

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2019

or

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

For the transition period from _____ to _____

Commission file number 0-1402

LINCOLN ELECTRIC HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Ohio

34-1860551

(State or other jurisdiction of
incorporation or organization)

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

22801 St. Clair Avenue, Cleveland, Ohio

44117

(Address of principal executive offices)

(Zip Code)

(216) 481-8100

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Shares, without par value	LECO	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the common shares held by non-affiliates as of June 28, 2019 was \$5,236,546,343 (affiliates, for this purpose, have been deemed to be Directors and Executive Officers of the Company and certain significant shareholders).

The number of shares outstanding of the registrant's common shares as of January 31, 2020 was 60,364,079.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Annual Report on Form 10-K incorporates by reference certain information from the registrant's definitive proxy statement with respect to the registrant's 2020 Annual Meeting of Shareholders.

PART I

ITEM 1. BUSINESS

General

As used in this Annual Report on Form 10-K, the term "Company," except as otherwise indicated by the context, means Lincoln Electric Holdings, Inc. and its wholly-owned and majority-owned subsidiaries for which it has a controlling interest. The Lincoln Electric Company began operations in 1895 and was incorporated under the laws of the State of Ohio in 1906. During 1998, The Lincoln Electric Company reorganized into a holding company structure, and Lincoln Electric Holdings, Inc. became the publicly-held parent of Lincoln Electric subsidiaries worldwide, including The Lincoln Electric Company.

The Company is one of only a few worldwide broad-line manufacturers of welding, cutting and brazing products. The Company is the world leader in the design, development and manufacture of arc welding products, automated joining, assembly and cutting systems, plasma and oxy-fuel cutting equipment. The Company also has a leading global position in brazing and soldering alloys.

The Company's products include arc welding power sources, plasma cutters, wire feeding systems, robotic welding packages, integrated automation systems, fume extraction equipment, consumable electrodes, fluxes and welding accessories and specialty welding consumables and fabrication. The Company's product offering also includes computer numeric controlled ("CNC") plasma and oxy-fuel cutting systems and regulators and torches used in oxy-fuel welding, cutting and brazing.

The arc welding power sources and wire feeding systems manufactured by the Company range in technology from basic units used for light manufacturing and maintenance to highly sophisticated robotic applications for high volume production welding and fabrication. Three primary types of arc welding electrodes are produced: (1) coated manual or stick electrodes; (2) solid electrodes produced in coil, reel or drum forms for continuous feeding in mechanized welding; and (3) cored electrodes produced in coil form for continuous feeding in mechanized welding.

The Company has, through wholly-owned subsidiaries, manufacturing facilities located in the United States, Australia, Brazil, Canada, China, Colombia, France, Germany, India, Italy, Mexico, the Netherlands, Poland, Romania, Russia, Spain, Turkey and the United Kingdom.

The Company's business units are aligned into three operating segments. The operating segments consist of Americas Welding, International Welding and The Harris Products Group. The Americas Welding segment includes welding operations in North and South America. The International Welding segment includes welding operations in Europe, Africa, Asia and Australia. The Harris Products Group includes the Company's global cutting, soldering and brazing businesses, as well as the retail business in the United States.

Customers

The Company's products are sold in both domestic and international markets. In the Americas, products are sold principally through industrial distributors, retailers and also directly to users of welding products. Outside of the Americas, the Company has an international sales organization comprised of Company employees and agents who sell products from the Company's various manufacturing sites to distributors and product users.

The Company's major end-user markets include:

- general fabrication,
- energy and process industries,
- heavy industries (heavy fabrication, ship building and maintenance and repair),
- automotive and transportation, and
- construction and infrastructure.

The Company is not dependent on a single customer or a few customers and no individual customer currently accounts for more than ten percent of total Net sales. However, the loss of a large customer could have an adverse effect on the Company's business. The Company's operating results are sensitive to changes in general economic conditions. The arc welding and cutting industry is generally a mature industry in developed markets such as North America and Western Europe and is cyclical in nature. Overall demand for arc welding and cutting products is largely determined by economic cycles and the level of capital spending in manufacturing and other industrial sectors. The Company experiences some variability in reported period-to-period results as demand for the Company's products are mildly seasonal with generally higher demand in the second and third quarters. See "Item 1A. Risk Factors" for further discussion regarding risks associated with customers, general economic conditions and demand.

Competition

Conditions in the arc welding and cutting industry are highly competitive. The Company believes it is the world's largest manufacturer of consumables and equipment with relatively few major broad-line competitors worldwide, but numerous smaller competitors in specific geographic markets. The Company continues to pursue strategies to heighten its competitiveness in domestic and international markets, which includes positioning low cost manufacturing facilities in most geographical markets. Competition in the arc welding and cutting industry is based on brand preference, product quality, price, performance, warranty, delivery, service and technical support. The Company believes its performance against these factors has contributed to the Company's position as the leader in the industry.

Most of the Company's products may be classified as standard commercial articles and are manufactured for stock. The Company believes it has a competitive advantage in the marketplace because of its highly trained technical sales force and the support of its welding research and development staff to assist customers in optimizing their welding applications. This allows the Company to introduce its products to new users and to establish and maintain close relationships with its customers. This close relationship between the technical sales force and the direct customers, together with its supportive relationship with its distributors, who are particularly interested in handling the broad range of the Company's products, is an important element of the Company's market success and a valuable asset of the Company.

Raw Materials

The principal raw materials essential to the Company's business are steel, electronic components, engines, brass, copper, silver, aluminum alloys, robotic components and various chemicals, all of which are normally available for purchase in the open market.

Patents and Trademarks

The Company holds many valuable patents, primarily in arc welding, and actively protects its innovations as research and development has progressed in both the United States and major international jurisdictions. The Company believes its trademarks are an important asset and aggressively pursues brand management.

Environmental Regulations

The Company's facilities are subject to environmental regulations. To date, compliance with these environmental regulations has not had a material adverse effect on the Company's earnings. The Company is ISO 14001 certified at most significant manufacturing facilities in North America and Europe and is progressing towards certification at its remaining facilities worldwide. In addition, the Company is ISO 9001 certified at 47 facilities worldwide.

International Operations

The Company conducts a significant amount of its business and has a number of operating facilities in countries outside the United States. As a result, the Company is subject to business risks inherent to non-U.S. activities, including political uncertainty, import and export limitations, exchange controls and currency fluctuations.

Employees

The number of persons employed by the Company worldwide at December 31, 2019 was approximately 11,000. See "Part I, Item 1C" for information regarding the Company's executive officers, which is incorporated herein by reference.

Website Access

The Company's website, www.lincolnelectric.com, is used as a channel for routine dissemination of important information, including news releases and financial information. The Company posts its filings as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC"), including annual, quarterly and current reports on Forms 10-K, 10-Q and 8-K; proxy statements; and any amendments to those reports or statements. The Company also posts its Code of Corporate Conduct and Ethics on its website. All such postings and filings are available on the Company's website free of charge. In addition, this website allows investors and other interested persons to sign up to automatically receive e-mail alerts when news releases and financial information is posted on the website. The SEC also maintains a website, www.sec.gov, that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The content on any website referred to in this Annual Report on Form 10-K is not incorporated by reference into this Annual Report unless expressly noted.

ITEM 1A. RISK FACTORS

From time to time, information we provide, statements by our employees or information included in our filings with the SEC may contain forward-looking statements that are not historical facts. Those statements are "forward-looking" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of words such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "forecast," "guidance" or words of similar meaning. Actual results may differ materially from such statements due to a variety of factors that could adversely affect the Company's operating results. Forward-looking statements, and our future performance, operating results, financial position and liquidity, are subject to a variety of factors that could materially affect results, including those risks described below. Forward-looking statements made in this report speak only as of the date of the statement, and, except as required by law, we undertake no obligation to update those statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

In the ordinary course of our business, we face various strategic, operating, compliance and financial risks. These risks could have a material impact on our business, financial condition, operating results and cash flows. Our Enterprise Risk Management ("ERM") process seeks to identify and address significant risks. Our ERM process is a company-wide initiative that is designed with the intent of prioritizing risks and allocating appropriate resources to address such risks. We use the integrated risk framework of the Committee of Sponsoring Organizations to assess, manage and monitor risks.

Management has identified and prioritized critical risks based on the severity and likelihood of each risk and assigned an executive to address each major identified risk area and lead action plans to monitor and mitigate risks, where possible. Our Board of Directors provides oversight of the ERM process and systematically reviews identified critical risks. The Audit Committee also reviews major financial risk exposures and the steps management has taken to monitor and control them.

Our goal is to pro-actively manage risks in a structured approach and in conjunction with the strategic planning process, with the intent to preserve and enhance shareholder value. However, these and other risks and uncertainties could cause our results to vary materially from recent results or from our anticipated future results. The risk factors and uncertainties described below, together with information incorporated by reference or otherwise included elsewhere in this Annual Report on Form 10-K, should be carefully considered. Additional risks and uncertainties of which we are currently unaware or that we currently believe to be immaterial may also adversely affect our business.

General economic, financial and market conditions may adversely affect our financial condition, results of operations and access to capital markets.

Our operating results are sensitive to changes in general economic conditions. Recessional economic cycles, higher interest rates, inflation, higher labor costs, trade barriers in the world markets, financial turmoil related to sovereign debt and changes in tax laws or trade laws or other economic factors affecting the countries and industries in which we do business could adversely affect demand for our products. An adverse change in demand could impact our results of operations, collection of accounts receivable and our expected cash flow generation from current and acquired businesses, which may adversely impact our financial condition and access to capital markets.

In July 2017, the United Kingdom Financial Conduct Authority, which regulates The London Interbank Offered Rate ("LIBOR"), has announced that it intends to phase out LIBOR by the end of 2021. We may need to amend our revolving line of credit and interest rate swap agreements that use LIBOR as a benchmark and we cannot predict what alternative index or other amendments may be negotiated with our counterparties. As a result, the uncertainty regarding the future of LIBOR as well as the transition from LIBOR could have adverse impacts on our financial condition.

Economic and supply disruptions associated with events beyond our control, such as war, acts of terror, political unrest, pandemic, labor disputes or natural disasters could adversely affect our supply chain and distribution channels or result in loss of sales and customers.

Our facilities and operations, and the facilities and operations of our suppliers and customers, could be disrupted by events beyond our control, such as war, political unrest, pandemic, labor disputes or natural disasters. Any such disruption could cause delays in the production and distribution of our products and the loss of sales and customers. Insurance proceeds may not adequately compensate the Company for the losses.

Availability of and volatility in energy costs or raw material prices may adversely affect our performance.

In the normal course of business, we are exposed to market risks related to the availability of and price fluctuations in the purchase of energy and commodities used in the manufacture of our products (primarily steel, brass, copper, silver, aluminum alloys, electronic components, electricity and natural gas). The availability and prices for energy costs and raw materials, including steel, nonferrous metals and chemicals, are subject to volatility and are influenced by worldwide economic conditions. They are also influenced by import duties and tariffs (including the Section 232 steel and aluminum tariffs initiated by the U.S. government in 2018), speculative action, world supply and demand balances, inventory levels, availability of substitute materials, currency exchange rates, anticipated or perceived shortages, government trade practices and regulations and other factors.

Increases in the cost of raw materials and components may adversely affect our profitability if we are unable to pass along to our customers these cost increases in the form of price increases or otherwise reduce our cost of goods sold. Although most of the raw materials and components used in our products are commercially available from a number of sources and in adequate supply, any disruption in the availability of such raw materials and components, our inability to timely or otherwise obtain substitutes for such items, or any deterioration in our relationships with or the financial viability of our suppliers could adversely affect our business.

We are a co-defendant in litigation alleging asbestos induced illness. Liabilities relating to such litigation could reduce our profitability and impair our financial condition.

As of December 31, 2019, we were a co-defendant in cases alleging asbestos induced illness involving claims by approximately 3,233 plaintiffs. In each instance, we are one of a large number of defendants. The asbestos claimants allege that exposure to asbestos contained in welding consumables caused the plaintiffs to develop adverse pulmonary diseases, including mesothelioma and other lung cancers.

Since January 1, 1995, we have been a co-defendant in asbestos cases that have been resolved as follows: 55,114 of those claims were dismissed, 23 were tried to defense verdicts, 7 were tried to plaintiff verdicts (which were reversed or resolved after appeal), 1 was resolved by agreement for an immaterial amount and 900 were decided in favor of the Company following summary judgment motions.

The long-term impact of the asbestos loss contingency, in the aggregate, on operating results, operating cash flows and access to capital markets is difficult to assess, particularly since claims are in many different stages of development and we benefit significantly from cost-sharing with co-defendants and insurance carriers. While we intend to contest these lawsuits vigorously, and believe we have applicable insurance relating to these claims, there are several risks and uncertainties that may affect our liability for personal injury claims relating to exposure to asbestos, including the future impact of changing cost sharing arrangements or a change in our overall trial experience.

Asbestos use in welding consumables in the U.S. ceased in 1981.

We may incur material losses and costs as a result of product liability claims that may be brought against us or failure to meet contractual performance commitments.

Our business exposes us to potential product liability risks that are inherent in the design, manufacture, sale and application of our products and the products of third-party suppliers that we utilize or resell. Our products are used in a variety of applications, including infrastructure projects such as oil and gas pipelines and platforms, buildings, bridges and power generation facilities, the manufacture of transportation and heavy equipment and machinery and various other construction projects. We face risk of exposure to product liability claims in the event that accidents or failures on these projects result, or are alleged to result, in bodily injury or property damage. Further, our products are designed for use in specific applications, and if a product is used inappropriately, personal injury or property damage may result. In certain cases, we design automated welding systems for use in a customer's production facilities (including automotive production facilities), which could expose us to financial losses or professional liability.

The occurrence of defects in or failures of our products, or the misuse of our products in specific applications, could cause termination of customer contracts, increased costs and losses to us, our customers and other end users. We cannot be assured that we will not experience any material product liability losses in the future or that we will not incur significant costs to defend those claims. Further, we cannot be assured that our product liability insurance coverage will be adequate for any liabilities that we may ultimately incur or that product liability insurance will continue to be available on terms acceptable to us. Even if we are successful defending such claims or product liability coverage is adequate, claims of this nature could cause customers to lose confidence in our products and our Company. Warranty claims are not generally covered by insurance and we may incur significant warranty costs in the future for which we would not be reimbursed.

We may incur losses if we do not achieve contractual commitments, including project performance requirements or project schedules. Project performance can be affected by a number of factors, including but not limited to, availability of materials, changes in the project scope of services, environmental conditions or labor disruptions. In addition, our backlog consists of the expected revenue from projects for which we have an executed contract or commitment with a customer. Project cancellations, scope adjustments, deferrals or changes in cost estimates may reduce the dollar amount of revenue and profits that we actually earn.

The cyclical nature and maturity of the arc welding and cutting industry in developed markets may adversely affect our performance.

The arc welding and cutting industry is generally a mature industry in developed markets such as North America and Western Europe and is cyclical in nature. Overall demand for arc welding and cutting products is largely determined by the level of capital spending in manufacturing and other industrial sectors, and the welding industry has historically experienced contraction during periods of slowing industrial activity. If economic, business and industry conditions deteriorate, capital spending in those sectors may be substantially decreased, which could reduce demand for our products and have an adverse impact on our revenues and results of operations.

We may not be able to complete our acquisition or divestiture strategies, successfully integrate acquired businesses and in certain cases we may be required to retain liabilities for certain matters.

Part of our business strategy is to pursue targeted business acquisition opportunities, including foreign investment opportunities. We cannot be certain that we will be successful in pursuing potential acquisition candidates or that the consequences of any acquisition would be beneficial to us. Future acquisitions may expose us to unexpected liabilities and involve the expenditure of significant funds and management time. Further, we may not be able to successfully integrate an acquired business with our existing businesses or recognize the expected benefits from any completed acquisition. Integration efforts may include significant rationalization activities that could be disruptive to the business. Our current operational cash flow is sufficient to fund our acquisition plans, but a significant acquisition could require access to the capital markets.

Additionally, from time to time we may identify assets for strategic divestitures that would increase capital resources available for other activities and create organizational and operational efficiencies. Various factors could materially affect our ability to dispose of such assets or complete announced divestitures, including the receipt of approvals of governmental agencies or third parties and the availability of purchasers willing to acquire the interests or purchase the assets on terms and at prices acceptable to us.

Sellers typically retain certain liabilities or indemnify buyers for certain matters. The magnitude of any such retained liability or indemnification obligation may be difficult to quantify at the time of the transaction and ultimately may be material. Also, as is typical in divestitures, third parties may be unwilling to release us from guarantees or other credit support provided prior to the sale of the divested assets. As a result, after a divestiture, we may remain secondarily liable for the obligations guaranteed or supported to the extent that the buyer of the assets fails to perform these obligations.

If we cannot continue to develop, manufacture and market products that meet customer demands, continue to enforce the intellectual property rights on which our business depends or if third parties assert that we violate their intellectual property rights, our revenues, gross margins and results of operations may suffer.

Our continued success depends, in part, on our ability to continue to meet our customers' needs for welding and cutting products through the introduction of innovative new products and the enhancement of existing product design and performance characteristics. We must remain committed to product research and development and customer service in order to remain competitive. We cannot be assured that new products or product improvements, once developed, will meet with customer acceptance and contribute positively to our operating results, or that we will be able to continue our product development efforts at a pace to sustain future growth. Further, we may lose customers to our competitors if they demonstrate product design, development or manufacturing capabilities superior to ours.

We rely upon patent, trademark, copyright and trade secret laws in the United States and similar laws in foreign countries, as well as agreements with our employees, customers, suppliers and other third parties, to establish and maintain our intellectual property rights. However, any of our intellectual property rights could be challenged, invalidated or circumvented, or our intellectual property rights may not be sufficient to provide a competitive advantage. Further, the laws and their application in certain foreign countries do not protect our proprietary rights to the same extent as U.S. laws. Accordingly, in certain countries, we may be unable to protect our proprietary rights against unauthorized third-party copying or use, which could impact our competitive position.

Further, third parties may claim that we or our customers are infringing upon their intellectual property rights. Even if we believe that those claims are without merit, defending those claims and contesting the validity of patents can be time consuming and costly. Claims of intellectual property infringement also might require us to redesign affected products, enter into costly settlements or license agreements, pay costly damage awards or face a temporary or permanent injunction prohibiting us from manufacturing, marketing or selling certain of our products.

The competitive pressures we face could harm our revenue, gross margins and prospects.

We operate in a highly competitive global environment and compete in each of our businesses with other broad-line manufacturers and numerous smaller competitors specializing in particular products. We compete primarily on the basis of brand, product quality, price, performance, warranty, delivery, service and technical support. We have previously initiated, and may in the future initiate significant rationalization activities to align our business to market conditions and improve our overall competitiveness, including with respect to the integration of acquired businesses. Such rationalization activities could fail to deliver the desired competitive cost structure and could result in disruptions in customer service. If our products, services, support and cost structure do not enable us to compete successfully based on any of the criteria listed above, our operations, results and prospects could suffer.

Further, in the past decade, the arc welding industry in the United States and other developed countries has been subject to increased levels of foreign competition as low cost imports have become more readily available. Our competitive position could be harmed if new or emerging competitors become more active in the arc welding business. For example, while steel manufacturers traditionally have not been significant competitors in the domestic arc welding industry, some foreign integrated steel producers manufacture selected consumable arc welding products and robotic arm manufacturers compete in the automated welding and cutting space. In addition, in certain markets of the world, distributors manufacture and sell arc welding products. Our sales and results of operations, as well as our plans to expand in some foreign countries, could be adversely affected by this practice.

We conduct our sales and distribution operations on a worldwide basis and maintain manufacturing facilities in a number of foreign countries, which subjects us to risks associated with doing business outside the United States.

As a growing global enterprise, the share of sales and profits we derive from our international operations and exports from the United States is significant. This trend increases our exposure to the performance of many developing economies in addition to the developed economies outside of the United States. If international economies were to experience significant slowdowns, it could adversely affect our financial condition, results of operations and cash flows. There are a number of risks in doing business internationally, which may impede our ability to achieve our strategic objectives relating to our foreign operations, including:

- Political and economic uncertainty and social turmoil;
- Corporate governance and management challenges in consideration of the numerous U.S. and foreign laws and regulations, including regulations relating to import-export control, technology transfer restrictions, repatriation of earnings and funds, exchange controls, labor regulations, nationalization, tariffs, data protection and privacy requirements, anti-boycott provisions and anti-bribery laws (such as the Foreign Corrupt Practices Act and the Organization for Economic Cooperation and Development Convention);
- International terrorism and hostilities;
- Changes in the global regulatory environment, including revised or newly created laws, regulations or standards relating to the Company, our products or the markets in which we operate; and
- Significant fluctuations in relative currency values; in particular, an increase in the value of the U.S. dollar against foreign currencies could have an adverse effect on our profitability and financial condition, as well as the imposition of exchange controls, currency devaluations and hyperinflation.

Our operations depend on maintaining a skilled workforce, and any interruption in our workforce could negatively impact our results of operations and financial condition.

Our success depends in part on the efforts and abilities of our management team and key employees. Their skills, experience and industry knowledge significantly benefit our operations and performance. Our future success will also depend on our ability to identify, attract and retain highly qualified managerial and technical (including research and development) personnel. Competition for these individuals is intense, and we may not succeed in identifying, attracting or retaining qualified personnel. With our strategy to expand internationally into developing markets, we may incur additional risks as some developing economies lack a sufficiently trained labor pool.

Any interruption of our workforce, including rationalization efforts related to the integration of acquired businesses, interruptions due to unionization efforts, changes in labor relations or shortages of appropriately skilled individuals could impact our results of operations and financial condition.

Our defined benefit pension plans are subject to financial market trends, such as changes in discount rates and actual investment return on pension assets, which could adversely affect our results of operations and cash flows.

The performance of the financial markets and interest rates impact our funding obligations under our defined benefit pension plans. Significant changes in discount rates, decreases in the fair value of plan assets and investment losses on plan assets may increase our benefit obligations and adversely impact our results of operations, shareholders' equity and cash flows through our annual measurement of plan assets and liabilities.

Changes in tax rates or exposure to additional income tax liabilities could affect profitability.

Our business is subject to income taxes in the United States and various foreign jurisdictions. Domestic and international tax liabilities are subject to the allocation of income among various tax jurisdictions. Our effective tax rate could be adversely affected by changes in the mix among earnings in countries with differing statutory tax rates, changes in the valuation allowances of deferred tax assets or changes in tax laws.

The amount of income taxes paid is subject to ongoing audits by United States federal, state and local tax authorities and by foreign tax authorities. If these audits result in assessments different from amounts reserved, future financial results may include unfavorable adjustments which could have a material adverse effect on our results of operations.

We are subject to risks relating to our information technology systems.

