in Cleveland, Ohio. The Filer is not a reporting issuer under the securities laws of any province or territory of Canada (where that concept exists). The Filer has no intention of ever becoming a reporting issuer or the equivalent under the securities laws of any province or territory of Canada.

2. The shares of Class A Common Stock of the Filer (the "**NACCO Class A Shares**") are listed and traded on the New York Stock Exchange ("**NYSE**"). The NACCO Class A Shares are not listed or traded on any Canadian stock exchange.

3. The shares of Class B Common Stock of the Filer (the "**NACCO Class B Shares**") are not listed or traded on any stock exchange. Because of transfer restrictions, no trading market has developed, or is expected to develop, for NACCO Class B Shares.

4. Each NACCO Class A Share has one vote and each NACCO Class B Share has ten votes at any meeting of shareholders of NACCO. Each NACCO Class B Share can be converted into one NACCO Class A Share.

5. As of December 31, 2006, there were:

(a) approximately 350 registered holders of NACCO Class A Shares (the "**NACCO Class A Shareholders**") holding all of the outstanding 6,628,483 NACCO Class A Shares; and

(b) approximately 300 registered holders of NACCO Class B Shares (the "**NACCO Class B Shareholders**") holding all of the outstanding 1,609,513 NACCO Class B Shares.

6. As at March 16, 2007, there were:

(a) 340 registered NACCO Class A Shareholders;

(b) 258 registered NACCO Class B Shareholders;

(c) no registered NACCO Class A Shareholders resident in Canada;

(d) 3 participants of The Depository Trust Company in Ontario with accounts holding 410 NACCO Class A Shares;

(e) 3 beneficial owners of 410 NACCO Class A Shares resident in British Columbia, Manitoba and New Brunswick; and

(f) no registered NACCO Class B Shareholders resident in Canada.

As such, the proportion of NACCO Class A Shares held by NACCO Class A Shareholders or beneficial owners of NACCO Class A Shares resident in Canada is *de minimus*.

7. Subject to obtaining necessary approvals, on or about July 13, 2007, NACCO will spin off a portion of its business into an independent, publicly-traded company through a tax neutral spin-off transaction ("**Spin-Off**"). The United States Securities and Exchange Commission (the "**SEC**") is reviewing the disclosure documents filed by Hamilton Beach for the Spin-Off, namely a registration statement on Form 10 under the United States Securities Exchange Act of 1934 which contains an information statement with pro forma financial information as an exhibit.

8. Hamilton Beach is an indirect, wholly owned subsidiary of NACCO and constitutes a part of NACCO's housewares business. To effect the Spin-Off, Housewares Holding Company, a wholly owned subsidiary of NACCO and parent of Hamilton Beach, will distribute to NACCO all of the outstanding shares of Class A common stock and Class B common stock of Hamilton Beach (the "**Hamilton Beach Shares**"). NACCO will then make a pro rata distribution by way of an in specie dividend (the "**Distribution**") of all the outstanding Hamilton Beach Shares to holders of the outstanding NACCO Class A Shares and NACCO Class B Shares (the "**NACCO Shareholders**"). For each NACCO Class A Share, NACCO will distribute one half of one share of Class A common stock of Hamilton Beach ("**Hamilton Beach Class A Share**") and one half of one share of Class B common stock of Hamilton Beach ("**Hamilton Beach Class B Share**"). Similarly, for each NACCO Class B Share, NACCO will distribute one half of one Hamilton Beach Class A Share and one half of one Hamilton Beach Class B Share.

9. Similar to the NACCO Class A Shares and the NACCO Class B Shares (collectively, the "**NACCO Shares**"), each Hamilton Beach Class A Share will have one vote and each Hamilton Beach Class B Share will have ten votes at any meeting of shareholders of Hamilton Beach. Each Hamilton Beach Class B Share can be converted into one Hamilton Beach Class A Share.

10. NACCO Shareholders will not be required to pay for Hamilton Beach Shares received in the Spin-Off, or to surrender or exchange NACCO Shares or take any other action to be entitled to receive their Hamilton Beach Shares. The

Distribution will occur automatically and without any investment decision on the part of the NACCO Shareholders.

11. After the Spin-Off, the NACCO Class A Shares will continue to be listed and traded on NYSE.

12. Hamilton Beach has applied to list the Hamilton Beach Class A Shares on NYSE. The Hamilton Beach Class B Shares will not be listed on NYSE or any other stock exchange.

13. Hamilton Beach does not intend to list its shares on any stock exchange in Canada and it does not intend to become a reporting issuer or the equivalent in any of the Jurisdictions.

14. The Spin-Off and the Distribution will be effected in compliance with Delaware law and United States federal securities laws.

15. Because the Spin-Off of Hamilton Beach will be effected by way of a dividend to the NACCO Shareholders, no shareholder approval of the proposed transaction is required under Delaware law.

16. All materials relating to the Spin-Off and the Distribution sent by or on behalf of NACCO or Hamilton Beach to registered NACCO Shareholders in the United States will be sent concurrently to the registered NACCO Shareholders in Canada, if any, and a copy thereof will be filed with each of the local securities regulators in each of the Jurisdictions.

17. Registered NACCO Shareholders in Canada, if any, will be sent the information statement that is an exhibit to the registration statement on Form 10 that was filed with the SEC after the SEC declares the registration statement effective.

18. Following the Spin-Off, NACCO and Hamilton Beach, respectively, will send concurrently to the registered holders of NACCO Shares and Hamilton Beach Shares resident in Canada, if any, the same disclosure materials that each sends to registered holders of NACCO Shares and Hamilton Beach Shares with addresses, as shown on its books to be, in the United States.

19. The Canadian Shareholders who receive Hamilton Beach Shares as a dividend pursuant to the Spin-Off will have the benefit of the same rights and remedies in respect of the disclosure documentation received in connection with the Spin-Off and the Distribution that are available to NACCO Shareholders in the United States.

20. The Distribution of Hamilton Beach Shares to the Canadian Shareholders would be exempt from the Dealer Registration and Prospectus Requirements

pursuant to subsections 2.31(2) and (3) of National Instrument 45-106 *Prospectus and Registration Exemptions* ("NI 45-106") but for the fact that Hamilton Beach is not a reporting issuer under the Legislation.

21. The issuance of Hamilton Beach Class A Shares on any conversion of the Hamilton Beach Class B Shares acquired under this decision in a Jurisdiction would be exempt from the Dealer Registration and Prospectus Requirements pursuant to subsections 2.42(1)(a) and (3) of NI 45-106.

## **Decision**

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make this decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that:

1. the first trade of Hamilton Beach Class A Shares or Hamilton Beach Class B Shares acquired under this decision in a Jurisdiction shall be deemed to be a distribution or a primary distribution to the public unless the conditions in section 2.6 or subsection 2.14(1) of National Instrument 45-102 *Resale of Securities* ("**NI 45-102**") are satisfied; and

2. the first trade of Hamilton Beach Class A Shares acquired on any conversion of Hamilton Beach Class B Shares acquired under this decision in a Jurisdiction shall be deemed to be a distribution or a primary distribution to the public unless the conditions in section 2.6 or subsection 2.14(2) of NI 45-102 are satisfied.

"Kevin J. Kelly"  
Commissioner  
Ontario Securities Commission

"James E. A. Turner"  
Vice-Chair  
Ontario Securities Commission