The conduct and management of our business relies extensively on information technology systems, which contain confidential information related to our customers, suppliers and employees and other proprietary business information. We maintain some of these systems and are also dependent on a number of critical corporate infrastructure services provided by third parties relating to, among other things, human resources, electronic communication services and finance functions. Like many multinational companies, our systems are subject to regular cyber attacks and other malicious efforts to cause cyber security incidents. To date, these attacks have not had a material impact on our business or operations. However, if as a result of future attacks, our systems are significantly damaged, cease to function properly or are subject to a significant cyber security breach, we may suffer an interruption in our ability to manage and operate the business, and our results of operations and financial condition could be adversely affected. The Company continues to invest in cyber security, including maintaining and improving cyber security resilience, and the Company's cyber security risks are monitored by the Audit Committee of our Board of Directors. Nevertheless, due to the nature of cyber threats, there can be no assurance that our preventive efforts can fully mitigate the risks of all cyber incidents, and a significant security breach could result in financial loss, unfavorable publicity, damage to our reputation, loss of our trade secrets and other competitive information, allegations by our customers that we have not performed our contractual obligations, litigation by affected parties and fines and other sanctions resulting from any related breaches of data privacy regulations. Any of these could have an adverse effect on our results of operations and financial condition.

Our global operations are subject to increasingly complex environmental regulatory requirements.

We are subject to increasingly complex environmental regulations affecting international manufacturers, including those related to air and water emissions, waste management and climate change. Some environmental laws impose strict, retroactive and joint and several liability for the remediation of the release of hazardous substances, even for conduct that was lawful at the time it occurred, or for the conduct of or conditions caused by prior operators, predecessors or third parties. Failure to comply with environmental laws could expose us to penalties or clean-up costs, civil or criminal liability and sanctions on certain of our activities, as well as damage to property or natural resources. These liabilities, sanctions, damages and remediation efforts related to any non-compliance with such laws and regulations could negatively impact our ability to conduct our operations and our financial condition and results of operations. In addition, there can be no assurances that we will not be adversely affected by costs, liabilities or claims with respect to existing or subsequently acquired operations or under present laws and regulations or those that may be adopted or imposed in the future.

Changes in environmental laws or regulations could result in higher expenses and payments, and uncertainty relating to environmental laws or regulations may also affect how we conduct our operations and structure our investments and could limit our ability to enforce our rights. Changes in environmental and climate change laws or regulations, including laws relating to greenhouse gas emissions, could subject us to additional costs and restrictions, including increased energy and raw material costs. If environmental laws or regulations are either changed or adopted and impose significant operational restrictions and compliance requirements upon us or our products, they could negatively impact our business, capital expenditures, results of operations, financial condition and competitive position.

It is our policy to apply strict standards for environmental protection to all of our operations inside and outside of the United States, even when we are not subject to local government regulations. We may incur substantial costs, including cleanup costs, fines and civil or criminal sanctions, liabilities resulting from third-party property damage or personal injury claims, or our products could be prohibited from entering certain jurisdictions, if we were to violate or become liable under environmental laws, if our products become non-compliant with environmental laws or if we were to undertake environmental protection actions voluntarily.

We also face increasing complexity in our products design and procurement operations as we adjust to new and future requirements relating to the design, production and labeling of our products that are sold worldwide in multiple jurisdictions. The ultimate costs under environmental laws and the timing of these costs are difficult to predict.

We may incur additional restructuring charges as we continue to contemplate rationalization actions in an effort to optimize our cost structure and may not achieve the anticipated savings and benefits of these actions.

We may take additional actions in the future to further optimize our cost structure and improve the efficiency of our operations, which will reduce our profitability in the periods incurred. As a result of these actions, we will likely continue to incur charges, which may include but are not be limited to asset impairments, employee severance costs, charges for pension and other postretirement contractual benefits and pension settlements, any of which could be significant, and could adversely affect our financial condition and results of operations. In addition, we may not realize anticipated savings or benefits from past or future rationalization plans in full or in part or within the time periods we expect. Failure to realize anticipated savings or benefits from our cost reduction actions could have a material adverse effect on our business, financial condition, liquidity, results of operations and cash flows. For more information regarding rationalization plans, refer to the rationalization and asset impairment related disclosure under Note 7 to the Company's consolidated financial statements.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. INFORMATION ABOUT OUR EXECUTIVE OFFICERS**EXECUTIVE OFFICERS OF THE REGISTRANT**

Name	Age	Position
Christopher L. Mapes	58	Chairman of the Board effective December 21, 2013. President and Chief Executive Officer effective December 31, 2012; Chief Operating Officer from September 1, 2011 to December 31, 2012; Director since February 2010. Prior to his service with the Company, Mr. Mapes was an Executive Vice President of A.O. Smith Corporation (a global manufacturer with a water heating and water treatment technologies business), a position he held from 2004 through August 2011, and the President of its former Electrical Products unit, a position he held from September 2004 through August 2011.
Vincent K. Petrella	59	Executive Vice President, Chief Financial Officer and Treasurer since February 19, 2014; Senior Vice President, Chief Financial Officer and Treasurer from October 7, 2005 to February 19, 2014; Vice President, Chief Financial Officer and Treasurer from February 4, 2004 to October 7, 2005.
Jennifer I. Ansberry	46	Executive Vice President, General Counsel and Secretary since April 20, 2017; Vice President, Deputy General Counsel from August 1, 2014 to April 20, 2017; Deputy General Counsel from 2004 to August 1, 2014.
George D. Blankenship	57	Executive Vice President, President, Americas Welding since February 18, 2016; Executive Vice President, President, Lincoln Electric North America from February 19, 2014 to February 18, 2016; Senior Vice President; President, Lincoln Electric North America from July 30, 2009 to February 19, 2014; Senior Vice President, Global Engineering from October 7, 2005 to July 30, 2009; Senior Vice President; President, Lincoln Cleveland of The Lincoln Electric Company from January 8, 2008 to July 30, 2009; Senior Vice President, U.S. Operations of The Lincoln Electric Company from October 7, 2005 to January 8, 2008.
Gabriel Bruno	52	Executive Vice President, Finance since January 1, 2019; Executive Vice President, Chief Human Resources Officer from July 1, 2016 to January 1, 2019; Executive Vice President, Chief Human Resources Officer and Chief Information Officer from February 18, 2016 to July 1, 2016; Executive Vice President, Chief Information Officer and Interim Chief Human Resources Officer from March 7, 2015 to February 18, 2016; Executive Vice President, Chief Information Officer from February 19, 2014 to March 7, 2015; Vice President, Chief Information Officer from May 1, 2012 to February 19, 2014; Vice President, Corporate Controller from 2005 to May 1, 2012.
Steven B. Hedlund	53	Executive Vice President and President, International Welding since June 1, 2017; Senior Vice President and President, Global Automation from January 22, 2015 to June 1, 2017; Senior Vice President, Strategy & Business Development from February 19, 2014 to January 22, 2015; Vice President, Strategy and Business Development from September 15, 2008 to February 19, 2014. Prior to his service with the Company, Mr. Hedlund was the Vice President, Growth and Innovations with Master Lock, LLC (a security products company) from June 1, 2005 to July 1, 2008.
Michele R. Kuhrt	53	Executive Vice President, Chief Human Resources Officer since February 25, 2019; Executive Vice President, Chief Information Officer from July 1, 2016 to February 24, 2019; Senior Vice President, Tax from 2006 to July 1, 2016.
David J. Nangle	63	Executive Vice President, President, Harris Products Group since July 27, 2018; Senior Vice President, President, Harris Products Group from February 19, 2014 to July 27, 2018; Vice President, Group President of Brazing, Cutting and Retail Subsidiaries from January 12, 2006 to February 19, 2014.
Geoffrey P. Allman	49	Senior Vice President, Strategy and Business Development since January 1, 2019; Senior Vice President, Corporate Controller from January 14, 2014 to December 31, 2018; Corporate Controller from July 1, 2012 to January 14, 2014; Director, Regional Finance North America from October 1, 2009 to June 30, 2012.
Thomas A. Flohn	59	Senior Vice President, President, Asia Pacific Region since February 19, 2014; Vice President, Regional President, Lincoln Electric Asia Pacific Region from November 4, 2013 to February 19, 2014. Vice President; President, Lincoln Electric Europe, Middle East & Africa (EMEA) from July 1, 2010 to November 4, 2013; Vice President; President, Lincoln Asia Pacific from January 1, 2005 to June 30, 2010.
Douglas S. Lance	52	Senior Vice President, President, Cleveland Operations since September 1, 2016; Senior Vice President, North American Operations from February 19, 2014 to September 1, 2016; Vice President, Operations from January 1, 2012 to February 19, 2014.
Michael Mintun	57	Senior Vice President, Sales and Marketing, North America since February 19, 2014; Vice President, Sales and Marketing, North America from January 1, 2013 to February 19, 2014; Vice President, Sales, North America from January 1, 2008 to January 1, 2013.

Michael J. Whitehead

46 Senior Vice President, President, Global Automation, Cutting and Additive Businesses since January 1, 2019; Senior Vice President, Strategy and Business Development from August 1, 2016 to January 1, 2019; President, Lincoln Canada from January 1, 2015 to August 1, 2016; Director, New Product Development, Consumables R&D from January 1, 2012 to January 1, 2015.

The Company has been advised that there is no arrangement or understanding among any one of the officers listed and any other persons pursuant to which he or she was elected as an officer. The executive officers are elected by the Board of Directors normally for a term of one year and/or until the election of their successors.

ITEM 2. PROPERTIES

The Company's corporate headquarters and principal United States manufacturing facilities are located in the Cleveland, Ohio area. Total Cleveland area property consists of 244 acres, of which present manufacturing facilities comprise an area of approximately 3,017,090 square feet.

The Company has 59 manufacturing facilities, including operations and joint ventures in 18 countries, the significant locations (grouped by operating segment) of which are as follows:

Americas Welding:

United States	Cleveland, Columbus, Coldwater and Fort Loramie, Ohio; San Diego and Anaheim, California; Reno, Nevada; Ladson, South Carolina; Chattanooga, Tennessee; Detroit, Michigan; Fort Collins, Colorado; Bettendorf, Iowa; Churubusco, Indiana.
Brazil	Guarulhos; Indaiatuba.
Canada	Toronto; Mississauga; Hamilton; Montreal; Hawkesbury; Vankleek Hill.
Colombia	Bogota.
Mexico	Mexico City; Torreon.

International Welding:

Australia	Newcastle; Gladstone.
China	Shanghai; Nanjing; Zhengzhou; Luan County.
France	Grand-Quevilly; Partheny.
Germany	Essen; Eisenberg; Frankfurt.
India	Chennai.
Italy	Corsalone; Due Carrere; Verona; Storo.
Netherlands	Nijmegen.
Poland	Bielawa; Dzierzoniow.
Romania	Buzau.
Russia	Mtsensk.
Spain	Zaragoza.
Turkey	Istanbul.
United Kingdom	Sheffield, England; Port Talbot, Wales.

The Harris Products Group:

United States	Mason, Ohio; Gainesville, Georgia; Winston Salem, North Carolina.
Brazil	Maua.
Poland	Dzierzoniow.

All properties relating to the Company's Cleveland, Ohio headquarters and manufacturing facilities are owned by the Company. Most of the Company's foreign subsidiaries own manufacturing facilities in the country where they are located. The Company believes that its existing properties are in good condition and are suitable for the conduct of its business.

In addition, the Company maintains operating leases for some manufacturing facilities, distribution centers and sales offices throughout the world. Refer to Note 18 to the consolidated financial statements for information regarding the Company's lease commitments.

ITEM 3. LEGAL PROCEEDINGS

The Company is subject, from time to time, to a variety of civil and administrative proceedings arising out of its normal operations, including, without limitation, product liability claims, regulatory claims and health, safety and environmental claims. Among such proceedings are the cases described below.

As of December 31, 2019, the Company was a co-defendant in cases alleging asbestos induced illness involving claims by approximately 3,233 plaintiffs, which is a net decrease of 50 claims from those previously reported. In each instance, the Company is one of a large number of defendants. The asbestos claimants seek compensatory and punitive damages, in most cases for unspecified sums. Since January 1, 1995, the Company has been a co-defendant in other similar cases that have been resolved as follows: 55,114 of those claims were dismissed, 23 were tried to defense verdicts, 7 were tried to plaintiff verdicts (which were reversed or resolved after appeal), 1 was resolved by agreement for an immaterial amount and 900 were decided in favor of the Company following summary judgment motions.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

The Company's common shares are traded on The NASDAQ Global Select Market under the symbol "LECO." The number of record holders of common shares at December 31, 2019 was 1,957.

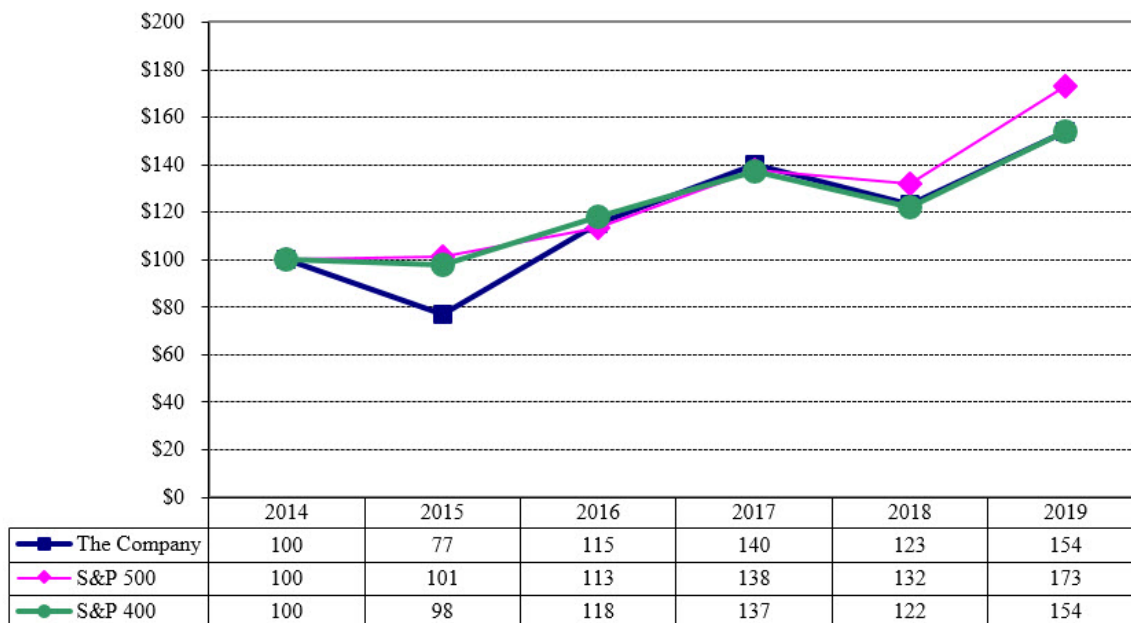
Issuer purchases of equity securities for the fourth quarter 2019 were:

Period	Total Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs ⁽³⁾
October 1-31, 2019	255 ⁽¹⁾	\$ 86.83	—	3,563,635
November 1-30, 2019	298,353	91.93	298,353	3,265,282
December 1-31, 2019	457,429 ⁽¹⁾	94.66	457,389	2,807,893
Total	756,037	93.58	755,742	

- (1) The above share repurchases include the surrender of the Company's common shares in connection with the vesting of restricted awards.
- (2) On April 20, 2016, the Company announced that the Board of Directors authorized a new share repurchase program, which increased the total number of the Company's common shares authorized to be repurchased to 55 million shares. Total shares purchased through the share repurchase program were 52.2 million shares at a cost of \$2.2 billion for a weighted average cost of \$41.55 per share through December 31, 2019.
- (3) On February 12, 2020, the Company's Board of Directors authorized a new share repurchase program for up to an additional 10 million shares of the Company's common stock.

The following line graph compares the yearly percentage change in the cumulative total shareholder return on the Company's common stock against the cumulative total return of the S&P Composite 500 Stock Index ("S&P 500") and the S&P 400 MidCap Index ("S&P 400") for the five-year calendar period commencing January 1, 2015 and ending December 31, 2019. This graph assumes that \$100 was invested on December 31, 2014 in each of the Company's common shares, the S&P 500 and the S&P 400. A peer-group index for the welding industry, in general, is not readily available because the industry is comprised of a large number of privately held competitors and competitors that are smaller parts of large publicly traded companies.

Five Year Performance Comparison The Company's Common Shares, S&P 500 and S&P 400 Composite Indices



ITEM 6. SELECTED FINANCIAL DATA*(Dollars in thousands, except per share amounts)*

	Year Ended December 31,				
	2019 ⁽¹⁾	2018 ⁽²⁾	2017 ⁽³⁾	2016 ⁽⁴⁾	2015 ⁽⁵⁾
Net sales	\$ 3,003,272	\$ 3,028,674	\$ 2,624,431	\$ 2,274,614	\$ 2,535,791
Net income	293,109	287,066	247,503	198,399	127,478
Basic earnings per share	4.73	4.42	3.76	2.94	1.72
Diluted earnings per share	4.68	4.37	3.71	2.91	1.70
Cash dividends declared per share	1.90	1.64	1.44	1.31	1.19
Total assets	2,371,213	2,349,825	2,406,547	1,943,437	1,784,171
Long-term debt, less current portion	712,302	702,549	704,136	703,704	350,347

- (1) Results for 2019 include \$15,188 (\$12,275 after-tax) in Rationalization and asset impairment charges, \$1,804 (\$1,565 after-tax) of acquisition transaction and integration costs related to the acquisition of Air Liquide Welding, \$1,399 (\$1,049 after-tax) of amortization of step up in value of acquired inventories in Cost of goods sold related to the acquisition of Baker Industries and \$1,609 of amortization of step up in value of acquired inventories in Cost of goods sold related to the acquisition of Askaynak. Results also include gains of \$7,601 on change in control related to the acquisition of Askaynak and \$3,554 (\$2,586 after-tax) on disposal of assets related to the sale of properties. Results also include \$4,852 in tax benefits in Income taxes for the settlement of a tax item as well as tax deductions associated with an investment in a subsidiary.
- (2) Results for 2018 include \$25,285 (\$19,966 after-tax) in Rationalization and asset impairment charges and gains or losses on the disposal of assets, \$6,686 (\$5,017 after-tax) in pension settlement charges and \$4,498 (\$3,682 after-tax) of acquisition transaction and integration costs related to the acquisition of Air Liquide Welding. Results also include charges of \$399 related to the net impact of the U.S. Tax Act (as defined in Item 7).
- (3) Results for 2017 include charges related to the acquisition of Air Liquide Welding, including \$15,002 (\$11,559 after-tax) of acquisition transaction and integration costs, \$4,578 (\$3,453 after-tax) in amortization of step up in value of acquired inventories and a \$49,650 bargain purchase gain. Results also include \$8,150 (\$5,030 after-tax) in pension settlement charges, \$6,590 (\$6,198 after-tax) in Rationalization and asset impairment charges and charges of \$28,616 related to the net impact of the U.S. Tax Act.
- (4) Results for 2016 include a loss of \$34,348 (\$33,251 after-tax) on the deconsolidation of the Company's Venezuelan subsidiary, partially offset by a \$7,196 income tax valuation allowance reversal related to a legal entity change to realign the Company's tax structure. Long-term debt includes the issuance in 2016 of additional Senior Unsecured Notes in the aggregate principal amount of \$350,000 through a private placement.
- (5) Results for 2015 include \$13,719 (\$11,943 after-tax) of rationalization charges and non-cash net impairment charges of \$6,239. Results also include pension settlement charges of \$142,738 (\$87,310 after-tax) and charges of \$27,214 related to Venezuelan remeasurement losses. Long-term debt includes the issuance of Senior Unsecured Notes in 2015 in the aggregate principal amount of \$350,000 through a private placement.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollars in thousands, except per share amounts)

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read together with "Selected Financial Data," the Company's consolidated financial statements and other financial information included elsewhere in this Annual Report on Form 10-K. This Annual Report on Form 10-K contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those indicated in the forward-looking statements. See "Item 1A. Risk Factors" for more information regarding forward-looking statements.

General

The Company is the world's largest designer and manufacturer of arc welding and cutting products, manufacturing a broad line of arc welding equipment, consumable welding products and other welding and cutting products.

The Company is one of only a few worldwide broad-line manufacturers of welding, cutting and brazing products. The Company is the world leader in the design, development and manufacture of arc welding products, automated joining, assembly and cutting systems, plasma and oxy-fuel cutting equipment. The Company also has a leading global position in brazing and soldering alloys.

The Company's products include arc welding power sources, plasma cutters, wire feeding systems, robotic welding packages, integrated automation systems, fume extraction equipment, consumable electrodes, fluxes and welding accessories and specialty welding consumables and fabrication. The Company's product offering also includes computer numeric controlled ("CNC") plasma and oxy-fuel cutting systems and regulators and torches used in oxy-fuel welding, cutting and brazing.

The Company invests in the research and development of arc welding products in order to continue its market leading product offering. The Company continues to invest in technologies that improve the quality and productivity of welding products. In addition, the Company actively protects its innovations as research and development has progressed in both the United States and other major international jurisdictions. The Company believes its significant investment in research and development and its highly trained technical sales force coupled with its extensive distributor network provide a competitive advantage in the marketplace.

The Company's products are sold in both domestic and international markets. In the Americas, products are sold principally through industrial distributors, retailers and also directly to users of welding products. Outside of the Americas, the Company has an international sales organization comprised of Company employees and agents who sell products from the Company's various manufacturing sites to distributors and product users.

The Company's major end-user markets include:

- general fabrication,
- energy and process industries,
- heavy industries (heavy fabrication, ship building and maintenance and repair),
- automotive and transportation, and
- construction and infrastructure.

The Company has, through wholly-owned subsidiaries, manufacturing facilities located in the United States, Australia, Brazil, Canada, China, Colombia, France, Germany, India, Italy, Mexico, the Netherlands, Poland, Romania, Russia, Spain, Turkey and the United Kingdom.

The principal raw materials essential to the Company's business are steel, electronic components, engines, brass, copper, silver, aluminum alloys, robotic components and various chemicals, all of which are normally available for purchase in the open market.

The Company's facilities are subject to environmental regulations. To date, compliance with these environmental regulations has not had a material adverse effect on the Company's earnings. The Company is ISO 14001 certified at most significant manufacturing facilities in North America and Europe and is progressing towards certification at its remaining facilities worldwide. In addition, the Company is ISO 9001 certified at 47 facilities worldwide.

Key Indicators

Key economic measures relevant to the Company include industrial production trends, steel consumption, purchasing manager indices, capacity utilization within durable goods manufacturers and consumer confidence indicators. Key industries which provide a relative indication of demand drivers to the Company include steel, farm machinery and equipment, construction and transportation, fabricated metals, electrical equipment, ship and boat building, defense, truck manufacturing, energy and railroad equipment. Although these measures provide key information on trends relevant to the Company, the Company does

not have available a more direct correlation of leading indicators which can provide a forward-looking view of demand levels in the markets which ultimately use the Company's welding products.

Key operating measures utilized by the operating units to manage the Company include orders, sales, inventory and fill-rates, all of which provide key indicators of business trends. These measures are reported on various cycles including daily, weekly and monthly depending on the needs established by operating management.

Key financial measures utilized by the Company's executive management and operating units in order to evaluate the results of its business and in understanding key variables impacting the current and future results of the Company include: sales; gross profit; selling, general and administrative expenses; operating income; earnings before interest and taxes; earnings before interest, taxes and bonus; net income; adjusted operating income; adjusted earnings before interest and income taxes; adjusted earnings before interest, taxes and bonus; adjusted net income; adjusted diluted earnings per share; operating cash flows; and capital expenditures, as well as applicable ratios such as return on invested capital and average operating working capital to sales. These measures are reviewed at monthly, quarterly and annual intervals and compared with historical periods, as well as objectives established by the Board of Directors of the Company.

The discussion that follows includes a comparison of our results of operations, liquidity and capital resources for fiscal years ended December 31, 2019 and 2018. For a comparison of the Company's results of operations, liquidity and capital resources for the fiscal years ended December 31, 2018 and 2017, see Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, which was filed with the SEC on February 27, 2019.

Results of Operations

The following table shows the Company's results of operations:

	Year Ended December 31,				Favorable (Unfavorable) 2019 vs. 2018	
	2019		2018		\$	%
	Amount	% of Sales	Amount	% of Sales		
Net sales	\$ 3,003,272		\$ 3,028,674		\$ (25,402)	(0.8%)
Cost of goods sold	1,995,685		2,000,153		4,468	0.2%
Gross profit	1,007,587	33.5%	1,028,521	34.0%	(20,934)	(2.0%)
Selling, general & administrative expenses	621,489	20.7%	627,697	20.7%	6,208	1.0%
Rationalization and asset impairment charges	15,188		25,285		10,097	39.9%
Operating income	370,910	12.4%	375,539	12.4%	(4,629)	(1.2%)
Interest expense, net	23,415		17,565		(5,850)	(33.3%)
Other income (expense)	20,998		10,686		10,312	96.5%
Income before income taxes	368,493	12.3%	368,660	12.2%	(167)	—
Income taxes	75,410		81,667		6,257	7.7%
Effective tax rate	20.5%		22.2%		1.7%	
Net income including non-controlling interests	293,083		286,993		6,090	2.1%
Non-controlling interests in subsidiaries' loss	(26)		(73)		47	64.4%
Net income	\$ 293,109	9.8%	\$ 287,066	9.5%	\$ 6,043	2.1%
Diluted earnings per share	\$ 4.68		\$ 4.37		\$ 0.31	

Net Sales:

The following table summarizes the impacts of volume, acquisitions, price and foreign currency exchange rates on Net sales for the twelve months ended December 31, 2019 on a consolidated basis:

	Net Sales 2018	Change in Net Sales due to:				Net Sales 2019
		Volume	Acquisitions	Price	Foreign Exchange	
Lincoln Electric Holdings, Inc.	\$ 3,028,674	\$ (140,896)	\$ 129,155	\$ 37,716	\$ (51,377)	\$ 3,003,272
% Change						
Lincoln Electric Holdings, Inc.		(4.7%)	4.3%	1.2%	(1.7%)	(0.8%)

Net sales decreased primarily as a result of lower organic sales and unfavorable foreign exchange, offset by acquisitions. The increase in Net sales from acquisitions was driven by the acquisitions of Coldwater, Pro Systems, Inovatech and Baker within Americas Welding, Worthington within The Harris Products Group and Askaynak within International Welding. Refer to Note 4 to the consolidated financial statements for details.

Gross Profit:

Gross profit for 2019 decreased, as a percent of sales, compared to the prior year due to product mix, lower volumes and acquisitions. The year ended December 31, 2019 includes a last-in, first-out ("LIFO") credit of \$4,340, as compared with a LIFO charge of \$10,990 in the prior year.

Selling, General & Administrative ("SG&A") Expenses:

The decrease in SG&A expense in 2019 as compared to 2018 was due to lower compensation costs and favorable foreign exchange, offset by higher expense from acquisitions.

Rationalization and Asset Impairment Charges:

In 2019, the Company recorded \$15,188 (\$12,275 after-tax) in charges primarily related to employee severance, asset impairment charges and gains or losses on the disposal of assets.

In 2018, the Company recorded \$25,285 (\$19,966 after-tax) in charges primarily related to employee severance, asset impairment charges and gains or losses on the disposal of assets.

Refer to Note 7 to the consolidated financial statements for additional details.

Interest Expense, Net:

The increase in 2019 as compared to 2018 was due to lower interest income in 2019.

Other Income (Expense):

The increase in 2019 as compared to 2018 was primarily due to the gain on change in control of \$7,601 related to the acquisition of Askaynak and lower net periodic pension cost.

Income Taxes:

The 2019 effective tax rate was lower than 2018 primarily due to income tax benefits for the settlement of tax items as well as tax deductions associated with excess tax benefits resulting from exercises of stock based compensation, offset by the geographic mix of earnings and taxes at higher rates in foreign jurisdictions.

Net Income:

As compared to the prior year, reported Net income for 2019 increased primarily due to lower rationalization and asset impairment charges and a gain on change in control related to the acquisition of Askaynak.

Segment Results

Net Sales:

The table below summarizes the impacts of volume, acquisitions, price and foreign currency exchange rates on Net sales for the twelve months ended December 31, 2019:

	Net Sales 2018	Change in Net Sales due to:				Net Sales 2019
		Volume ⁽¹⁾	Acquisitions ⁽²⁾	Price ⁽³⁾	Foreign Exchange ⁽⁴⁾	
Operating Segments						
Americas Welding	\$ 1,806,514	\$ (79,285)	\$ 71,062	\$ 25,705	\$ (8,250)	\$ 1,815,746
International Welding	919,771	(71,509)	37,061	9,159	(40,106)	854,376
The Harris Products Group	302,389	9,898	21,032	2,852	(3,021)	333,150
% Change						
Americas Welding		(4.4%)	3.9%	1.4%	(0.5%)	0.5%
International Welding		(7.8%)	4.0%	1.0%	(4.4%)	(7.1%)
The Harris Products Group		3.3%	7.0%	0.9%	(1.0%)	10.2%

(1) Decrease for Americas Welding due to softer demand associated with the current economic environment. Decrease for International Welding due to integration activities and softer demand in the European and Asian markets. Increase for The Harris Products Group driven primarily by higher consumables volume.

(2) Increase due to the acquisition of Coldwater, Pro Systems, Inovatech and Baker within Americas Welding, Worthington within The Harris Products Group and Askaynak within International Welding. Refer to Note 4 to the consolidated financial statements for details.

(3) Increase for Americas Welding and International Welding segments due to increased product pricing as a result of higher input costs.

(4) Decrease in the International Welding segment due to a stronger U.S. dollar.

Adjusted Earnings Before Interest and Income Taxes (“Adjusted EBIT”):

Segment performance is measured and resources are allocated based on a number of factors, the primary measure being the Adjusted EBIT profit measure. EBIT is defined as Operating income plus Equity earnings in affiliates and Other income. EBIT is adjusted for special items as determined by management such as the impact of rationalization activities, certain asset impairment charges and gains or losses on disposals of assets.

The following table presents Adjusted EBIT by segment:

	December 31,		Favorable (Unfavorable) 2019 vs. 2018	
	2019	2018	\$	%
Americas Welding:				
Net sales	\$ 1,815,746	\$ 1,806,514	\$ 9,232	0.5%
Inter-segment sales	123,342	118,936	4,406	3.7%
Total Sales	<u>\$ 1,939,088</u>	<u>\$ 1,925,450</u>	<u>\$ 13,638</u>	<u>0.7%</u>
Adjusted EBIT ⁽⁴⁾	<u>\$ 315,719</u>	<u>\$ 340,744</u>	<u>\$ (25,025)</u>	<u>(7.3%)</u>
As a percent of total sales ⁽¹⁾	<u>16.3%</u>	<u>17.7%</u>		<u>(1.4%)</u>
International Welding:				
Net sales	\$ 854,376	\$ 919,771	\$ (65,395)	(7.1%)
Inter-segment sales	17,691	18,576	(885)	(4.8%)
Total Sales	<u>\$ 872,067</u>	<u>\$ 938,347</u>	<u>\$ (66,280)</u>	<u>(7.1%)</u>
Adjusted EBIT ⁽⁵⁾	<u>\$ 50,281</u>	<u>\$ 54,273</u>	<u>\$ (3,992)</u>	<u>(7.4%)</u>
As a percent of total sales ⁽²⁾	<u>5.8%</u>	<u>5.8%</u>		—
The Harris Products Group:				
Net sales	\$ 333,150	\$ 302,389	\$ 30,761	10.2%
Inter-segment sales	7,487	6,969	518	7.4%
Total Sales	<u>\$ 340,637</u>	<u>\$ 309,358</u>	<u>\$ 31,279</u>	<u>10.1%</u>
Adjusted EBIT ⁽⁶⁾	<u>\$ 45,701</u>	<u>\$ 36,564</u>	<u>\$ 9,137</u>	<u>25.0%</u>
As a percent of total sales ⁽³⁾	<u>13.4%</u>	<u>11.8%</u>		<u>1.6%</u>
Corporate / Eliminations:				
Inter-segment sales	\$ (148,520)	\$ (144,481)	\$ 4,039	2.8%
Adjusted EBIT ⁽⁷⁾	(10,948)	(8,887)	(2,061)	(23.2%)
Consolidated:				
Net sales	\$ 3,003,272	\$ 3,028,674	\$ (25,402)	(0.8%)
Net income	<u>\$ 293,109</u>	<u>\$ 287,066</u>	<u>\$ 6,043</u>	<u>2.1%</u>
As a percent of total sales	<u>9.8%</u>	<u>9.5%</u>		<u>0.3%</u>
Adjusted EBIT ⁽⁸⁾	<u>\$ 400,753</u>	<u>\$ 422,694</u>	<u>\$ (21,941)</u>	<u>(5.2%)</u>
As a percent of total sales	<u>13.3%</u>	<u>14.0%</u>		<u>(0.7%)</u>

(1) 2019 decrease as compared to 2018 driven by the dilutive impact of recent acquisitions and lower Net sales volumes.

(2) 2019 was flat as compared to 2018 driven by lower compensation costs, partially offset by lower Net sales volumes.

(3) 2019 increase as compared to 2018 driven by consumables volume increases.

(4) 2019 excludes Rationalization and asset impairment charges of \$1,716, as discussed in Note 7 to the consolidated financial statements and the amortization of step up in value of acquired inventories of \$1,399 related to the Baker acquisition.

2018 excludes pension settlement charges of \$6,686 related to lump sum pension payments.

- (5) 2019 excludes Rationalization and asset impairment charges of \$11,702, respectively, related to severance, asset impairments and gains or losses on the disposal of assets as discussed in Note 7 to the consolidated financial statements, the amortization of step up in value of acquired inventories of \$1,609, gains on disposals of assets of \$3,554 and a gain on change in control of \$7,601 related to the Askaynak acquisition.
- 2018 excludes charges of \$25,285 related to employee severance, asset impairments and other related costs.
- (6) 2019 excludes Rationalization and asset impairment charges of \$1,770, as discussed in Note 7 to the consolidated financial statements.
- (7) 2019 and 2018 exclude acquisition transaction and integration costs of \$1,804 and \$4,498, respectively, related to the Air Liquide Welding acquisition as discussed in Note 4 to the consolidated financial statements.
- (8) See non-GAAP Financial Measures for a reconciliation of Net income as reported and Adjusted EBIT.

Non-GAAP Financial Measures

The Company reviews Adjusted operating income, Adjusted EBIT, Adjusted net income, Adjusted effective tax rate, Adjusted diluted earnings per share and Return on invested capital, all non-GAAP financial measures, in assessing and evaluating the Company's underlying operating performance. These non-GAAP financial measures exclude the impact of special items on the Company's reported financial results. Non-GAAP financial measures should be read in conjunction with the generally accepted accounting principles in the United States ("GAAP") financial measures, as non-GAAP measures are a supplement to, and not a replacement for, GAAP financial measures. From time to time, management evaluates and discloses to investors the following non-GAAP measures: Free cash flow ("FCF"), defined as Net cash provided by operating activities less Capital expenditures (the Company considers FCF to be a liquidity measure that provides useful information to management and investors about how the amount of cash generated by our business, after the purchase of property and equipment, can be used for debt service, acquisitions, paying dividends and repurchasing our common shares); Cash conversion, defined as FCF divided by Adjusted net income; Organic sales, defined as sales excluding the effects of foreign currency and acquisitions.

The following table presents a reconciliation of Operating income as reported to Adjusted operating income:

	Year Ended December 31,	
	2019	2018
Operating income as reported	\$ 370,910	\$ 375,539
Special items (pre-tax):		
Rationalization and asset impairment charges ⁽¹⁾	15,188	25,285
Acquisition transaction and integration costs ⁽²⁾	1,804	4,498
Amortization of step up in value of acquired inventories ⁽³⁾	3,008	—
Gains on asset disposals ⁽⁴⁾	(3,045)	—
Adjusted operating income	<u>\$ 387,865</u>	<u>\$ 405,322</u>

(1) Charges primarily consist of employee severance, gains or losses on the disposal of assets and non-cash asset impairment charges.

(2) Acquisition-related costs included in Selling, general & administrative expenses related to the Air Liquide Welding acquisition as discussed in Note 4 to the consolidated financial statements.

(3) Charges represent the step up in value of acquired inventories related to the acquisitions of Baker and Askaynak and are included in Cost of goods sold.

(4) Gains related to the sale of properties and are primarily included in Cost of goods sold.

The following table presents the reconciliations of Net income as reported to Adjusted net income and Adjusted EBIT, Effective tax rate as reported to Adjusted effective tax rate and Diluted earnings per share as reported to Adjusted diluted earnings per share:

	Year Ended December 31,	
	2019	2018
Net income as reported	\$ 293,109	\$ 287,066
Special items:		
Rationalization and asset impairment charges ⁽¹⁾	15,188	25,285
Acquisition transaction and integration costs ⁽²⁾	1,804	4,498
Pension settlement charges ⁽³⁾	—	6,686
Amortization of step up in value of acquired inventories ⁽⁴⁾	3,008	—
Gains on asset disposals ⁽⁵⁾	(3,554)	—
Gain on change in control ⁽⁶⁾	(7,601)	—
Tax effect of Special items ⁽⁷⁾	(7,386)	(6,896)
Adjusted net income	\$ 294,568	\$ 316,639
Non-controlling interests in subsidiaries' earnings (loss)	\$ (26)	\$ (73)
Interest expense, net	23,415	17,565
Income taxes as reported	75,410	81,667
Tax effect of Special items ⁽⁷⁾	7,386	6,896
Adjusted EBIT	\$ 400,753	\$ 422,694
Effective tax rate as reported	20.5%	22.2 %
Net special item tax impact	1.4%	(0.3%)
Adjusted effective tax rate	21.9%	21.9 %
Diluted earnings per share as reported	\$ 4.68	\$ 4.37
Special items per share	0.02	0.45
Adjusted diluted earnings per share	\$ 4.70	\$ 4.82

(1) Charges consist of employee severance, gains or losses on the disposal of assets and other related costs, non-cash goodwill impairment charges and non-cash asset impairment charges.

(2) Acquisition-related costs related to the Air Liquide Welding acquisition as discussed in Note 4 to the consolidated financial statements.

(3) Charges related to lump sum pension payments.

(4) Charges represent the step up in value of acquired inventories related to the acquisitions of Baker and Askaynak and are included in Cost of goods sold.

(5) Gains related to the sale of properties and are primarily included in Cost of goods sold.

(6) Gain on change in control related to the acquisition of Askaynak and is included in Other income (expense).

(7) Includes the net tax impact of Special items recorded during the respective periods, including tax benefits of \$4,852 for the settlement of a tax item as well as tax deductions associated with an investment in a subsidiary in the year ended December 31, 2019. The prior year includes the net tax impact of Special items recorded during the period, including the net impact of the U.S. Tax Act of \$399.

The tax effect of Special items impacting pre-tax income was calculated as the pre-tax amount multiplied by the applicable tax rate. The applicable tax rates reflect the taxable jurisdiction and nature of each Special item.

Liquidity and Capital Resources

The Company's cash flow from operations can be cyclical. Operational cash flow is a key driver of liquidity, providing cash and access to capital markets. In assessing liquidity, the Company reviews working capital measurements to define areas for improvement. Management anticipates the Company will be able to satisfy cash requirements for its ongoing businesses for

the foreseeable future primarily with cash generated by operations, existing cash balances, borrowings under its existing credit facilities and raising debt in capital markets.

The Company continues to expand globally and periodically looks at transactions that would involve significant investments. The Company can fund its global expansion plans with operational cash flow, but a significant acquisition may require access to capital markets, in particular, the long-term debt market, as well as the syndicated bank loan market. The Company's financing strategy is to fund itself at the lowest after-tax cost of funding. Where possible, the Company utilizes operational cash flows and raises capital in the most efficient market, usually the United States, and then lends funds to the specific subsidiary that requires funding. If additional acquisitions providing appropriate financial benefits become available, additional expenditures may be made.

The following table reflects changes in key cash flow measures:

	Year Ended December 31,		\$ Change
	2019	2018	2019 vs. 2018
Cash provided by operating activities ⁽¹⁾	\$ 403,185	\$ 329,152	\$ 74,033
Cash provided by (used by) investing activities ⁽²⁾	(192,823)	20,841	(213,664)
Capital expenditures	(69,615)	(71,246)	1,631
Acquisition of businesses, net of cash acquired	(134,717)	(101,792)	(32,925)
Purchase of marketable securities, net of proceeds	—	179,124	(179,124)
Cash used by financing activities ⁽³⁾	(371,944)	(302,130)	(69,814)
Purchase of shares for treasury	(292,693)	(201,650)	(91,043)
Cash dividends paid to shareholders	(117,920)	(102,058)	(15,862)
Increase (decrease) in Cash and cash equivalents ⁽⁴⁾	(159,286)	32,148	

(1) Cash provided by operating activities increased for the twelve months ended December 31, 2019 compared with the twelve months ended December 31, 2018 primarily due to favorable changes in working capital and cash flows from tax payments and receipts.

(2) Cash used by investing activities increased predominantly due to cash used in the acquisition of businesses in 2019 and net proceeds from marketable securities in 2018. The Company currently anticipates capital expenditures of \$65,000 to \$75,000 in 2020. Anticipated capital expenditures include investments for capital maintenance to improve operational effectiveness. Management critically evaluates all proposed capital expenditures and expects each project to increase efficiency, reduce costs, promote business growth or improve the overall safety and environmental conditions of the Company's facilities.

(3) Cash used by financing activities increased in the twelve months ended December 31, 2019 compared with the twelve months ended December 31, 2018 due to higher purchases of common shares for treasury.

(4) Cash and cash equivalents decreased 44.4%, or \$159,286, to \$199,563 during the twelve months ended December 31, 2019, from \$358,849 as of December 31, 2018. The decrease was predominantly due to cash used in the acquisition of businesses, purchases of common shares for treasury and cash dividends paid to shareholders, partially offset by cash provided by operating activities.

The Company paid \$117,920 and \$102,058 in cash dividends to its shareholders in the twelve months ended December 31, 2019 and 2018, respectively, reflecting a 15.5% increase in dividends paid. In January 2020, the Company paid a cash dividend of \$0.49 per share, or \$29,690, to shareholders of record on December 31, 2019.

Working Capital Ratios

	December 31,	
	2019	2018
Average operating working capital to net sales ⁽¹⁾	16.8%	16.5%
Days sales in Inventories	99.9	95.1
Days sales in Accounts receivable	51.4	52.7
Average days in Trade accounts payable	56.0	55.5

(1) Average operating working capital to Net sales is defined as the sum of Accounts receivable and Inventories less Trade accounts payable as of period end divided by annualized rolling three months of Net sales.

Rationalization and Asset Impairments

Refer to Note 7 to the consolidated financial statements for a discussion of the Company's rationalization plans. The Company believes the rationalization actions will positively impact future results of operations and will not have a material effect on liquidity and sources and uses of capital.

Acquisitions

Refer to Note 4 to the consolidated financial statements for a discussion of the Company's recent acquisitions.

Debt

At December 31, 2019 and 2018, the fair value of long-term debt, including the current portion, was approximately \$721,494 and \$649,714, respectively, which was determined using available market information and methodologies requiring judgment. Since judgment is required in interpreting market information, the fair value of the debt is not necessarily the amount which could be realized in a current market exchange.

Senior Unsecured Notes

On April 1, 2015, the Company entered into a Note Purchase Agreement pursuant to which it issued senior unsecured notes (the "2015 Notes") in the aggregate principal amount of \$350,000 through a private placement. On October 20, 2016, the Company entered into a Note Purchase Agreement pursuant to which it issued senior unsecured notes (the "2016 Notes") in the aggregate principal amount of \$350,000 through a private placement. Interest on the notes are payable semi-annually. The proceeds were used for general corporate purposes. The 2015 Notes and 2016 Notes contain certain affirmative and negative covenants. As of December 31, 2019, the Company was in compliance with all of its debt covenants.

The Company's total weighted average effective interest rate and remaining weighted average term, inclusive of the 2015 Notes and 2016 Notes, is 3.3% and 14 years, respectively.

Revolving Credit Agreement

The Company has a line of credit totaling \$400,000 through the Amended and Restated Credit Agreement (the "Credit Agreement"). The Credit Agreement has a five-year term and may be increased, subject to certain conditions, by an additional amount up to \$100,000. The interest rate on borrowings is based on either the London Inter-Bank Offered Rate ("LIBOR") or the prime rate, plus a spread based on the Company's leverage ratio, at the Company's election. The Company amended and restated the Credit Agreement on June 30, 2017, extending the maturity of the line of credit to June 30, 2022. The Credit Agreement contains customary affirmative, negative and financial covenants for credit facilities of this type, including limitations on the Company and its subsidiaries with respect to liens, investments, distributions, mergers and acquisitions, dispositions of assets, transactions with affiliates, a fixed charges coverage ratio and total leverage ratio. As of December 31, 2019, the Company was in compliance with all of its covenants and had \$23,000 of outstanding borrowings under the Credit Agreement.

Shelf Agreements

On November 27, 2018, the Company entered into seven uncommitted master note facilities (the "Shelf Agreements") that allow borrowings up to \$700,000 in the aggregate. The Shelf Agreements have a five-year term and the average life of borrowings cannot exceed 15 years. The Company is required to comply with covenants similar to those contained in the 2015 Notes and 2016 Notes. As of December 31, 2019, the Company was in compliance with all of its covenants and had no outstanding borrowings under the Shelf Agreements.

Short-term Borrowings

The Company had short-term borrowings included in Amounts due banks of \$34,969 at December 31, 2019. Amounts due banks included borrowings on the Credit Agreement and borrowings of subsidiaries at weighted average interest rates of 4.9% at December 31, 2019.

Return on Invested Capital

The Company reviews return on invested capital ("ROIC") in assessing and evaluating the Company's underlying operating performance. ROIC is a non-GAAP financial measure that the Company believes is a meaningful metric to investors in evaluating the Company's financial performance and may be different than the method used by other companies to calculate ROIC. ROIC is defined as rolling 12 months of Adjusted net income excluding tax-effected interest income and expense divided by invested capital. Invested capital is defined as total debt, which includes Amounts due banks, Current portion of long-term debt and Long-term debt, less current portions, plus Total equity.

ROIC as of December 31, were as follows:

Return on Invested Capital	2019	2018
Adjusted net income ⁽¹⁾	\$ 294,568	\$ 316,639
Plus: Interest expense (after-tax)	19,465	18,386
Less: Interest income (after-tax)	1,896	5,206
Net operating profit after taxes	312,137	329,819
Invested capital	1,566,348	1,590,252
Return on invested capital	19.9%	20.7%

(1) See "Non-GAAP Financial Measures" section for a tabular reconciliation of Net income to Adjusted net income.

Contractual Obligations and Commercial Commitments

The Company's contractual obligations and commercial commitments as of December 31, 2019 are as follows:

	Payments Due By Period				
	Total	2020	2021 to 2022	2023 to 2024	2025 and Beyond
Long-term debt, including current portion	\$ 710,916	\$ 101	\$ 208	\$ 10,607	\$ 700,000
Interest on long-term debt (Note 9)	351,432	23,293	46,580	46,347	235,212
Operating leases (Note 18)	59,446	15,235	20,275	13,007	10,929
Purchase commitments ⁽¹⁾	194,553	191,446	2,996	111	—
Transition Tax ⁽²⁾ (Note 14)	20,532	3,024	3,024	5,032	9,452
Total	\$ 1,336,879	\$ 233,099	\$ 73,083	\$ 75,104	\$ 955,593

(1) Purchase commitments include contractual obligations for raw materials and services.

(2) Federal income taxes on the Company's transition tax pursuant to the U.S. Tax Act is payable over eight years. Amounts reflect the utilization of 2017 overpayments and foreign tax credits.

As of December 31, 2019, there were \$14,263 of tax liabilities related to unrecognized tax benefits and a \$29,170 liability for deferred compensation. Because of the high degree of uncertainty regarding the timing of future cash outflows associated with these liabilities, the Company is unable to estimate the years in which settlement will occur. Additionally, in connection with prior acquisitions, there were liabilities with total fair values as of December 31, 2019 of \$470 for contingent consideration arrangements. The amount of future cash flows associated with these liabilities will be contingent upon actual results of the acquired entities.

Stock-Based Compensation

On April 23, 2015, the shareholders of the Company approved the 2015 Equity and Incentive Compensation Plan ("Employee Plan"). The Employee Plan provides for the granting of options, appreciation rights, restricted shares, restricted stock units and performance-based awards up to an additional 5,400,000 of the Company's common shares. In addition, on April 23, 2015, the shareholders of the Company approved the 2015 Stock Plan for Non-Employee Directors ("2015 Director Plan"). The 2015 Director Plan provides for the granting of options, restricted shares and restricted stock units up to an additional 300,000 of the Company's common shares. At December 31, 2019, there were 3,017,391 common shares available for future grant under all plans.

Under these plans, options, restricted shares and restricted stock units granted were 372,738 in 2019 and 322,338 in 2018. The Company issued common shares from treasury upon all exercises of stock options, vesting of restricted stock units and the granting of restricted stock awards in 2019 and 2018.

Total stock-based compensation expense recognized in the Consolidated Statements of Income for 2019 and 2018 was \$16,624 and \$18,554, respectively, with a related tax benefit of \$4,151 and \$4,632, respectively. As of December 31, 2019, total unrecognized stock-based compensation expense related to non-vested stock options, restricted shares and restricted stock units was \$19,817, which is expected to be recognized over a weighted average period of approximately 2 years.

The aggregate intrinsic value of options outstanding and exercisable which would have been received by the optionees had all awards been exercised at December 31, 2019 was \$34,138 and \$30,960, respectively. The total intrinsic value of awards exercised during 2019 and 2018 was \$13,964 and \$4,779, respectively.

Product Liability Costs

Product liability costs incurred can be volatile and are largely related to trial activity. The costs associated with these claims are predominantly defense costs which are recognized in the periods incurred.

The long-term impact of product liability contingencies, in the aggregate, on operating results, operating cash flows and access to capital markets is difficult to assess, particularly since claims are in many different stages of development and the Company benefits significantly from cost sharing with co-defendants and insurance carriers. Moreover, the Company has been largely successful to date in its defense of these claims.

Off-Balance Sheet Arrangements

The Company utilizes letters of credit to back certain payment and performance obligations. Letters of credit are subject to limits based on amounts outstanding under the Company's Credit Agreement.

New Accounting Pronouncements

Refer to Note 1 to the consolidated financial statements for a discussion of new accounting pronouncements.

Critical Accounting Policies and Estimates

The Company's consolidated financial statements are based on the selection and application of significant accounting policies, which require management to make estimates and assumptions. These estimates and assumptions are reviewed periodically by management and compared to historical trends to determine the accuracy of estimates and assumptions used. If warranted, these estimates and assumptions may be changed as current trends are assessed and updated. Historically, the Company's estimates have been determined to be reasonable. No material changes to the Company's accounting policies were made during 2019. The Company believes the following accounting policies are some of the more critical judgment areas affecting its financial condition and results of operations.

Legal and Tax Contingencies

The Company, like other manufacturers, is subject from time to time to a variety of civil and administrative proceedings arising in the ordinary course of business. Such claims and litigation include, without limitation, product liability claims, administrative claims, regulatory claims and health, safety and environmental claims, some of which relate to cases alleging asbestos induced illnesses. The costs associated with these claims are predominantly defense costs, which are recognized in the periods incurred. Insurance reimbursements mitigate these costs and, where reimbursements are probable, they are recognized in the applicable period. With respect to costs other than defense costs (i.e., for liability and/or settlement or other resolution), reserves are recorded when it is probable that the contingencies will have an unfavorable outcome. The Company accrues its best estimate of the probable costs after a review of the facts with management and counsel and taking into account past experience. If an unfavorable outcome is determined to be reasonably possible but not probable, or if the amount of loss cannot be reasonably estimated, disclosure would be provided for material claims or litigation. Many of the current cases are in differing procedural stages and information on the circumstances of each claimant, which forms the basis for judgments as to the validity or ultimate disposition of such actions, varies greatly. Therefore, in many situations a range of possible losses cannot be made. Reserves are adjusted as facts and circumstances change and related management assessments of the underlying merits and the likelihood of outcomes change. Moreover, reserves only cover identified and/or asserted claims. Future claims could, therefore, give rise to increases to such reserves.

The Company is subject to taxation from U.S. federal, state, municipal and international jurisdictions. The calculation of current income tax expense is based on the best information available and involves significant management judgment. The actual income tax liability for each jurisdiction in any year can in some instances be ultimately determined several years after the financial statements are published.

The Company maintains liabilities for unrecognized tax benefits related to uncertain income tax positions in various jurisdictions. The Company uses judgment in determining whether the technical merits of tax positions are more-likely-than-not to be sustained. Judgment is also used in measuring the related amount of tax benefit that qualifies for recognition, including the interpretation of applicable tax law, regulation and tax ruling.

Liabilities are settled primarily through the completion of audits within each individual tax jurisdiction or the closing of a statute of limitation. Liabilities can be affected by changes in applicable tax law, regulation, tax ruling or such other factors, which may cause management to believe a revision of past estimates is appropriate. Management believes that an appropriate liability has been established for uncertain income tax positions; however, actual results may materially differ from these estimates. Refer to Note 14 to the consolidated financial statements for further discussion of uncertain income tax positions.

Deferred Income Taxes

Deferred income taxes are recognized at currently enacted tax rates for temporary differences between the GAAP and income tax basis of assets and liabilities and operating loss and tax credit carry-forwards. The Company determined that it would repatriate earnings for certain non-U.S. subsidiaries, which are subject to foreign withholding taxes. The Company considers remaining earnings in all other non-U.S. subsidiaries to be indefinitely reinvested and has not recorded any deferred taxes as such estimate is not practicable.

At December 31, 2019, the Company had approximately \$120,696 of gross deferred tax assets related to deductible temporary differences and tax loss and credit carry-forwards, which may reduce taxable income in future years. In assessing the realizability of deferred tax assets, the Company assesses whether it is more-likely-than-not that a portion or all of the deferred tax assets will not be realized. The Company considers the scheduled reversal of deferred tax liabilities, tax planning strategies and projected future taxable income in making this assessment. At December 31, 2019, a valuation allowance of \$71,546 was recorded against certain deferred tax assets based on this assessment. The Company believes it is more-likely-than-not that the tax benefit of the remaining net deferred tax assets will be realized. The amount of net deferred tax assets considered realizable could be increased or reduced in the future if the Company's assessment of future taxable income or tax planning strategies changes.

Pensions

The Company maintains a number of defined benefit ("Pension") and defined contribution plans to provide retirement benefits for employees. These plans are maintained and contributions are made in accordance with the Employee Retirement Income Security Act of 1974 ("ERISA"), local statutory law or as determined by the Board of Directors. The plans generally provide benefits based upon years of service and compensation. Pension plans are funded except for a domestic non-qualified pension plan for certain key employees and certain foreign plans.

A significant element in determining the Company's pension expense is the expected return on plan assets. At the end of each year, the expected return on plan assets is determined based on the weighted average expected return of the various asset classes in the plan's portfolio and the targeted allocation of plan assets. The asset class return is developed using historical asset return performance as well as current market conditions such as inflation, interest rates and equity market performance. The Company determined this rate to be 4.9% at December 31, 2019 and 2018, respectively. The assumed long-term rate of return on assets is applied to the market value of plan assets. This produces the expected return on plan assets included in pension expense. The difference between this expected return and the actual return on plan assets is deferred and, for frozen plans, is amortized over the average remaining life expectancy of plan participants expected to receive benefits under the plan. During 2019, investment returns were a gain of 18.0% compared with a loss of 3.8% in 2018. A 25 basis point change in the expected return on plan assets would increase or decrease pension expense by approximately \$1,200.

Another significant element in determining the Company's pension expense is the discount rate for plan liabilities. To develop the discount rate assumption, the Company refers to the yield derived from matching projected pension payments with maturities of a portfolio of available non-callable bonds rated AA or an equivalent quality. The Company determined this rate to be 3.0% at December 31, 2019 and 3.8% at December 31, 2018. A 10 basis point change in the discount rate would not have a significant impact to pension expense.

The Company's defined benefit plan expense was \$261 and \$3,068 in 2019 and 2018, respectively. Pension expense includes \$266 and \$6,289 in settlement charges in 2019 and 2018, respectively. The Company's defined contribution plan expense was \$24,835 and \$26,477 in 2019 and 2018, respectively. The Company expects total 2020 expense related to retirement plans to decrease by a range of approximately \$1,000 to \$2,000. The decrease is the result of lower interest cost. Refer to Note 12 to the consolidated financial statements for additional information.

The Accumulated other comprehensive loss, excluding tax effects, recognized on the Consolidated Balance Sheet was \$96,080 as of December 31, 2019 and \$111,771 as of December 31, 2018. The decrease is primarily the result of higher investment returns and the amortization of net losses.

The Company does not expect to make significant contributions to the defined benefit plans in 2020.

Inventories

Inventories are valued at the lower of cost or net realizable value. Fixed manufacturing overhead costs are allocated to inventory based on normal production capacity and abnormal manufacturing costs are recognized as period costs. Cost for a substantial portion of U.S. inventories is determined on a LIFO basis. LIFO was used for 36% and 37% of total inventories at December 31, 2019 and 2018, respectively. Cost of other inventories is determined by costing methods that approximate a FIFO basis. The valuation of LIFO inventories is made at the end of each year based on inventory levels and costs at that time. Accordingly, interim LIFO calculations are based on management's estimates of expected year-end inventory levels and costs. Actual year-end inventory levels and costs may differ from interim LIFO inventory valuations. The excess of current cost over LIFO cost was \$75,292 at December 31, 2019 and \$79,626 at December 31, 2018.

The Company reviews the net realizable value of inventory on an on-going basis with consideration given to deterioration, obsolescence and other factors. If actual market conditions differ from those projected by management, and the Company's estimates prove to be inaccurate, write-downs of inventory values and adjustments to Cost of goods sold may be required. Historically, the Company's reserves have approximated actual experience.

Accounts Receivable

The Company maintains an allowance for doubtful accounts for estimated losses from the failure of its customers to make required payments for products delivered. The Company estimates this allowance based on the age of the related receivable, knowledge of the financial condition of customers, review of historical receivables and reserve trends and other pertinent information. If the financial condition of customers deteriorates or an unfavorable trend in receivable collections is experienced in the future, additional allowances may be required. Historically, the Company's reserves have approximated actual experience.

Long-Lived Assets

The Company periodically evaluates whether current facts or circumstances indicate that the carrying value of its depreciable long-lived assets to be held and used may not be recoverable. If such circumstances are determined to exist, an estimate of undiscounted future cash flows produced by the long-lived asset, or the appropriate grouping of assets, is compared to the carrying value to determine whether impairment exists. If an asset is determined to be impaired, a loss is recognized to the extent that carrying value exceeds fair value. Fair value is measured based on quoted market prices in active markets, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including the discounted value of estimated future cash flows.

Goodwill and Intangibles

The Company performs an annual impairment test of goodwill and indefinite-lived intangible assets in the fourth quarter using the same dates each year or more frequently if changes in circumstances or the occurrence of events indicate potential impairment.

The fair value of each indefinite-lived intangible asset is compared to its carrying value and an impairment charge is recorded if the carrying value exceeds the fair value. For goodwill, the Company first assesses qualitative factors to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, and whether it is necessary to perform the quantitative goodwill impairment test. The quantitative test is required only if the Company concludes that it is more-likely-than-not that a reporting unit's fair value is less than its carrying amount. For quantitative testing, the Company compares the fair value of each reporting unit with its carrying amount. If the carrying amount exceeds the fair value, an impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

Fair values are determined using established business valuation techniques and models developed by the Company, estimates of market participant assumptions of future cash flows, future growth rates and discount rates to value estimated cash flows. Changes in economic and operating conditions, actual growth below the assumed market participant assumptions or an increase in the discount rate could result in an impairment charge in a future period.

Acquisitions

Upon acquisition of a business, the Company uses the income, market or cost approach (or a combination thereof) for the valuation as appropriate. The valuation inputs in these models and analyses are based on market participant assumptions. Market participants are considered to be buyers and sellers unrelated to the Company in the principal or most advantageous market for the asset or liability.

Fair value estimates are based on a series of judgments about future events and uncertainties and rely heavily on estimates and assumptions. Management values property, plant and equipment using the cost approach supported where available by observable market data, which includes consideration of obsolescence. Management values acquired intangible assets using

the relief from royalty method or excess earnings method, forms of the income approach supported by observable market data for peer companies. The significant assumptions used to estimate the value of the acquired intangible assets include discount rates and certain assumptions that form the basis of future cash flows (such as revenue growth rates, customer attrition rates, and royalty rates). Acquired inventories are marked to fair value. For certain items, the carrying value is determined to be a reasonable approximation of fair value based on information available to the Company. Refer to Note 4 to the consolidated financial statements for additional details.

Revenue Recognition

On January 1, 2018, the Company adopted Accounting Standards Update ("ASU") 2014-09 ("Topic 606") using the modified retrospective method applied to those contracts which were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Company's historic accounting.

Revenue is recognized when obligations under the terms of a contract are satisfied and control is transferred to the customer. Revenue is measured as the amount of consideration the Company expects to be entitled to in exchange for goods or services. Substantially all of the Company's sales arrangements are short-term in nature involving a single performance obligation. The Company recognizes revenue when the performance obligation is satisfied and control of the product is transferred to the customer based upon shipping terms. In addition, certain customized automation performance obligations are accounted for over time. Under this method, revenue recognition is primarily based upon the ratio of costs incurred to date compared with estimated total costs to complete. The cumulative impact of revisions to total estimated costs is reflected in the period of the change, including anticipated losses. Less than 10% of the Company's Net sales are recognized over time.

The Company recognizes any discounts, credits, returns, rebates and incentive programs based on reasonable estimates as a reduction of sales to arrive at Net sales at the same time the related revenue is recorded. Taxes collected by the Company, including sales tax and value added tax, are excluded from Net sales. The Company recognizes freight billed as a component of Net sales and shipping costs as a component of Cost of goods sold when control transfers to the customer. Sales commissions are expensed when incurred because the amortization period is generally one year or less. These costs are recorded within Selling, general and administrative expenses in the Company's Consolidated Statements of Income.

Refer to Note 2 to the consolidated financial statements for additional details.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's primary financial market risks include fluctuations in currency exchange rates, commodity prices and interest rates. The Company manages these risks by using derivative financial instruments in accordance with established policies and procedures. The Company does not enter into derivatives or other financial instruments for trading or speculative purposes.

Included below is a sensitivity analysis based upon a hypothetical 10% weakening or strengthening in the U.S. dollar compared to foreign currency exchange rates at December 31, 2019 and a 100 basis point increase in effective interest rates at December 31, 2019. The derivative, borrowing and investment arrangements in effect at December 31, 2019 were compared to the hypothetical foreign exchange or interest rates in the sensitivity analysis to determine the effect on the Company's current period consolidated financial statements.

Foreign Currency Exchange Risk

The Company enters into forward foreign exchange contracts principally to hedge the currency fluctuations in transactions denominated in foreign currencies, thereby limiting the Company's risk that would otherwise result from changes in exchange rates.

At December 31, 2019, the Company hedged certain third-party and intercompany purchases and sales. The gross notional dollar amount of these foreign exchange contracts at December 31, 2019 was \$59,982. At December 31, 2019, a hypothetical 10% strengthening or weakening in the U.S. dollar would have changed Accumulated other comprehensive income (loss) by \$1,082.

The Company enters into forward foreign exchange contracts to hedge transaction exposures or significant cross-border intercompany loans by either purchasing or selling specified amounts of foreign currency at a specified date. The gross notional dollar amount of these foreign exchange contracts at December 31, 2019 was \$363,820. A hypothetical 10% change in the year-end exchange rates would have resulted in an increase or decrease to Income before income taxes of \$11,379 related to these positions. However, any loss (or gain) resulting from a hypothetical 10% change would be offset by the associated gain (or loss) on the underlying balance sheet exposure and would ultimately not materially affect the Company's financial statements.

In addition, the Company has cross currency swaps to hedge the Company's net investment in European subsidiaries against adverse changes in exchange rates. The gross notional dollar value of these contracts is \$50,000 as of December 31, 2019. At December 31, 2019, a hypothetical 10% strengthening or weakening in the U.S. dollar would have changed Accumulated other comprehensive income (loss) by \$5,714.

Commodity Price Risk

From time to time, the Company uses various hedging arrangements to manage exposures to price risk from commodity purchases. These hedging arrangements have the effect of fixing for specified periods the prices the Company will pay for the volume to which the hedge relates. The Company had no commodity contracts outstanding during 2019.

Interest Rate Risk

At December 31, 2019, the Company had various floating interest rate swaps used to convert \$50,000 of its outstanding fixed-rate, long-term borrowings into short-term variable interest rates. The fixed-rate nature of the remaining long-term borrowings limits the Company's exposure to changes in near-term interest rates. An increase in interest expense resulting from a hypothetical increase of 100 basis points in the December 31, 2019 floating rate, would not materially affect the Company's financial statements. A hypothetical 100 basis point increase to effective interest rates would also impact the fair value of interest rate swaps. However, any loss resulting from this hypothetical scenario would be offset by the associated gain on the underlying debt and have no impact on the Company's consolidated financial statements.

The fair value of the Company's cash and cash equivalents at December 31, 2019 approximated cost due to the short-term duration. These financial instruments are subject to concentrations of credit risk. The Company has minimized this risk by entering into investments with a number of major banks and financial institutions and investing in high-quality instruments. The Company does not expect any counter-parties to fail to meet their obligations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The response to this item is submitted in a separate section of this Annual Report on Form 10-K following the signature page.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

ITEM 9A. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of disclosure controls and procedures, as such term is defined in Rule 13a-15(e) of the Exchange Act. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this Annual Report on Form 10-K.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of internal control over financial reporting as of December 31, 2019 based on the 2013 framework in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the Company's evaluation under such framework, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2019.

During 2019, the Company completed the acquisitions of Baker Industries Inc. ("Baker") and Kaynak Tekniği Sanayi ve Ticaret A.Ş. ("Askaynak"). The results of operations are included in the Company's consolidated financial statements from the dates of acquisition and constituted 8.8% of consolidated total assets as of December 31, 2019 and 2.2% of consolidated net revenue for the year then ended. As permitted by guidance issued by the Securities and Exchange Commission, the Company has elected to exclude Baker and Askaynak from our assessment of the effectiveness of our internal control over financial reporting as of December 31, 2019.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2019 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report, which is included elsewhere in this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

Beginning January 1, 2019, the Company implemented ASU 2016-02, Leases ("Topic 842"). The adoption of Topic 842 resulted in changes to processes and control activities related to lease accounting, including the implementation of a supporting information technology application.

In April 2019 and July 2019, the Company acquired Baker and Askaynak, respectively. The acquired businesses operated under their own set of systems and internal controls and the Company is currently maintaining those systems and much of that control environment until it is able to incorporate its processes into the Company's own systems and control environment. The Company expects to complete the incorporation of the acquired businesses operations into the Company's systems and control environment in fiscal year 2020.

There have been no other changes in the Company's internal control over financial reporting that occurred during the fourth quarter of 2019 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The Company is expected to file its 2020 proxy statement pursuant to Regulation 14A of the Exchange Act within 120 days after December 31, 2019.

Except for the information set forth within Part I, Item 1C section of this Annual Report on Form 10-K concerning our Executive Officers, the information required by this item is incorporated by reference from the 2020 proxy statement.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference from the 2020 proxy statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference from the 2020 proxy statement.

For further information on the Company's equity compensation plans, see Note 1 and Note 10 to the Company's consolidated financial statements.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference from the 2020 proxy statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference from the 2020 proxy statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

The following consolidated financial statements of the Company are included in a separate section of this report following the signature page and certifications:

Report of Independent Registered Public Accounting Firm
Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting
Consolidated Statements of Income – Years ended December 31, 2019, 2018 and 2017
Consolidated Statements of Comprehensive Income – Years ended December 31, 2019, 2018 and 2017
Consolidated Balance Sheets – December 31, 2019 and 2018
Consolidated Statements of Equity – Years ended December 31, 2019, 2018 and 2017
Consolidated Statements of Cash Flows – Years ended December 31, 2019, 2018 and 2017
Notes to Consolidated Financial Statements

(a)(2) Financial Statement Schedules

The following consolidated financial statement schedule of the Company is included in a separate section of this report following the signature page:

Schedule II – Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore, have been omitted.

(a)(3) Exhibits

Exhibit No.	Description
3.1	Amended and Restated Articles of Incorporation of Lincoln Electric Holdings, Inc. (filed as Exhibit 3.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on September 27, 2011, SEC file No. 0-1402 and incorporated herein by reference and made a part hereof).
3.2	Amended and Restated Code of Regulations of Lincoln Electric Holdings, Inc. (filed as Exhibit 3.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on April 29, 2014, SEC file No. 0-1402 and incorporated herein by reference and made a part hereof).
3.3	Amended and Restated Code of Regulations of Lincoln Electric Holdings, Inc., as amended on February 18, 2019 (filed as Exhibit 3.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on February 21, 2019, SEC file No. 0-1402 and incorporated herein by reference and made a part hereof).
4.1	Description of Securities Registered Under Section 12 of the Securities Exchange Act of 1934, (filed herewith).
10.1	Amended and Restated Credit Agreement, dated as of June 30, 2017, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Techalloy, Inc., Wayne Trail Technologies, Inc., Lincoln Global, Inc., the Lenders and KeyBank National Association (filed as Exhibit 10.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on July 6, 2017 SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.2	Note Purchase Agreement, dated as of April 1, 2015, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc. and the purchasers party thereto (filed as Exhibit 10.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on April 2, 2015, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.3	Amendment No. 1 to Note Purchase Agreement, dated as of April 1, 2015, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc. and the purchasers party thereto, dated July 30, 2019 (filed as Exhibit 10.1 to Form 10-Q of Lincoln Electric Holdings, Inc. for the quarter ended September 30, 2019, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.4	Note Purchase Agreement, dated as of October 20, 2016, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Techalloy, Inc. and Wayne Trail Technologies, Inc. and the purchaser party thereto (filed as Exhibit 10.4 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2016, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).

Exhibit No.	Description
10.5	Uncommitted Master Note Facility, dated as of November 27, 2018, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc., MetLife Investment Advisors, LLC and/or one or more of its affiliates or related funds, as purchasers thereunder (filed as Exhibit 10.1, to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 29, 2018, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.6	Uncommitted Master Note Facility, dated as of November 27, 2018, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc., Voya Retirement Insurance and Annuity Company and/or one or more of its affiliates or related funds, as purchasers thereunder (filed as Exhibit 10.2, to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 29, 2018, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.7	Uncommitted Master Note Facility, dated as of November 27, 2018, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc., State Farm Life Insurance Company and/or one or more of its affiliates or related funds, as purchasers thereunder (filed as Exhibit 10.3, to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 29, 2018, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.8	Uncommitted Master Note Facility, dated as of November 27, 2018, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc., AIG Asset Management (U.S.), LLC and/or one or more of its affiliates or related funds, as purchasers thereunder (filed as Exhibit 10.4, to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 29, 2018, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.9	Uncommitted Master Note Facility, dated as of November 27, 2018, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc., John Hancock Life Insurance Company (U.S.A.) and/or one or more of its affiliates or related funds, as purchasers thereunder (filed as Exhibit 10.5, to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 29, 2018, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.10	Uncommitted Master Note Facility, dated as of November 27, 2018, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc., Thrivent Financial for Lutherans and/or one or more of its affiliates or related funds, as purchasers thereunder (filed as Exhibit 10.6, to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 29, 2018, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.11	Uncommitted Master Note Facility, dated as of November 27, 2018, by and among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, J.W. Harris Co., Inc., Lincoln Global, Inc., Techalloy, Inc., Wayne Trail Technologies, Inc., Allianz Life Insurance Company of North America and/or one or more of its affiliates or related funds, as purchasers thereunder (filed as Exhibit 10.7, to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 29, 2018, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.12*	Supplemental Executive Retirement Plan (Amended and Restated as of December 31, 2008) (filed as Exhibit 10.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on January 7, 2009, SEC File No. 0-1402 and incorporated herein by reference and made part hereof).
10.13*	Amendment No. 1 to Supplemental Executive Retirement Plan (As Amended and Restated as of December 31, 2008) dated November 29, 2016 (filed as Exhibit 10.6 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2016, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.14*	Deferred Compensation Plan for Certain Retention Agreements and Other Contractual Arrangements (Amended and Restated as of January 1, 2004) (filed as Exhibit 10(i) to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2003, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.15*	Non-Employee Directors' Deferred Compensation Plan (Amended and Restated as of January 1, 2019) (filed as Exhibit 10.15 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2018, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.16*	2005 Deferred Compensation Plan for Executives (Amended and Restated as of January 1, 2018) (filed as Exhibit 10.10 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2017, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.17*	The Lincoln Electric Company Restoration Plan (filed as Exhibit 4.3 to Form S-8 of Lincoln Electric Holdings, Inc. filed on December 19, 2016, SEC File No. 333-215168, and incorporated herein by reference and made a part hereof).

Exhibit No.	Description
<u>10.18*</u>	The Lincoln Electric Company Employee Savings Plan As Amended and Restated Effective January 1, 2019 (filed as Exhibit 10.20 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2018, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof)).
<u>10.19*</u>	Amendment No. 1 to The Lincoln Electric Company Employee Savings Plan As Amended and Restated Effective January 1, 2019, dated July 1, 2019 (filed as Exhibit 10.1 to Form 10-Q of Lincoln Electric Holdings, Inc. for the quarter ended June 30, 2019, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
<u>10.20*</u>	Form of Change in Control Severance Agreement (as entered into by the Company and its executive officers) (filed as Exhibit 10.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on November 21, 2017, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
<u>10.21*</u>	2006 Equity and Performance Incentive Plan (Restated as of March 3, 2011) (filed as Annex A to Lincoln Electric Holdings, Inc. proxy statement filed on March 18, 2011, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
<u>10.22*</u>	2006 Stock Plan for Non-Employee Directors (filed as Appendix C to Lincoln Electric Holdings, Inc. proxy statement dated March 28, 2006, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
<u>10.23*</u>	Amendment No. 1 to the 2006 Stock Plan for Non-Employee Directors dated October 20, 2006 (filed as Exhibit 10.2 to Form 10-Q of Lincoln Electric Holdings, Inc. for the three months ended March 31, 2007, SEC file No. 0-1402 and incorporated herein by reference and made a part hereof).
<u>10.24*</u>	Amendment No. 2 to the 2006 Stock Plan for Non-Employee Directors dated July 26, 2007 (filed as Exhibit 10.1 to Form 10-Q of Lincoln Electric Holdings, Inc. for the three months ended September 30, 2007, SEC file No. 0-1402 and incorporated herein by reference and made a part hereof).
<u>10.25*</u>	Amendment No. 3 to the 2006 Stock Plan for Non-Employee Directors dated December 15, 2014 (filed as Exhibit 10.20 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2014, SEC file No. 0-1402 and incorporated herein by reference and made a part hereof).
<u>10.26*</u>	2015 Equity and Incentive Compensation Plan (filed as Appendix B to Lincoln Electric Holdings, Inc. definitive proxy statement filed on March 18, 2015, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
<u>10.27*</u>	2015 Stock Plan for Non-Employee Directors (filed as Appendix C to Lincoln Electric Holdings, Inc. definitive proxy statement filed on March 18, 2015, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
<u>10.28*</u>	Amendment No. 1 to the 2015 Stock Plan for Non-Employee Directors (filed as Appendix C to Lincoln Electric Holdings, Inc. proxy statement dated March 20, 2017, SEC File No. 0-1402 and incorporated by reference and made a part hereof).
<u>10.29*</u>	Form of Restricted Share Agreement for Non-Employee Directors (filed as Exhibit 10.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on July 29, 2015, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
<u>10.30*</u>	Form of Restricted Share Agreement for Non-Employee Directors (filed as Exhibit 10.24 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2017, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
<u>10.31*</u>	Form of Restricted Stock Unit Agreement for Non-Employee Directors (filed as Exhibit 10.32 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2018, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
<u>10.32*</u>	Form of Restricted Stock Unit Agreement for Non-Employee Directors (filed herewith).
<u>10.33*</u>	Form of Stock Option Agreement for Executive Officers (filed as Exhibit 10.4 to Form 10-Q of Lincoln Electric Holdings, Inc. for the three months ended September 30, 2010, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
<u>10.34*</u>	Form of Stock Option Agreement for Executive Officers (filed as Exhibit 10.37 to Form 10-K of the Lincoln Electric Holdings, Inc. for the year ended December 31, 2010, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
<u>10.35*</u>	Form of Stock Option Agreement for Executive Officers (filed as Exhibit 10.27 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2017, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
<u>10.36*</u>	Form of Stock Option Agreement for Executive Officers (filed as Exhibit 10.28 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2017, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).

Exhibit No.	Description
10.37*	Form of Stock Option Agreement for Executive Officers (filed as Exhibit 10.37 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2018, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.38*	Form of Stock Option Agreement for Executive Officers (filed herewith).
10.39*	Form of Restricted Stock Unit Agreement for Executive Officers (filed as Exhibit 10.33 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2013, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.40*	Form of Restricted Stock Unit Agreement for Executive Officers (filed as Exhibit 10.21 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2015, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.41*	Form of Restricted Stock Unit Agreement for Executive Officers (filed as Exhibit 10.33 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2017, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.42*	Form of Restricted Stock Unit Agreement for Executive Officers (filed as Exhibit 10.41 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2018, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.43*	Form of Restricted Stock Unit Agreement for Executive Officers (filed herewith).
10.44*	Form of Performance Share Award Agreement for Executive Officers (filed as Exhibit 10.22 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2015, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.45*	Form of Performance Share Award Agreement for Executive Officers (filed as Exhibit 10.35 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2017, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.46*	Form of Performance Share Award Agreement for Executive Officers (filed as Exhibit 10.44 to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2018, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.47*	Form of Performance Share Award Agreement for Executive Officers (filed herewith).
10.48*	Form of Officer Indemnification Agreement (effective February 23, 2012) (filed as Exhibit 10.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on February 29, 2012, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.49*	Form of Director Indemnification Agreement (effective February 23, 2012) (filed as Exhibit 10.2 to Form 8-K of Lincoln Electric Holdings, Inc. filed on February 29, 2012, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
21	Subsidiaries of the Registrant (filed herewith).
23	Consent of Independent Registered Public Accounting Firm (filed herewith).
24	Powers of Attorney (filed herewith).
31.1	Certification by the Chairman, President and Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 (filed herewith).
31.2	Certification by the Executive Vice President, Chief Financial Officer and Treasurer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 (filed herewith).
32.1	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover page Interactive Data File (embedded within the Inline XBRL document)

* Reflects management contract or other compensatory arrangement required to be filed as an exhibit pursuant to Item 15(b) of this report.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LINCOLN ELECTRIC HOLDINGS, INC.

By: /s/ Gabriel Bruno

Gabriel Bruno
Executive Vice President, Finance
(principal accounting officer)
February 27, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Christopher L. Mapes

Christopher L. Mapes,
Chairman, President and Chief Executive Officer
(principal executive officer)
February 27, 2020

/s/ Vincent K. Petrella

Vincent K. Petrella,
Executive Vice President, Chief Financial Officer and Treasurer
(principal financial officer)
February 27, 2020

/s/ Gabriel Bruno

Gabriel Bruno,
Executive Vice President, Finance
(principal accounting officer)
February 27, 2020

/s/ Gabriel Bruno

Gabriel Bruno as
Attorney-in-Fact for
Curtis E. Espeland, Director
February 27, 2020

/s/ Gabriel Bruno

Gabriel Bruno as
Attorney-in-Fact for
Patrick P. Goris, Director
February 27, 2020

/s/ Gabriel Bruno

Gabriel Bruno as
Attorney-in-Fact for
Stephen G. Hanks, Director
February 27, 2020

/s/ Gabriel Bruno

Gabriel Bruno as
Attorney-in-Fact for
Michael F. Hilton, Director
February 27, 2020

/s/ Gabriel Bruno

Gabriel Bruno as
Attorney-in-Fact for
G. Russell Lincoln, Director
February 27, 2020

/s/ Gabriel Bruno

Gabriel Bruno as
Attorney-in-Fact for
Kathryn Jo Lincoln, Director
February 27, 2020

/s/ Gabriel Bruno

Gabriel Bruno as
Attorney-in-Fact for
William E. MacDonald, III, Director
February 27, 2020

/s/ Gabriel Bruno

Gabriel Bruno as
Attorney-in-Fact for
Phillip J. Mason, Director
February 27, 2020

/s/ Gabriel Bruno

Gabriel Bruno as
Attorney-in-Fact for
Ben Patel, Director
February 27, 2020

/s/ Gabriel Bruno

Gabriel Bruno as
Attorney-in-Fact for
Hellene S. Runtagh, Director
February 27, 2020

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Lincoln Electric Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Lincoln Electric Holdings, Inc. (the Company) as of December 31, 2019 and 2018, the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and the financial statement schedule listed in the Index at Item 15 (a) (2) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 27, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of acquired intangible assets

Description of the Matter

As described in Note 4 to the consolidated financial statements, the Company completed the acquisitions of Baker Industries, Inc. (Baker) and the controlling stake of Kaynak Tekniği Sanayi ve Ticaret A.Ş. (Askaynak) during the year ended December 31, 2019. The Company's accounting for the acquisitions included determining the fair value of the intangible assets acquired, which primarily included trademarks and trade names, and customer relationships.

Auditing the Company's valuation of acquired intangible assets of Baker and Askaynak was complex due to the significant estimation required by management to determine the fair value of intangible assets. The significant estimation uncertainty was primarily due to the sensitivity of the respective fair values to the significant underlying assumptions utilized in the measurement of the fair value. Management values acquired intangible assets using the relief from royalty method or excess earnings method, forms of the income approach. The significant assumptions used to estimate the value of the acquired intangible assets include discount rates and certain assumptions that form the basis of future cash flows (such as revenue growth rates, customer attrition rates, and royalty rates). These assumptions relate to the future performance of the acquired businesses, are forward-looking and could be affected by future economic and market conditions.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process for accounting for acquired intangible assets. For example, we tested controls over management's review of the valuation of intangible assets, including the review of the valuation model and significant assumptions used in the valuation.

To test the fair value of these acquired intangible assets, we performed audit procedures that included, among others, assessing the methodologies, testing the significant assumptions described above, and testing the completeness and accuracy of the underlying data. For example, we compared the significant assumptions to current industry, market and economic trends, historical results of the acquired businesses and to other relevant factors. We utilized internal valuation specialists in assessing the fair value methodologies applied and evaluating the reasonableness of certain assumptions selected by management. We also performed sensitivity analyses of the significant assumptions to evaluate the change in the fair value resulting from changes in the assumptions. Furthermore, we assessed the appropriateness of the disclosures in the consolidated financial statements regarding the acquisitions.

Uncertain tax positions

Description of the Matter

As disclosed in Note 14 to the consolidated financial statements, the Company operates in a multinational tax environment and is subject to laws and regulations in various jurisdictions, including U.S. federal, various U.S. state and non-U.S. jurisdictions. Uncertain tax positions may arise from interpretations and judgments made by the Company in the application of the relevant laws, regulations and tax rulings. The Company uses judgment in (1) determining whether the technical merits of tax positions in certain jurisdictions are more-likely-than-not to be sustained and (2) measuring the related amount of tax benefit that qualifies for recognition.

Auditing the tax positions related to certain jurisdictions was complex because the recognition and measurement of the tax positions is judgmental and is based on interpretations of laws, regulations and tax rulings.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process to assess the technical merits of certain tax positions and controls over the Company's process for accounting for uncertain tax positions. For example, our procedures included testing the Company's controls to determine the application of the relevant laws, regulations and tax rulings, including management's process to recognize and measure the related tax positions.

In testing the recognition and measurement of income tax positions, we involved tax professionals to assist in assessing the technical merits of the Company's tax positions. In addition, we used our knowledge of and experience with the application of domestic and international income tax laws by the relevant tax authorities to evaluate the Company's accounting for those tax positions. We also assessed the Company's assumptions and data used to support the measurement of the related tax positions and tested the accuracy of the calculations. Lastly, we evaluated the Company's income tax disclosures related to the Company's uncertain tax positions.

/s/ Ernst & Young LLP

We have served as the Company's auditor since at least 1923, but we are unable to determine the specific year.

Cleveland, OH
February 27, 2020

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Lincoln Electric Holdings, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Lincoln Electric Holdings, Inc.'s internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Lincoln Electric Holdings, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the operations acquired from Baker Industries, Inc. (Baker) and Kaynak Tekniği Sanayi ve Ticaret A.Ş. (Askaynak), which are included in the 2019 consolidated financial statements of the Company and constituted 8.8% of consolidated total assets as of December 31, 2019 and 2.2% of consolidated net revenue for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of the operations acquired from Baker and Askaynak.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2019 consolidated financial statements of the Company and our report dated February 27, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Cleveland, Ohio

February 27, 2020

LINCOLN ELECTRIC HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)

	Year Ended December 31,		
	2019	2018	2017
Net sales	\$ 3,003,272	\$ 3,028,674	\$ 2,624,431
Cost of goods sold	1,995,685	2,000,153	1,749,324
Gross profit	1,007,587	1,028,521	875,107
Selling, general & administrative expenses	621,489	627,697	541,225
Rationalization and asset impairment charges (Notes 5 and 7)	15,188	25,285	6,590
Bargain purchase gain (Note 4)	—	—	(49,650)
Operating income	370,910	375,539	376,942
Interest expense, net	23,415	17,565	19,432
Other income (expense) (Note 13)	20,998	10,686	8,726
Income before income taxes	368,493	368,660	366,236
Income taxes (Note 14)	75,410	81,667	118,761
Net income including non-controlling interests	293,083	286,993	247,475
Non-controlling interests in subsidiaries' loss	(26)	(73)	(28)
Net income	\$ 293,109	\$ 287,066	\$ 247,503
Basic earnings per share (Note 3)	\$ 4.73	\$ 4.42	\$ 3.76
Diluted earnings per share (Note 3)	\$ 4.68	\$ 4.37	\$ 3.71
Cash dividends declared per share	\$ 1.90	\$ 1.64	\$ 1.44

See notes to these consolidated financial statements.

LINCOLN ELECTRIC HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	Year Ended December 31,		
	2019	2018	2017
Net income including non-controlling interests	\$ 293,083	\$ 286,993	\$ 247,475
Other comprehensive income (loss), net of tax:			
Unrealized (loss) gain on derivatives designated and qualifying as cash flow hedges, net of tax of \$(58) in 2019; \$346 in 2018; \$17 in 2017	(68)	819	288
Defined pension plan activity, net of tax of \$4,188 in 2019; \$1,691 in 2018; \$19,252 in 2017	11,503	3,228	10,662
Currency translation adjustment	6,735	(50,693)	71,016
Other comprehensive income (loss)	18,170	(46,646)	81,966
Comprehensive income	311,253	240,347	329,441
Comprehensive income (loss) attributable to non-controlling interests	255	(166)	87
Comprehensive income attributable to shareholders	\$ 310,998	\$ 240,513	\$ 329,354

See notes to these consolidated financial statements.

LINCOLN ELECTRIC HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	December 31,	
	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 199,563	\$ 358,849
Accounts receivable (less allowance for doubtful accounts of \$16,002 in 2019; \$12,827 in 2018)	374,649	396,885
Inventories, net (Note 17)	393,748	361,829
Other current assets	107,621	120,236
Total Current Assets	1,075,581	1,237,799
Property, plant and equipment, net (Note 1)	529,344	478,801
Intangibles, net (Note 5)	177,798	147,946
Goodwill (Note 5)	337,107	281,294
Deferred income taxes (Note 14)	14,275	20,395
Other assets	237,108	183,590
TOTAL ASSETS	\$ 2,371,213	\$ 2,349,825
LIABILITIES AND EQUITY		
Current Liabilities		
Amounts due banks (Note 9)	\$ 34,857	\$ —
Trade accounts payable	273,002	268,600
Accrued employee compensation and benefits	83,033	94,202
Dividends payable	29,690	29,867
Other current liabilities	142,441	145,402
Current portion of long-term debt (Note 9)	112	111
Total Current Liabilities	563,135	538,182
Long-term debt, less current portion (Note 9)	712,302	702,549
Deferred income taxes (Note 14)	64,286	45,985
Other liabilities	212,413	175,517
Total Liabilities	1,552,136	1,462,233
Shareholders' Equity		
Preferred shares, without par value – at stated capital amount; authorized – 5,000,000 shares; issued and outstanding – none	—	—
Common shares, without par value – at stated capital amount; authorized – 240,000,000 shares; issued – 98,581,434 shares in 2019 and 2018; outstanding – 60,592,096 shares in 2019 and 63,545,878 shares in 2018	9,858	9,858
Additional paid-in capital	389,446	360,308
Retained earnings	2,736,481	2,564,440
Accumulated other comprehensive loss	(275,850)	(293,739)
Treasury shares, at cost – 37,989,338 shares in 2019 and 35,035,556 shares in 2018	(2,041,763)	(1,753,925)
Total Shareholders' Equity	818,172	886,942
Non-controlling interests	905	650
Total Equity	819,077	887,592
TOTAL LIABILITIES AND EQUITY	\$ 2,371,213	\$ 2,349,825

See notes to these consolidated financial statements.

LINCOLN ELECTRIC HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(In thousands, except per share amounts)

	Common Shares Outstanding	Common Shares	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Non- controlling Interests	Total
Balance at December 31, 2016	65,674	\$ 9,858	\$ 309,417	\$ 2,236,071	\$ (329,037)	\$ (1,514,832)	\$ 729	\$ 712,206
Net income				247,503			(28)	247,475
Unrecognized amounts from defined benefit pension plans, net of tax					10,662			10,662
Unrealized gain on derivatives designated and qualifying as cash flow hedges, net of tax					288			288
Currency translation adjustment					70,901		115	71,016
Cash dividends declared – \$1.44 per share				(95,355)				(95,355)
Stock-based compensation activity	470		24,892			4,433		29,325
Purchase of shares for treasury	(481)					(43,164)		(43,164)
Balance at December 31, 2017	65,663	9,858	334,309	2,388,219	(247,186)	(1,553,563)	816	932,453
Net income				287,066			(73)	286,993
Unrecognized amounts from defined benefit pension plans, net of tax					3,228			3,228
Unrealized gain on derivatives designated and qualifying as cash flow hedges, net of tax					819			819
Currency translation adjustment					(50,600)		(93)	(50,693)
Cash dividends declared – \$1.64 per share				(106,802)				(106,802)
Stock-based compensation activity	158		21,956			1,288		23,244
Purchase of shares for treasury	(2,275)					(201,650)		(201,650)
Other			4,043	(4,043)				—
Balance at December 31, 2018	63,546	9,858	360,308	2,564,440	(293,739)	(1,753,925)	650	887,592
Net income				293,109			(26)	293,083
Unrecognized amounts from defined benefit pension plans, net of tax					11,503			11,503
Unrealized loss on derivatives designated and qualifying as cash flow hedges, net of tax					(68)			(68)
Currency translation adjustment					6,454		281	6,735
Cash dividends declared – \$1.90 per share				(117,950)				(117,950)
Stock-based compensation activity	467		26,116			4,855		30,971
Purchase of shares for treasury	(3,421)					(292,693)		(292,693)
Other			3,022	(3,118)				(96)
Balance at December 31, 2019	60,592	\$ 9,858	\$ 389,446	\$ 2,736,481	\$ (275,850)	\$ (2,041,763)	\$ 905	\$ 819,077

See notes to these consolidated financial statements.

LINCOLN ELECTRIC HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 293,109	\$ 287,066	\$ 247,503
Non-controlling interests in subsidiaries' loss	(26)	(73)	(28)
Net income including non-controlling interests	293,083	286,993	247,475
Adjustments to reconcile Net income including non-controlling interests to Net cash provided by operating activities:			
Rationalization and asset impairment net charges (gains) (Notes 5 and 7)	3,500	(5,978)	1,441
Bargain purchase gain (Note 4)	—	—	(49,650)
Net impact of U.S. Tax Act (Note 14)	—	399	28,616
Depreciation and amortization	81,487	72,346	68,115
Equity earnings in affiliates, net	(1,427)	(3,034)	(337)
Deferred income taxes (Note 14)	13,019	1,490	4,058
Stock-based compensation (Note 10)	16,624	18,554	12,698
Pension expense, settlements and curtailments (Note 12)	261	3,068	2,517
Gain on change in control	(7,601)	—	—
Other, net	(8,416)	(11,002)	1,402
Changes in operating assets and liabilities, net of effects from acquisitions:			
Decrease (increase) in accounts receivable	50,394	(4,061)	(16,811)
(Increase) decrease in inventories	(12,023)	(23,904)	19,448
Decrease (increase) in other current assets	14,269	1,324	(8,143)
(Decrease) increase in trade accounts payable	(8,339)	3,636	17,871
Decrease in other current liabilities	(31,223)	(13,657)	(13)
Net change in other assets and liabilities	(423)	2,978	6,158
NET CASH PROVIDED BY OPERATING ACTIVITIES	403,185	329,152	334,845
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(69,615)	(71,246)	(61,656)
Acquisition of businesses, net of cash acquired (Note 4)	(134,717)	(101,792)	(72,468)
Proceeds from sale of property, plant and equipment	9,509	16,755	2,301
Purchase of marketable securities	—	(268,335)	(205,584)
Proceeds from marketable securities	—	447,459	65,380
Other investing activities	2,000	(2,000)	—
NET CASH (USED BY) PROVIDED BY INVESTING ACTIVITIES	(192,823)	20,841	(272,027)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts due banks, net	24,429	(835)	(491)
Proceeds from long-term borrowings	—	—	34
Payments on long-term borrowings	(107)	(107)	(39)
Proceeds from exercise of stock options	14,347	4,690	16,627
Purchase of shares for treasury	(292,693)	(201,650)	(43,164)
Cash dividends paid to shareholders	(117,920)	(102,058)	(92,452)
Other financing activities	—	(2,170)	(15,552)
NET CASH USED BY FINANCING ACTIVITIES	(371,944)	(302,130)	(135,037)
Effect of exchange rate changes on cash and cash equivalents	2,296	(15,715)	19,741
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(159,286)	32,148	(52,478)
Cash and cash equivalents at beginning of year	358,849	326,701	379,179
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 199,563	\$ 358,849	\$ 326,701

See notes to these consolidated financial statements.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except share and per share amounts)

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Lincoln Electric Holdings, Inc. and its wholly-owned and majority-owned subsidiaries for which it has a controlling interest (the "Company") after elimination of all inter-company accounts, transactions and profits.

General Information

The Company is the world leader in the design, development and manufacture of arc welding products, automated joining, assembly and cutting systems, plasma and oxy-fuel cutting equipment. The Company also has a leading global position in brazing and soldering alloys.

The Company's products include arc welding power sources, plasma cutters, wire feeding systems, robotic welding packages, integrated automation systems, fume extraction equipment, consumable electrodes, fluxes and welding accessories and specialty welding consumables and fabrication. The Company's product offering also includes computer numeric controlled ("CNC") plasma and oxy-fuel cutting systems and regulators and torches used in oxy-fuel welding, cutting and brazing.

Translation of Foreign Currencies

Asset and liability accounts are translated into U.S. dollars using exchange rates in effect at the dates of the Consolidated Balance Sheets; revenue and expense accounts are translated at average monthly exchange rates. Translation adjustments are reflected as a component of Total equity. For subsidiaries operating in highly inflationary economies, both historical and current exchange rates are used in translating balance sheet accounts and translation adjustments are included in Net income.

The translation of assets and liabilities originally denominated in foreign currencies into U.S. dollars is for consolidation purposes, and does not necessarily indicate that the Company could realize or settle the reported value of those assets and liabilities in U.S. dollars. Additionally, such a translation does not necessarily indicate that the Company could return or distribute the reported U.S. dollar value of the net equity of its foreign operations to shareholders.

Foreign currency transaction gains and losses are included in Selling, general & administrative expenses and were gains of \$5,291, \$4,885 and \$5,654 in 2019, 2018 and 2017, respectively.

Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

The Company maintains an allowance for doubtful accounts for estimated losses from the failure of its customers to make required payments for products delivered. The Company estimates this allowance based on the age of the related receivable, knowledge of the financial condition of customers, review of historical receivables and reserve trends and other pertinent information. If the financial condition of customers deteriorates or an unfavorable trend in receivable collections is experienced in the future, additional allowances may be required. Historically, the Company's reserves have approximated actual experience.

Inventories

Inventories are valued at the lower of cost or net realizable value. Fixed manufacturing overhead costs are allocated to inventory based on normal production capacity and abnormal manufacturing costs are recognized as period costs. Cost for a substantial portion of U.S. inventories is determined on a last-in, first-out ("LIFO") basis. At December 31, 2019 and 2018, approximately 36% and 37% of total inventories, respectively, were valued using the LIFO method. Cost of other inventories is determined by costing methods that approximate a first-in, first-out ("FIFO") basis. Refer to Note 17 to the consolidated financial statements for additional details.

Reserves are maintained for estimated obsolescence or excess inventory equal to the difference between the cost of inventory and the estimated net realizable value based upon assumptions about future demand and market conditions. The reserve for excess and obsolete inventory was \$24,088 and \$24,502 at December 31, 2019 and 2018, respectively.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

Prepaid Expenses

Prepaid expenses include prepaid insurance, prepaid rent, prepaid service contracts and other prepaid items. Prepaid expenses are included in Other current assets in the accompanying Consolidated Balance Sheets and amounted to \$17,437 and \$17,078 at December 31, 2019 and 2018, respectively.

Equity Investments

Investments in businesses which the Company does not own a majority interest and does not have the ability to exercise significant influence over operating and financial policies are accounted for using the equity method. The Company's 50% ownership interest in equity investments includes investments in Turkey and Chile at December 31, 2018. During July 2019, the Company acquired the controlling stake of its equity investment in Kaynak Tekniği Sanayi ve Ticaret A.Ş. ("Askaynak"), located in Turkey. The financial statements of Askaynak were consolidated into the Company at that time. The amount of retained earnings that represents undistributed earnings of the Company's equity investments was \$2,581 and \$22,704 at December 31, 2019 and 2018, respectively.

Property, Plant and Equipment

Property, plant and equipment are stated at cost and include improvements which significantly increase capacities or extend the useful lives of existing plant and equipment. Depreciation and amortization are computed using a straight-line method over useful lives ranging from 3 years to 20 years for machinery, tools and equipment, and up to 40 years for buildings. Net gains or losses related to asset dispositions are recognized in earnings in the period in which dispositions occur.

Routine maintenance, repairs and replacements are expensed as incurred. The Company capitalizes interest costs associated with long-term construction in progress.

Property, plant and equipment, net in the Consolidated Balance Sheet is comprised of the following components:

	December 31,	
	2019	2018
Land	\$ 71,676	\$ 61,784
Buildings	427,165	414,698
Machinery and equipment	856,272	781,136
	1,355,113	1,257,618
Less accumulated depreciation	825,769	778,817
Total	\$ 529,344	\$ 478,801

Goodwill and Intangibles

Goodwill is recorded when the cost of acquired businesses exceeds the fair value of the identifiable net assets acquired. Intangible assets other than goodwill are recorded at fair value at the time acquired or at cost, if applicable. Intangible assets that do not have indefinite lives are amortized in line with the pattern in which the economic benefits of the intangible asset are consumed. If the pattern of economic benefit cannot be reliably determined, the intangible assets are amortized on a straight-line basis over the shorter of the legal or estimated life. Goodwill and indefinite-lived intangibles assets are not amortized, but are tested for impairment in the fourth quarter using the same dates each year or more frequently if changes in circumstances or the occurrence of events indicate potential impairment.

In performing the annual impairment test, the fair value of each indefinite-lived intangible asset is compared to its carrying value and an impairment charge is recorded if the carrying value exceeds the fair value. For goodwill, the Company first assesses qualitative factors to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, and whether it is necessary to perform the quantitative goodwill impairment test. The quantitative test is required only if the Company concludes that it is more-likely-than-not that a reporting unit's fair value is less than its carrying amount. For quantitative testing, the Company compares the fair value of each reporting unit with its carrying amount. If the carrying amount exceeds the fair value, an impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

Fair values are determined using established business valuation techniques and models developed by the Company, estimates of market participant assumptions of future cash flows, future growth rates and discount rates to value estimated cash flows. Changes in economic and operating conditions, actual growth below the assumed market participant assumptions or an increase in the discount rate could result in an impairment charge in a future period. Refer to Note 5 to the consolidated financial statements for additional details.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

Long-Lived Assets

The Company periodically evaluates whether current facts or circumstances indicate that the carrying value of its depreciable long-lived assets to be held and used may not be recoverable. If such circumstances are determined to exist, an estimate of undiscounted future cash flows produced by the long-lived asset, or the appropriate grouping of assets, is compared to the carrying value to determine whether impairment exists. If an asset is determined to be impaired, a loss is recognized to the extent that carrying value exceeds fair value. Fair value is measured based on quoted market prices in active markets, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including the discounted value of estimated future cash flows. Refer to Notes 5 and 7 to the consolidated financial statements for additional details.

Fair Value Measurements

Financial assets and liabilities, such as the Company's defined benefit pension plan assets and derivative contracts, are valued at fair value using the market and income valuation approaches. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The following hierarchy is used to classify the inputs that measure fair value:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Refer to Notes 12 and 16 to the consolidated financial statements for additional details.

Product Warranties

The Company accrues for product warranty claims based on historical experience and the expected material and labor costs to provide warranty service. Warranty services are generally provided for periods up to 3 years from the date of sale. The accrual for product warranty claims is included in Other current liabilities. Refer to Note 20 to the consolidated financial statements for additional details.

Revenue Recognition

On January 1, 2018, the Company adopted Accounting Standards Update ("ASU") 2014-09 ("Topic 606") using the modified retrospective method applied to those contracts which were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Company's historic accounting. The cumulative impact of adopting Topic 606 as of January 1, 2018 did not have a material impact to the consolidated financial statements. The Company does not expect the impact of the adoption of Topic 606 to be material to the consolidated financial statements on an ongoing basis.

Revenue is recognized when obligations under the terms of a contract are satisfied and control is transferred to the customer. Revenue is measured as the amount of consideration the Company expects to be entitled to in exchange for goods or services. Substantially all of the Company's sales arrangements are short-term in nature involving a single performance obligation. The Company recognizes revenue when the performance obligation is satisfied and control of the product is transferred to the customer based upon shipping terms. In addition, certain customized automation performance obligations are accounted for over time. Under this method, revenue recognition is primarily based upon the ratio of costs incurred to date compared with estimated total costs to complete. The cumulative impact of revisions to total estimated costs is reflected in the period of the change, including anticipated losses. Less than 10% of the Company's Net sales are recognized over time.

The Company recognizes any discounts, credits, returns, rebates and incentive programs based on reasonable estimates as a reduction of sales to arrive at Net sales at the same time the related revenue is recorded. Taxes collected by the Company, including sales tax and value added tax, are excluded from Net sales. The Company recognizes freight billed as a component of Net sales and shipping costs as a component of Cost of goods sold when control transfers to the customer. Sales commissions

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

are expensed when incurred because the amortization period is generally one year or less. These costs are recorded within Selling, general and administrative expenses in the Company's Consolidated Statements of Income.

The Company's payment terms vary by the type and location of the customer and the products or services offered. The Company does not offer any payment terms that would meet the requirements for consideration as a financing component under Topic 606.

Refer to Note 2 to the consolidated financial statements for additional details.

Distribution Costs

Distribution costs, including warehousing and freight related to product shipments, are included in Cost of goods sold.

Stock-Based Compensation

Expense is recognized for all awards of stock-based compensation by allocating the aggregate grant date fair value over the vesting period. No expense is recognized for any stock options, restricted or deferred shares or restricted stock units ultimately forfeited because the recipients fail to meet vesting requirements.

Common stock issuable upon the exercise of employee stock options is excluded from the calculation of diluted earnings per share when the calculation of option equivalent shares is anti-dilutive. Refer to Note 10 to the consolidated financial statements for additional details.

Financial Instruments

The Company uses derivative instruments to manage exposures to interest rates, commodity prices and currency exchange rate fluctuations on certain purchase and sales transactions, balance sheet and net investment exposures. Derivative contracts to hedge currency and commodity exposures are generally written on a short-term basis, but may cover exposures for up to 3 years while interest rate contracts may cover longer periods consistent with the terms of the underlying debt. The Company does not enter into derivatives for trading or speculative purposes.

All derivatives are recognized at fair value on the Company's Consolidated Balance Sheets. The accounting for gains and losses resulting from changes in fair value depends on the use of the derivative and whether it is designated and qualifies for hedge accounting. The Company formally documents the relationship of the hedge with the hedged item as well as the risk-management strategy for all designated hedges. Both at inception and on an ongoing basis, the hedging instrument is assessed as to its effectiveness, when applicable. If and when a derivative is determined not to be highly effective as a hedge, the underlying hedged transaction is no longer likely to occur, or the derivative is terminated, hedge accounting is discontinued. The cash flows from settled derivative contracts are recognized in Net cash provided by operating activities in the Company's Consolidated Statements of Cash Flows.

The Company is subject to the credit risk of the counterparties to derivative instruments. Counterparties include a number of major banks and financial institutions. The Company manages individual counterparty exposure by monitoring the credit rating of the counterparty and the size of financial commitments and exposures between the Company and the counterparty.

Cash flow hedges

Certain foreign currency forward contracts are qualified and designated as cash flow hedges. The effective portion of the fair value unrealized gain or loss on cash flow hedges are reported as a component of Accumulated other comprehensive income ("AOCI") with offsetting amounts recorded as Other current assets, Other assets, Other current liabilities or Other liabilities depending on the position and the duration of the contract. At settlement, the realized gain or loss is recorded in Cost of goods sold or Net sales for hedges of purchases and sales, respectively, in the same period or periods during which the hedged transaction affects earnings. The ineffective portion on cash flow hedges is recognized in current earnings.

Fair value hedges

Certain interest rate swap agreements were qualified and designated as fair value hedges. The interest rate swap agreements designated as fair value hedges meet the shortcut method requirements under accounting standards for derivatives and hedging. Accordingly, changes in the fair value of these agreements are considered to exactly offset changes in the fair value of the underlying long-term debt. Changes in fair value are recorded in Other assets or Other liabilities with offsetting amounts recorded as a fair value adjustment to the carrying value of Long-term debt, less current portion.

Net investment hedges

For derivative instruments that qualify as a net investment hedge, the effective portion of the fair value gains or losses are recognized in AOCI with offsetting amounts recorded as Other current assets, Other assets, Other current liabilities or Other

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

liabilities depending on the position and the duration of the contract. The gains or losses are subsequently reclassified to Selling, general and administrative expenses, as the underlying hedged investment is liquidated.

Derivatives not designated as hedging instruments

The Company has certain foreign exchange forward contracts which are not designated as hedges. These derivatives are held as hedges of certain balance sheet exposures. The gains or losses on these contracts are recognized in Selling, general and administrative expenses, offsetting the losses or gains on the exposures being hedged.

Refer to Note 15 to the consolidated financial statements for additional details.

Research and Development

Research and development costs are charged to Selling, general & administrative expenses as incurred and totaled \$56,845, \$54,168 and \$47,899 in 2019, 2018 and 2017, respectively.

Bonus

Included in Selling, general & administrative expenses are the costs related to the Company's discretionary employee bonus programs, which for certain U.S.-based employees are net of hospitalization costs. Bonus costs were \$100,381, \$123,799 and \$97,392 in 2019, 2018 and 2017, respectively.

Income Taxes

Deferred income taxes are recognized at currently enacted tax rates for temporary differences between the GAAP and income tax basis of assets and liabilities and operating loss and tax credit carry-forwards. In assessing the realizability of deferred tax assets, the Company assesses whether it is more-likely-than-not that a portion or all of the deferred tax assets will not be realized.

The Company maintains liabilities for unrecognized tax benefits related to uncertain income tax positions in various jurisdictions. The Company uses judgment in determining whether the technical merits of tax positions are more-likely-than-not to be sustained. Judgment is also used in measuring the related amount of tax benefit that qualifies for recognition, including the interpretation of applicable tax law, regulation and tax ruling.

Provisions of the U.S. Tax Cuts and Jobs Act ("U.S. Tax Act") became effective for the Company in 2018. The Foreign-Derived Intangible Income ("FDII") provision generates a deduction against the Company's U.S. taxable income for U.S. earnings derived offshore that utilize intangibles held by the Company in the U.S. Conversely, the Global Intangible Low-Taxed Income ("GILTI") provision requires the Company to subject to U.S. taxation a portion of its foreign subsidiary earnings that exceed an allowable return. The Company elects to treat any Global Intangible Low-Taxed Income ("GILTI") inclusion as a period expense in the year incurred. Refer to Note 14 to the consolidated financial statements for additional details.

Acquisitions

Upon acquisition of a business, the Company uses the income, market or cost approach (or a combination thereof) for the valuation as appropriate. The valuation inputs in these models and analyses are based on market participant assumptions. Market participants are considered to be buyers and sellers unrelated to the Company in the principal or most advantageous market for the asset or liability.

Fair value estimates are based on a series of judgments about future events and uncertainties and rely heavily on estimates and assumptions. Management values property, plant and equipment using the cost approach supported where available by observable market data, which includes consideration of obsolescence. Management values acquired intangible assets using the relief from royalty method or excess earnings method, forms of the income approach supported by observable market data for peer companies. The significant assumptions used to estimate the value of the acquired intangible assets include discount rates and certain assumptions that form the basis of future cash flows (such as revenue growth rates, customer attrition rates, and royalty rates). Acquired inventories are marked to fair value. For certain items, the carrying value is determined to be a reasonable approximation of fair value based on information available to the Company. Refer to Note 4 to the consolidated financial statements for additional details.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions in certain circumstances that affect the amounts reported in the accompanying consolidated financial statements and notes. Actual results could differ from these estimates.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

New Accounting Pronouncements

The following section provides a description of new ASUs issued by the Financial Accounting Standards Board ("FASB") that are applicable to the Company.

The following ASUs were adopted as of January 1, 2019 and did not have a significant financial impact on the Company's consolidated financial statements unless otherwise described within the table below:

Standard	Description
ASU No. 2018-02, <i>Income Statement - Reporting Comprehensive Income (Topic 220)</i> , issued February 2018.	ASU 2018-02 allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the U.S. Tax Cuts and Jobs Act (the "U.S. Tax Act"). The ASU only applies to the income tax effects of the U.S. Tax Act; all other existing guidance remains the same. The Company has elected not to reclassify the income tax effects of the U.S. Tax Act from Accumulated other comprehensive loss to Retained earnings.
ASU No. 2016-02, <i>Leases (Topic 842)</i> , issued February 2016	ASU 2016-02 ("Topic 842") aims to increase transparency and comparability among organizations by recognizing a right-of-use asset and lease liability on the balance sheet for all leases with a lease term greater than twelve months. Topic 842 also requires the disclosure of key information about leasing agreements. The Company adopted Topic 842 using the modified retrospective transition option of applying the new standard at the adoption date. The Company also elected the package of practical expedients, which among other things, allows it to not reassess the identification, classification and initial direct costs of leases commencing before the effective date of Topic 842. Refer to Note 18 to the consolidated financial statements for further details.

The Company is currently evaluating the impact on its financial statements of the following ASUs:

Standard	Description
ASU No. 2018-14, <i>Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20)</i> , issued August 2018.	ASU 2018-14 modifies disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The ASU also requires an entity to disclose the weighted-average interest crediting rates for cash balance plans and to explain the reasons for significant gains and losses related to changes in the benefit obligation. The ASU is effective January 1, 2020.
ASU No. 2018-13, <i>Fair Value Measurement (Topic 944)</i> , issued August 2018.	ASU 2018-13 eliminates, amends and adds disclosure requirements related to fair value measurements. The ASU impacts various elements of fair value disclosure, including but not limited to, changes in unrealized gains or losses, significant unobservable inputs and measurement uncertainty. The ASU is effective January 1, 2020.
ASU No. 2016-13, <i>Financial Instruments - Credit Losses (Topic 326)</i> , issued June 2016.	ASU 2016-13 modifies disclosure and measurement requirements related to credit losses. The ASU impacts various financial instruments, including but not limited to, trade receivables. Topic 326 requires that an entity estimate impairment of trade receivables based on expected losses rather than incurred losses. The ASU is effective January 1, 2020.
ASU No. 2019-12, <i>Income Taxes (Topic 740)</i> , issued December 2019.	ASU 2019-12 simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The ASU is effective January 1, 2021 and early adoption is permitted.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

NOTE 2 — REVENUE RECOGNITION

The following table presents the Company's Net sales disaggregated by product line:

	Year Ended December 31,	
	2019	2018
Consumables	\$ 1,715,002	\$ 1,755,652
Equipment	1,288,270	1,273,022
Net sales	<u>\$ 3,003,272</u>	<u>\$ 3,028,674</u>

Consumable sales consist of electrodes, fluxes, specialty welding consumables and brazing and soldering alloys. Equipment sales consist of arc welding power sources, welding accessories, fabrication, plasma cutters, wire feeding systems, automated joining, assembly and cutting systems, fume extraction equipment, CNC plasma and oxy-fuel cutting systems and regulators and torches used in oxy-fuel welding, cutting and brazing. Consumable and Equipment products are sold within each of the Company's operating segments.

Within the Equipment product line, there are certain customer contracts related to automation products that may include multiple performance obligations. For such arrangements, the Company allocates revenue to each performance obligation based on its relative standalone selling price. The Company generally determines the standalone selling price based on the prices charged to customers or using expected cost plus margin.

At December 31, 2019, the Company recorded \$16,040 related to advance customer payments and \$16,274 related to billings in excess of revenue recognized. These contract liabilities are included in Other current liabilities in the Consolidated Balance Sheets. At December 31, 2018, the balances related to advance customer payments and billings in excess of revenue recognized were \$17,023 and \$17,013, respectively. Substantially all of the Company's contract liabilities are recognized within twelve months based on contract duration. The Company records an asset for contracts where it has recognized revenue, but has not yet invoiced the customer for goods or services. At December 31, 2019 and 2018, \$33,566 and \$25,032, respectively, related to these future customer receivables was included in Other current assets in the Consolidated Balance Sheets. Contract asset amounts are expected to be billed within the next twelve months.

NOTE 3 - EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

	Year Ended December 31,		
	2019	2018	2017
Numerator:			
Net income	\$ 293,109	\$ 287,066	\$ 247,503
Denominator:			
Basic weighted average shares outstanding	61,960	64,886	65,739
Effect of dilutive securities - Stock options and awards	698	796	904
Diluted weighted average shares outstanding	<u>62,658</u>	<u>65,682</u>	<u>66,643</u>
Basic earnings per share	<u>\$ 4.73</u>	<u>\$ 4.42</u>	<u>\$ 3.76</u>
Diluted earnings per share	<u>\$ 4.68</u>	<u>\$ 4.37</u>	<u>\$ 3.71</u>

For the years ended December 31, 2019, 2018 and 2017, common shares subject to equity-based awards of 524,110, 324,688 and 157,033, respectively, were excluded from the computation of diluted earnings per share because the effect of their exercise would be anti-dilutive.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

NOTE 4 – ACQUISITIONS

During July 2019, the Company acquired the controlling stake in Askaynak. Askaynak, based in Turkey, is a supplier and manufacturer of welding consumables, arc welding equipment, including plasma and oxy-fuel cutting equipment and robotic welding systems. The acquisition advances the Company's regional growth strategy in Europe, the Middle East and Africa.

During April 2019, the Company acquired Baker Industries, Inc. ("Baker"). Baker, based in Detroit, Michigan, is a provider of custom tooling, parts and fixtures primarily serving automotive and aerospace markets. The acquisition compliments the Company's automation portfolio and its metal additive manufacturing service business.

During December 2018, the Company acquired the soldering business of Worthington Industries ("Worthington"). The Worthington business, based in Winston Salem, North Carolina, broadened the Harris Products Group's portfolio of industry-leading consumables with the addition of premium solders and fluxes.

Also during December 2018, the Company acquired Coldwater Machine Company ("Coldwater") and Pro Systems. Coldwater, based in Coldwater, Ohio, is a flexible automation integrator and precision machining and assembly manufacturer serving diverse end markets. Pro Systems, based in Churubusco, Indiana, is an automation systems designer and integrator serving automotive, industrial, electrical and medical applications. The acquisitions accelerated growth and expanded the Company's industry-leading portfolio of automated cutting and joining solutions.

Also during December 2018, the Company acquired Inovatech Engineering Corporation ("Inovatech"). Inovatech, based in Ontario, Canada, is a manufacturer of advanced robotic plasma cutting solutions for structural steel applications. The acquisition scaled the Company's automated cutting solutions and application expertise and supports long-term growth in that market.

During July 2017, the Company completed its acquisition of Air Liquide Welding, a subsidiary of Air Liquide. The agreed upon purchase price was \$135,123, which was adjusted for certain debt like obligations, for a net purchase price of \$61,953, net of cash acquired. The primary debt like obligation was a pension liability. The acquisition was accounted for as a business combination. The funding of the cash portion of the purchase price and acquisition costs was provided for with available cash.

The complementary business enhanced the Company's global specialty consumables portfolio and extended its channel reach for equipment systems and cutting, soldering and brazing solutions in Europe. The acquisition also offered European customers more comprehensive welding solutions, greater technical application expertise and improved service levels.

The fair value of the net assets acquired exceeded the purchase consideration by \$49,650, resulting in a bargain purchase gain at acquisition, which is included in Bargain purchase gain in the Company's Consolidated Statements of Income. The Company believes that the bargain purchase gain was primarily the result of the divestiture by Air Liquide of the welding business, which was outside Air Liquide's core business, as part of an overall repositioning of its core business.

The following table summarizes the purchase price allocation for the Air Liquide Welding acquisition:

Assets acquired and liabilities assumed	As of July 31, 2017	
Accounts receivable	\$	89,442
Inventory ⁽¹⁾		97,803
Property, plant and equipment ⁽²⁾		73,056
Intangible assets ⁽³⁾		11,715
Accounts payable		(65,640)
Pension liability		(67,563)
Bargain purchase gain		(49,650)
Net other assets and liabilities ⁽⁴⁾		(27,210)
Total purchase price, net of cash acquired⁽⁵⁾	\$	61,953

- (1) Inventories acquired were sold in 2017 resulting in a \$4,578 increase in cost of sales for the amortization of step up in the value of acquired inventories.
- (2) Property, plant and equipment acquired includes a number of manufacturing and distribution sites, including the related facilities, land and leased sites, and machinery and equipment for use in manufacturing operations.
- (3) \$7,099 of the intangible asset balance was assigned to a trade name. Of the remaining amount, \$1,183 was assigned to a finite-lived trade name (10 year weighted average useful life) and \$3,433 was assigned to other intangible assets (9 year weighted average life).

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

(4) Consists primarily of other accrued liabilities.

(5) Reflects a receivable from seller for an agreed upon purchase price adjustment. The payment of \$10,983 was received in the first quarter of 2018.

In 2019, 2018 and 2017, the Company recognized \$1,804, \$4,498 and \$15,002, respectively, in acquisition transaction and integration costs related to the acquisition of Air Liquide Welding. Such costs were expensed as incurred and are included in the "Selling, general and administrative expenses" line item in the Consolidated Statements of Income.

Beginning August 1, 2017, the Company's Consolidated Statements of Income include the results of the Air Liquide Welding businesses, including sales revenue of \$182 million through December 31, 2017. The impact on net income in the year ended December 31, 2017 from Air Liquide Welding businesses was immaterial.

Pro forma information related to the acquisitions discussed above has not been presented because the impact on the Company's Consolidated Statements of Income is not material. Acquired companies are included in the Company's consolidated financial statements as of the date of acquisition.

NOTE 5 – GOODWILL AND INTANGIBLES

The changes in the carrying amount of goodwill by reportable segments for the years ended December 31, 2019 and 2018 were as follows:

	Americas Welding	International Welding	The Harris Products Group	Consolidated
Balance as of December 31, 2017	\$ 197,259	\$ 25,667	\$ 11,656	\$ 234,582
Additions and adjustments ⁽¹⁾	44,408	1,224	6,525	52,157
Foreign currency translation	(2,452)	(2,643)	(350)	(5,445)
Balance as of December 31, 2018	239,215	24,248	17,831	281,294
Additions and adjustments ⁽²⁾	37,346	17,254	(613)	53,987
Foreign currency translation	1,935	(28)	(81)	1,826
Balance as of December 31, 2019	<u>\$ 278,496</u>	<u>\$ 41,474</u>	<u>\$ 17,137</u>	<u>\$ 337,107</u>

(1) Additions to Americas Welding reflect goodwill recognized in the acquisitions of Coldwater, Pro Systems and Inovatech in 2018. Additions to The Harris Products Group reflect goodwill recognized in the acquisition of Worthington in 2018.

(2) Additions to Americas Welding reflect goodwill recognized in the acquisition of Baker in 2019. Additions to International Welding reflect goodwill recognized in the acquisition of Askaynak in 2019.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

Gross carrying values and accumulated amortization of intangible assets other than goodwill by asset class were as follows:

	December 31, 2019		December 31, 2018	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Intangible assets not subject to amortization				
Trademarks and trade names	\$ 22,020		\$ 23,385	
Intangible assets subject to amortization				
Trademarks and trade names	\$ 65,957	\$ 31,284	\$ 50,458	\$ 26,357
Customer relationships	140,198	62,242	113,837	52,518
Patents	25,931	13,633	26,848	13,307
Other	70,463	39,612	60,373	34,773
Total intangible assets subject to amortization	\$ 302,549	\$ 146,771	\$ 251,516	\$ 126,955

During 2019, the Company acquired intangible assets either individually or as part of a group of assets, with an initial purchase price allocation and weighted-average lives as follows:

	Year Ended December 31, 2019	
	Purchase Price Allocation	Weighted Average Life
Acquired intangible assets subject to amortization		
Trademarks and trade names	14,500	9
Customer relationships	27,600	10
Other	7,970	9
Total acquired intangible assets subject to amortization	50,070	

Aggregate amortization expense was \$20,755, \$15,744 and \$15,671 for 2019, 2018 and 2017, respectively. Estimated annual amortization expense for intangible assets for each of the next five years is \$22,002 in 2020, \$21,191 in 2021, \$20,267 in 2022, \$18,247 in 2023 and \$15,740 in 2024.

NOTE 6 – SEGMENT INFORMATION

The Company's primary business is the design, development and manufacture of arc welding products, automated joining, assembly and cutting systems, plasma and oxy-fuel cutting equipment. The Company also has a leading global position in brazing and soldering alloys.

The Company's products include arc welding power sources, plasma cutters, wire feeding systems, robotic welding packages, integrated automation systems, fume extraction equipment, consumable electrodes, fluxes and welding accessories and specialty welding consumables and fabrication. The Company's product offering also includes CNC plasma and oxy-fuel cutting systems and regulators and torches used in oxy-fuel welding, cutting and brazing.

The Company has aligned its organizational and leadership structure into three operating segments to support growth strategies and enhance the utilization of the Company's worldwide resources and global sourcing initiatives. The operating segments consist of Americas Welding, International Welding and The Harris Products Group. The Americas Welding segment includes welding operations in North and South America. The International Welding segment includes welding operations in Europe, Africa, Asia and Australia. The Harris Products Group includes the Company's global cutting, soldering and brazing businesses as well as its retail business in the United States.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

Segment performance is measured and resources are allocated based on a number of factors, the primary measure being the adjusted earnings before interest and income taxes ("Adjusted EBIT") profit measure. EBIT is defined as Operating income plus Equity earnings in affiliates and Other income. Segment EBIT is adjusted for special items as determined by management such as the impact of rationalization activities, certain asset impairment charges and gains or losses on disposals of assets. The accounting principles applied at the operating segment level are generally the same as those applied at the consolidated financial statement level with the exception of LIFO. Segment assets include inventories measured on a FIFO basis while consolidated inventories include inventories reported on a LIFO basis. Segment and consolidated income before interest and income taxes include the effect of inventories reported on a LIFO basis. At December 31, 2019, 2018 and 2017 approximately 36%, 37% and 32%, respectively, of total inventories were valued using the LIFO method. LIFO is used for a substantial portion of U.S. inventories included in Americas Welding. Inter-segment sales are recorded at agreed upon prices that approximate arm's length prices and are eliminated in consolidation. Corporate-level expenses are allocated to the operating segments.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

Financial information for the reportable segments follows:

	Americas Welding ⁽¹⁾	International Welding ⁽²⁾	The Harris Products Group ⁽³⁾	Corporate / Eliminations ⁽⁴⁾	Consolidated
For the Year Ended December 31, 2019					
Net sales	\$ 1,815,746	\$ 854,376	\$ 333,150	\$ —	\$ 3,003,272
Inter-segment sales	123,342	17,691	7,487	(148,520)	\$ —
Total	<u>\$ 1,939,088</u>	<u>\$ 872,067</u>	<u>\$ 340,637</u>	<u>\$ (148,520)</u>	<u>\$ 3,003,272</u>
Adjusted EBIT	\$ 315,719	\$ 50,281	\$ 45,701	\$ (10,948)	\$ 400,753
Special items charge (gain)	3,115	2,156	1,770	1,804	\$ 8,845
EBIT	<u>\$ 312,604</u>	<u>\$ 48,125</u>	<u>\$ 43,931</u>	<u>\$ (12,752)</u>	<u>\$ 391,908</u>
Interest income					2,527
Interest expense					(25,942)
Income before income taxes					<u>\$ 368,493</u>
Total assets	\$ 1,490,395	\$ 831,759	\$ 203,602	\$ (154,543)	\$ 2,371,213
Equity investments in affiliates	4,274	—	—	—	\$ 4,274
Capital expenditures	39,106	23,126	7,383	—	\$ 69,615
Depreciation and amortization	55,300	22,013	4,636	(462)	\$ 81,487
For the Year Ended December 31, 2018					
Net sales	\$ 1,806,514	\$ 919,771	\$ 302,389	\$ —	\$ 3,028,674
Inter-segment sales	118,936	18,576	6,969	(144,481)	\$ —
Total	<u>\$ 1,925,450</u>	<u>\$ 938,347</u>	<u>\$ 309,358</u>	<u>\$ (144,481)</u>	<u>\$ 3,028,674</u>
Adjusted EBIT	\$ 340,744	\$ 54,273	\$ 36,564	\$ (8,887)	\$ 422,694
Special items charge (gain)	6,686	25,285	—	4,498	\$ 36,469
EBIT	<u>\$ 334,058</u>	<u>\$ 28,988</u>	<u>\$ 36,564</u>	<u>\$ (13,385)</u>	<u>\$ 386,225</u>
Interest income					6,938
Interest expense					(24,503)
Income before income taxes					<u>\$ 368,660</u>
Total assets	\$ 1,418,905	\$ 827,132	\$ 203,095	\$ (99,307)	\$ 2,349,825
Equity investments in affiliates	4,204	27,024	—	—	\$ 31,228
Capital expenditures	42,053	26,284	2,909	—	\$ 71,246
Depreciation and amortization	47,008	22,384	3,045	(91)	\$ 72,346
For the Year Ended December 31, 2017					
Net sales	\$ 1,609,779	\$ 724,024	\$ 290,628	\$ —	\$ 2,624,431
Inter-segment sales	97,382	18,860	8,190	(124,432)	\$ —
Total	<u>\$ 1,707,161</u>	<u>\$ 742,884</u>	<u>\$ 298,818</u>	<u>\$ (124,432)</u>	<u>\$ 2,624,431</u>
Adjusted EBIT	\$ 291,866	\$ 41,721	\$ 36,442	\$ 309	\$ 370,338
Special items charge	9,242	10,076	—	(34,648)	\$ (15,330)
EBIT	<u>\$ 282,624</u>	<u>\$ 31,645</u>	<u>\$ 36,442</u>	<u>\$ 34,957</u>	<u>\$ 385,668</u>
Interest income					4,788
Interest expense					(24,220)
Income before income taxes					<u>\$ 366,236</u>
Total assets	\$ 1,253,411	\$ 919,995	\$ 175,151	\$ 57,990	\$ 2,406,547
Equity investments in affiliates	4,037	24,489	—	—	\$ 28,526
Capital expenditures	43,158	14,549	3,949	—	\$ 61,656
Depreciation and amortization	47,038	18,364	2,885	(172)	\$ 68,115

(1) 2019 special items reflect Rationalization and asset impairment charges of \$1,716 and amortization of step up in value of acquired inventories of \$1,399 related to the acquisition of Baker.

2018 special items reflect pension settlement charges of \$6,686 in Americas Welding related to lump sum pension payments.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

2017 special items reflect pension settlement charges of \$8,150 related to lump sum pension payments, as well as non-cash charges of \$1,091 related to the impairment of goodwill.

- (2) 2019 special items reflect Rationalization and asset impairment charges of \$11,702, amortization of step up in value of acquired inventories of \$1,609 related to the acquisition of Askaynak, gains on disposals of assets of \$3,554 and a gain on change in control of \$7,601 related to the acquisition of Askaynak.

2018 special items reflect Rationalization and asset impairment charges of \$25,285 related to employee severance, asset impairments, gains or losses on disposal of assets and other related costs.

2017 special items reflect amortization of step up in value of acquired inventories of \$4,578 related to the Air Liquide Welding acquisition as discussed in Note 4 to the consolidated financial statements, as well as Rationalization and asset impairment charges of \$5,498 related to employee severance, asset impairments and other related costs.

- (3) 2019 special items reflect Rationalization and asset impairment charges of \$1,770.
(4) 2019 special items reflect acquisition transaction and integration costs of \$1,804 related to the Air Liquide Welding acquisition as discussed in Note 4 to the consolidated financial statements.

2018 special items reflect acquisition transaction and integration costs of \$4,498 related to the Air Liquide Welding acquisition as discussed in Note 4 to the consolidated financial statements.

2017 special items reflect a bargain purchase gain of \$49,650 and acquisition transaction and integration costs of \$15,002 related to the Air Liquide Welding acquisition as discussed in Note 4 to the consolidated financial statements.

Export sales (excluding inter-company sales) from the United States were \$147,145 in 2019, \$160,064 in 2018 and \$151,630 in 2017. No individual customer comprised more than 10% of the Company's total revenues for any of the three years ended December 31, 2019.

The geographic split of the Company's Net sales, based on the location of the customer, and property, plant and equipment were as follows:

	Year Ended December 31,		
	2019	2018	2017
Net sales:			
United States	\$ 1,615,483	\$ 1,554,688	\$ 1,388,816
Foreign countries	1,387,789	1,473,986	1,235,615
Total	<u>\$ 3,003,272</u>	<u>\$ 3,028,674</u>	<u>\$ 2,624,431</u>
	December 31,		
	2019	2018	2017
Property, plant and equipment, net:			
United States	\$ 250,923	\$ 214,943	\$ 194,491
Foreign countries	278,566	264,110	282,931
Eliminations	(145)	(252)	(391)
Total	<u>\$ 529,344</u>	<u>\$ 478,801</u>	<u>\$ 477,031</u>

NOTE 7 – RATIONALIZATION AND ASSET IMPAIRMENTS

The Company recorded rationalization and asset impairment net charges of \$15,188, \$25,285 and \$6,590 for the years ended December 31, 2019, 2018 and 2017, respectively. The charges are primarily related to employee severance, asset impairments and gains or losses on the disposal of assets. A description of each restructuring plan and the related costs follows:

International Welding Plans:

During 2019, the Company initiated rationalization plans within International Welding. The plans primarily include headcount restructuring to better align the cost structures with economic conditions and operating needs. At December 31, 2019, liabilities relating to the International Welding plans of \$7,905 were recognized in Other current liabilities. The Company does not anticipate significant additional charges related to the completion of these plans.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

During 2018, the Company initiated rationalization plans within International Welding. The plans include headcount restructuring and the consolidation of manufacturing operations to better align the cost structures with economic conditions and operating needs. Liabilities related to these plans were substantially paid at December 31, 2019.

The Company believes the rationalization actions will positively impact future results of operations and will not have a material effect on liquidity and sources and uses of capital. The Company continues to evaluate its cost structure and additional rationalization actions may result in charges in future periods. The following table summarizes the activity related to the rationalization liabilities:

	Consolidated
Balance at December 31, 2017	\$ 6,803
Payments and other adjustments	(26,874)
Charged to expense	31,263
Balance at December 31, 2018	\$ 11,192
Payments and other adjustments	(14,678)
Charged to expense	11,688
Balance at December 31, 2019	<u>\$ 8,202</u>

NOTE 8 – ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) ("AOCI")

The following tables set forth the total changes in AOCI by component, net of taxes, for the years ended December 31, 2019 and 2018:

	Unrealized gain (loss) on derivatives designated and qualifying as cash flow hedges	Defined benefit pension plan activity	Currency translation adjustment	Total
Balance at December 31, 2017	\$ 875	\$ (85,277)	\$ (162,784)	\$ (247,186)
Other comprehensive income (loss) before reclassification	624	(4,396) ⁽²⁾	(50,600) ⁽³⁾	(54,372)
Amounts reclassified from AOCI	195 ⁽¹⁾	7,624 ⁽²⁾	—	7,819
Net current-period other comprehensive income (loss)	819	3,228	(50,600)	(46,553)
Balance at December 31, 2018	\$ 1,694	\$ (82,049)	\$ (213,384)	\$ (293,739)
Other comprehensive income (loss) before reclassification	1,007	8,213 ⁽²⁾	6,454 ⁽³⁾	15,674
Amounts reclassified from AOCI	(1,075) ⁽¹⁾	3,290 ⁽²⁾	—	2,215
Net current-period other comprehensive income (loss)	(68)	11,503	6,454	17,889
Balance at December 31, 2019	<u>\$ 1,626</u>	<u>\$ (70,546)</u>	<u>\$ (206,930)</u>	<u>\$ (275,850)</u>

- (1) During 2019, this AOCI reclassification is a component of Net sales of \$719 (net of tax of \$256 and Cost of goods sold of \$(356) (net of tax of \$(98)); during 2018, the reclassification is a component of Net sales of \$(152) (net of tax of \$(73)) and Cost of goods sold of \$43 (net of tax of \$(40)). Refer to Note 15 to the consolidated financial statements for additional details.
- (2) This AOCI component is included in the computation of net periodic pension costs (net of tax of \$4,188 and \$1,691 during the years ended December 31, 2019 and 2018, respectively). Refer to Note 12 to the consolidated financial statements for additional details.
- (3) The Other comprehensive income before reclassifications excludes \$281 and \$(93) attributable to Non-controlling interests in the years ended December 31, 2019 and 2018, respectively. The reclassified AOCI component is included in the computation of Non-controlling interests. Refer to the Consolidated Statements of Equity for additional details.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

NOTE 9 – DEBT

At December 31, 2019 and 2018, debt consisted of the following:

	December 31,	
	2019	2018
<i>Long-term debt</i>		
Senior Unsecured Notes due through 2045, interest at 2.8% to 4.0% (net of debt issuance costs of \$1,282 and \$1,392 at December 31, 2019 and 2018, respectively), swapped \$50,000 to variable interest rates of 2.4% to 2.6%	\$ 701,681	\$ 691,877
Other borrowings due through 2023, interest up to 2.0%	10,733	10,783
	<u>712,414</u>	<u>702,660</u>
Less current portion	112	111
Long-term debt, less current portion	712,302	702,549
<i>Short-term debt</i>		
Amounts due banks, weighted average interest at 4.9% in 2019	34,857	—
Current portion long-term debt	112	111
Total short-term debt	<u>34,969</u>	<u>111</u>
Total debt	<u>\$ 747,271</u>	<u>\$ 702,660</u>

At December 31, 2019 and 2018, the fair value of long-term debt, including the current portion, was approximately \$721,494 and \$649,714, respectively, which was determined using available market information and methodologies requiring judgment. Since judgment is required in interpreting market information, the fair value of the debt is not necessarily the amount which could be realized in a current market exchange.

Senior Unsecured Notes

On April 1, 2015, the Company entered into a Note Purchase Agreement pursuant to which it issued senior unsecured notes (the "2015 Notes") in the aggregate principal amount of \$350,000 through a private placement. On October 20, 2016 the Company entered into a Note Purchase Agreement pursuant to which it issued senior unsecured notes (the "2016 Notes") in the aggregate principal amount of \$350,000 through a private placement. Interest on the notes are payable semi-annually. The proceeds were used for general corporate purposes. The 2015 Notes and 2016 Notes contain certain affirmative and negative covenants. As of December 31, 2019, the Company was in compliance with all of its debt covenants.

The maturity and interest rates of the 2015 Notes and 2016 Notes are as follows:

	Amount	Maturity Date	Interest Rate
2015 Notes			
Series A	\$ 100,000	August 20, 2025	3.15%
Series B	100,000	August 20, 2030	3.35%
Series C	50,000	April 1, 2035	3.61%
Series D	100,000	April 1, 2035	4.02%
2016 Notes			
Series A	\$ 100,000	October 20, 2028	2.75%
Series B	100,000	October 20, 2033	3.03%
Series C	100,000	October 20, 2037	3.27%
Series D	50,000	October 20, 2041	3.52%

The Company's total weighted average effective interest rate and remaining weighted average term, inclusive of the 2015 Notes and 2016 Notes, is 3.3% and 14 years, respectively.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

Revolving Credit Agreement

The Company has a line of credit totaling \$400,000 through the Amended and Restated Credit Agreement (the "Credit Agreement"). The Credit Agreement has a term of 5 years and may be increased, subject to certain conditions, by an additional amount up to \$100,000. The interest rate on borrowings is based on either the London Inter-Bank Offered Rate ("LIBOR") or the prime rate, plus a spread based on the Company's leverage ratio, at the Company's election. The Company amended and restated the Credit Agreement on June 30, 2017, extending the maturity of the line of credit to June 30, 2022. The Credit Agreement contains customary affirmative, negative and financial covenants for credit facilities of this type, including limitations on the Company and its subsidiaries with respect to liens, investments, distributions, mergers and acquisitions, dispositions of assets, transactions with affiliates, a fixed charges coverage ratio and total leverage ratio. As of December 31, 2019, the Company was in compliance with all of its covenants and had \$23,000 of outstanding borrowings under the Credit Agreement.

Shelf Agreements

On November 27, 2018, the Company entered into seven uncommitted master note facilities (the "Shelf Agreements") that allow borrowings up to \$700,000 in the aggregate. The Shelf Agreements have a term of 5 years and the average life of borrowings cannot exceed 15 years. The Company is required to comply with covenants similar to those contained in the 2015 Notes and 2016 Notes. As of December 31, 2019, the Company was in compliance with all of its covenants and had no outstanding borrowings under the Shelf Agreements.

Other

Maturities of long-term debt, including payments for amounts due banks, for the five years succeeding December 31, 2019 are \$34,969 in 2020, \$119 in 2021, \$105 in 2022, \$10,607 in 2023, \$0 in 2024 and \$700,000 thereafter. Total interest paid was \$24,950 in 2019, \$23,790 in 2018 and \$23,820 in 2017. The difference between interest paid and interest expense is due to the accrual of interest associated with the Senior Unsecured Notes and adjustments to the swap contract discussed in Note 16 to the consolidated financial statements.

NOTE 10 – STOCK PLANS

On April 23, 2015, the shareholders of the Company approved the 2015 Equity and Incentive Compensation Plan ("Employee Plan"). The Employee Plan provides for the granting of options, appreciation rights, restricted shares, restricted stock units and performance-based awards up to an additional 5,400,000 of the Company's common shares. In addition, on April 23, 2015, the shareholders of the Company approved the 2015 Stock Plan for Non-Employee Directors ("2015 Director Plan"). The 2015 Director Plan provides for the granting of options, restricted shares and restricted stock units up to an additional 300,000 of the Company's common shares. At December 31, 2019, there were 3,017,391 common shares available for future grant under all plans.

Stock Options

The following table summarizes stock option activity for the year ended December 31, 2019 under all Plans:

	Number of Options	Weighted Average Exercise Price
Balance at beginning of year	1,431,038	\$ 63.19
Options granted	201,881	88.44
Options exercised	(314,629)	45.60
Balance at end of year	1,318,290	71.25
Exercisable at end of year	943,715	64.34

Options granted under both the Employee Plan and its predecessor plans may be outstanding for a maximum of 10 years from the date of grant. The majority of options granted vest ratably over a period of 3 years from the grant date. The exercise prices of all options were equal to the quoted market price of the Company's common shares at the date of grant. The Company issued shares of common stock from treasury upon all exercises of stock options in 2019. In 2019, all options issued were under the Employee Plan.

The Company uses the Black-Scholes option pricing model for estimating fair values of options. In estimating the fair value of options granted, the expected option life is based on the Company's historical experience. The expected volatility is based on

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

historical volatility. The weighted average assumptions for each of the three years ended December 31 were as follows:

	2019	2018	2017
Expected volatility	25.98%	25.36%	25.77%
Dividend yield	2.42%	1.92%	1.62%
Risk-free interest rate	2.49%	2.69%	1.90%
Expected option life (years)	4.6	4.6	4.5
Weighted average fair value per option granted during the year	\$ 17.46	\$ 18.97	\$ 17.50

The following table summarizes non-vested stock options for the year ended December 31, 2019:

	Number of Options	Weighted Average Fair Value at Grant Date
Balance at beginning of year	360,444	\$ 17.21
Granted	201,881	17.46
Vested	(187,750)	16.04
Balance at end of year	374,575	17.93

The aggregate intrinsic value of options outstanding and exercisable which would have been received by the optionees had all awards been exercised at December 31, 2019 was \$34,138 and \$30,960, respectively. The total intrinsic value of awards exercised during 2019, 2018 and 2017 was \$13,964, \$4,779 and \$19,328, respectively. The total fair value of options that vested during 2019, 2018 and 2017 was \$3,012, \$3,511 and \$3,040, respectively.

The following table summarizes information about awards outstanding as of December 31, 2019:

Exercise Price Range	Outstanding			Exercisable		
	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Life (years)	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Life (years)
Under \$49.99	219,050	\$ 42.31	2.3	219,050	\$ 42.31	2.3
\$50.00 - \$59.99	192,609	58.11	6.1	192,609	58.11	6.1
Over \$60.00	906,631	81.04	6.8	532,056	75.67	5.5
	1,318,290		5.9	943,715		4.9

Restricted Share Awards ("RSAs")

The following table summarizes restricted share award activity for the year ended December 31, 2019 under all Plans:

	Number of Shares	Weighted Average Grant Date Fair Value
Balance at beginning of year	12,438	\$ 80.98
Shares vested	(12,438)	94.71
Balance at end of year	—	—

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

Restricted Stock Units ("RSUs") and Performance Share Units ("PSUs")

The following table summarizes RSU and PSU activity for the year ended December 31, 2019 under all Plans:

	Number of Units	Weighted Average Grant Date Fair Value
Balance at beginning of year	506,030	\$ 75.69
Units granted	170,857	87.55
Units vested	(186,224)	60.69
Units forfeited	(9,534)	82.30
Balance at end of year	<u>481,129</u>	<u>85.58</u>

RSUs are valued at the quoted market price on the grant date. The majority of RSUs vest over a period of 3 years. The Company issues shares of common stock from treasury upon the vesting of RSUs and any earned dividend equivalents. Conversion of 30,955 RSUs to common shares in 2019 were deferred as part of the 2005 Deferred Compensation Plan for Executives (the "2005 Plan"). As of December 31, 2019, 129,621 RSUs, including related dividend equivalents, have been deferred under the 2005 Plan. These units are reflected within dilutive shares in the calculation of earnings per share. In 2019, 128,715 RSUs were issued under the Employee Plan and the 2015 Director Plan. The remaining weighted average vesting period of all non-vested RSUs is 1.3 years as of December 31, 2019.

PSUs are valued at the quoted market price on the grant date. PSUs vest over a period of 3 years and are based on the Company's performance relative to pre-established performance goals. The Company issues common stock from treasury upon the vesting of PSUs and any earned dividend equivalents. In 2019, the Company issued 42,142 PSU's and has 98,065 PSUs outstanding under the Employee Plan at a weighted average fair value of \$88.19 per share. The remaining weighted average vesting period of all non-vested PSUs is 1.2 years as of December 31, 2019.

Stock-Based Compensation Expense

Expense is recognized for all awards of stock-based compensation by allocating the aggregate grant date fair value over the vesting period. No expense is recognized for any stock options, restricted or deferred shares, RSUs or PSUs ultimately forfeited because recipients fail to meet vesting requirements. Total stock-based compensation expense recognized in the Consolidated Statements of Income for 2019, 2018 and 2017 was \$16,624, \$18,554 and \$12,698, respectively. The related tax benefit for 2019, 2018 and 2017 was \$4,151, \$4,632 and \$4,861, respectively. As of December 31, 2019, total unrecognized stock-based compensation expense related to non-vested stock options, RSAs, RSUs and PSUs was \$19,817, which is expected to be recognized over a weighted average period of approximately 2 years.

Lincoln Stock Purchase Plan

The 1995 Lincoln Stock Purchase Plan provides employees the ability to purchase open market shares on a commission-free basis up to a limit of ten thousand dollars annually. Under this plan, 800,000 shares have been authorized to be purchased. Shares purchased were 13,300 in 2019, 8,324 in 2018 and 10,458 in 2017.

NOTE 11 – COMMON STOCK REPURCHASE PROGRAM

The Company has a share repurchase program for up to \$55 million of the Company's common shares. At management's discretion, the Company repurchases its common shares from time to time in the open market, depending on market conditions, stock price and other factors. During the year ended December 31, 2019, the Company purchased a total of 3.4 million shares for \$288,134 at an average cost per share of \$85.52. As of December 31, 2019, there remained 2.8 million shares remained available for repurchase under the stock repurchase program. The treasury shares have not been retired.

On February 12, 2020, the Company's Board of Director's approved a new share repurchase program authorizing the Company to repurchase, in the aggregate, up to \$10 million shares of its outstanding common stock.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

NOTE 12 – RETIREMENT ANNUITY AND GUARANTEED CONTINUOUS EMPLOYMENT PLANS

The Company maintains a number of defined benefit and defined contribution plans to provide retirement benefits for employees. These plans are maintained and contributions are made in accordance with the Employee Retirement Income Security Act of 1974 ("ERISA"), local statutory law or as determined by the Board of Directors. The plans generally provide benefits based upon years of service and compensation. Pension plans are funded except for a domestic non-qualified pension plan for certain key employees and certain foreign plans. The Company uses a December 31 measurement date for its plans.

The Company does not have, and does not provide for, any postretirement or postemployment benefits other than pensions and certain non-U.S. statutory termination benefits.

Defined Benefit Plans

Contributions are made in amounts sufficient to fund current service costs on a current basis and to fund past service costs, if any, over various amortization periods.

Obligations and Funded Status

	December 31,			
	2019		2018	
	U.S. pension plans	Non-U.S. pension plans	U.S. pension plans	Non-U.S. pension plans
<i>Change in benefit obligations</i>				
Benefit obligations at beginning of year	\$ 438,945	\$ 168,811	\$ 507,075	\$ 193,523
Service cost	140	2,908	139	3,252
Interest cost	18,610	3,739	18,084	3,703
Plan participants' contributions	—	153	—	196
Acquisitions & other adjustments	—	(1,864)	—	(5,322)
Actuarial (gain) loss	58,842	10,653	(46,924)	(5,674)
Benefits paid	(24,026)	(8,961)	(7,973)	(9,723)
Settlements/curtailments ⁽¹⁾	—	(1,256)	(31,456)	(1,886)
Currency translation	—	2,675	—	(9,258)
Benefit obligations at end of year	492,511	176,858	438,945	168,811
<i>Change in plan assets</i>				
Fair value of plan assets at beginning of year	512,078	100,187	568,388	113,344
Actual return on plan assets	100,744	9,743	(23,012)	(2,855)
Employer contributions	—	2,210	690	2,087
Plan participants' contributions	—	153	—	196
Acquisitions & other adjustments	—	(2,651)	—	586
Benefits paid	(23,271)	(6,120)	(7,047)	(5,904)
Settlements ⁽¹⁾	—	(920)	(26,941)	(1,455)
Currency translation	—	3,071	—	(5,812)
Fair value of plan assets at end of year	589,551	105,673	512,078	100,187
Funded status at end of year	97,040	(71,185)	73,133	(68,624)
Unrecognized actuarial net loss	67,050	28,543	85,624	25,581
Unrecognized prior service cost	—	457	—	534
Unrecognized transition assets, net	—	30	—	32
Net amount recognized	<u>\$ 164,090</u>	<u>\$ (42,155)</u>	<u>\$ 158,757</u>	<u>\$ (42,477)</u>

(1) Settlements in 2018 resulting from lump sum pension payments.

The Company did not make significant contributions to the defined benefit plans in the United States in 2019 or 2018.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

The after-tax amounts of unrecognized actuarial net loss, prior service costs and transition assets included in Accumulated other comprehensive loss at December 31, 2019 were \$70,205, \$320 and \$21, respectively. The actuarial loss represents changes in the estimated obligation not yet recognized in the Consolidated Income Statement. The pre-tax amounts of unrecognized actuarial net loss, prior service credits and transition obligations expected to be recognized as components of net periodic benefit cost during 2020 are \$3,105, \$60 and \$3, respectively.

Amounts Recognized in Consolidated Balance Sheets

	December 31,			
	2019		2018	
	U.S. pension plans	Non-U.S. pension plans	U.S. pension plans	Non-U.S. pension plans
Prepaid pensions ⁽¹⁾	\$ 111,879	\$ —	\$ 87,786	\$ 77
Accrued pension liability, current ⁽²⁾	(739)	(2,847)	(786)	(2,996)
Accrued pension liability, long-term ⁽³⁾	(14,100)	(68,338)	(13,867)	(65,705)
Accumulated other comprehensive loss, excluding tax effects	67,050	29,030	85,624	26,147
Net amount recognized in the balance sheets	<u>\$ 164,090</u>	<u>\$ (42,155)</u>	<u>\$ 158,757</u>	<u>\$ (42,477)</u>

- (1) Included in Other assets.
(2) Included in Other current liabilities.
(3) Included in Other liabilities.

Components of Pension Cost for Defined Benefit Plans

	Year Ended December 31,					
	2019		2018		2017	
	U.S. pension plans	Non-U.S. pension plans	U.S. pension plans	Non-U.S. pension plans	U.S. pension plans	Non-U.S. pension plans
Service cost	\$ 140	\$ 2,908	\$ 139	\$ 3,252	\$ 608	\$ 2,678
Interest cost	18,610	3,739	18,084	3,703	19,497	3,253
Expected return on plan assets	(24,980)	(4,430)	(27,052)	(5,057)	(31,530)	(4,270)
Amortization of prior service cost	—	58	—	1	—	15
Amortization of net loss	1,654	2,296	1,498	2,211	2,133	1,881
Settlement/curtailment loss (gain) ⁽¹⁾	—	266	6,686	(397)	8,150	102
Pension cost for defined benefit plans	<u>\$ (4,576)</u>	<u>\$ 4,837</u>	<u>\$ (645)</u>	<u>\$ 3,713</u>	<u>\$ (1,142)</u>	<u>\$ 3,659</u>

- (1) Pension settlement charges resulting from lump sum pension payments.

The components of Pension cost for defined benefit plans, other than service cost, are included in Other income (expense) in the Company's Consolidated Statements of Income.

Pension Plans with Accumulated Benefit Obligations in Excess of Plan Assets

	December 31,			
	2019		2018	
	U.S. pension plans	Non-U.S. pension plans	U.S. pension plans	Non-U.S. pension plans
Projected benefit obligation	\$ 14,794	\$ 169,455	\$ 14,653	\$ 158,746
Accumulated benefit obligation	14,521	164,203	14,406	152,724
Fair value of plan assets	—	98,434	—	90,076

The total accumulated benefit obligation for all plans was \$663,163 as of December 31, 2019 and \$600,998 as of December 31, 2018.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

Benefit Payments for Plans

Benefits expected to be paid for the plans are as follows:

	U.S. pension plans	Non-U.S. pension plans
Estimated Payments		
2020	\$ 36,785	\$ 8,282
2021	31,465	8,348
2022	32,045	7,793
2023	34,763	7,589
2024	33,550	8,550
2025 through 2029	140,878	39,551

Assumptions

Weighted average assumptions used to measure the benefit obligation for the Company's significant defined benefit plans as of December 31, 2019 and 2018 were as follows:

	December 31,			
	2019		2018	
	U.S. pension plans	Non-U.S. pension plans	U.S. pension plans	Non-U.S. pension plans
Discount Rate	3.4%	1.7%	4.4%	2.3%
Rate of increase in compensation	2.5%	2.6%	2.5%	2.6%

Weighted average assumptions used to measure the net periodic benefit cost for the Company's significant defined benefit plans for each of the three years ended December 31 were as follows:

	December 31,					
	2019		2018		2017	
	U.S. pension plans	Non-U.S. pension plans	U.S. pension plans	Non-U.S. pension plans	U.S. pension plans	Non-U.S. pension plans
Discount rate	4.4%	2.3%	3.7%	2.0%	4.2%	2.2%
Rate of increase in compensation	2.5%	2.8%	2.5%	2.7%	2.5%	2.5%
Expected return on plan assets	5.0%	4.5%	5.0%	4.6%	6.0%	4.5%

To develop the discount rate assumptions, the Company refers to the yield derived from matching projected pension payments with maturities of bonds rated AA or an equivalent quality. The expected long-term rate of return assumption is based on the weighted average expected return of the various asset classes in the plans' portfolio and the targeted allocation of plan assets. The asset class return is developed using historical asset return performance as well as current market conditions such as inflation, interest rates and equity market performance. The rate of compensation increase is determined by the Company based upon annual reviews.

Pension Plans' Assets

The primary objective of the pension plans' investment policy is to ensure sufficient assets are available to provide benefit obligations when such obligations mature. Investment management practices must comply with ERISA or any other applicable regulations and rulings. The overall investment strategy for the defined benefit pension plans' assets is to achieve a rate of return over a normal business cycle relative to an acceptable level of risk that is consistent with the long-term objectives of the portfolio. The target allocation for plan assets is 5% to 15% equity securities and 85% to 95% debt securities.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

The following table sets forth, by level within the fair value hierarchy, the pension plans' assets as of December 31, 2019:

Pension Plans' Assets at Fair Value as of December 31, 2019				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	\$ 11,263	\$ —	\$ —	\$ 11,263
Fixed income securities ⁽¹⁾				
U.S. government bonds	46,048	—	—	46,048
Corporate debt and other obligations	—	482,203	—	482,203
Investments measured at NAV ⁽²⁾				
Common trusts and 103-12 investments ⁽³⁾				124,389
Private equity funds ⁽⁴⁾				31,321
Total investments at fair value	<u>\$ 57,311</u>	<u>\$ 482,203</u>	<u>\$ —</u>	<u>\$ 695,224</u>

The following table sets forth, by level within the fair value hierarchy, the pension plans' assets as of December 31, 2018:

Pension Plans' Assets at Fair Value as of December 31, 2018				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	\$ 13,029	\$ —	\$ —	\$ 13,029
Equity securities ⁽⁵⁾	3,851	—	—	3,851
Fixed income securities ⁽¹⁾				
U.S. government bonds	16,743	—	—	16,743
Corporate debt and other obligations	—	392,090	—	392,090
Investments measured at NAV ⁽²⁾				
Common trusts and 103-12 investments ⁽³⁾				151,153
Private equity funds ⁽⁴⁾				35,399
Total investments at fair value	<u>\$ 33,623</u>	<u>\$ 392,090</u>	<u>\$ —</u>	<u>\$ 612,265</u>

- (1) Fixed income securities are primarily comprised of governmental and corporate bonds directly held by the plans. Governmental and corporate bonds are valued using both market observable inputs for similar assets that are traded on an active market and the closing price on the active market on which the individual securities are traded.
- (2) Certain assets that are measured at fair value using the net asset value ("NAV") practical expedient have not been classified in the fair value hierarchy.
- (3) Common trusts and 103-12 investments (collectively "Trusts") are comprised of a number of investment funds that invest in a diverse portfolio of assets including equity securities, corporate and governmental bonds, equity and credit indexes and money markets. Trusts are valued at the NAV as determined by their custodian. NAV represents the accumulation of the unadjusted quoted close prices on the reporting date for the underlying investments divided by the total shares outstanding at the reporting dates.
- (4) Private equity funds consist of four funds seeking capital appreciation by investing in private equity investment partnerships and venture capital companies. Private equity fund valuations are based on the NAV of the underlying assets. Funds are comprised of unrestricted and restricted publicly traded securities and privately held securities. Unrestricted securities are valued at the closing market price on the reporting date. Restricted securities may be valued at a discount from such closing public market price, depending on facts and circumstances. Privately held securities are valued at fair value as determined by the fund directors and general partners.
- (5) Equity securities are primarily comprised of corporate stock and mutual funds directly held by the plans. Equity securities are valued using the closing price reported on the active market on which the individual securities are traded.

Supplemental Executive Retirement Plan

The Company maintained a domestic unfunded Supplemental Executive Retirement Plan ("SERP") under which non-qualified supplemental pension benefits are paid to certain employees in addition to amounts received under the Company's qualified retirement plan which is subject to Internal Revenue Service ("IRS") limitations on covered compensation. The annual cost of this program has been included in the determination of total net pension costs shown above and was \$576, \$1,268 and \$772 in 2019, 2018 and 2017, respectively. The projected benefit obligation associated with this plan is also included in the pension disclosure shown above and was \$12,202, \$12,183 and \$17,047 at December 31, 2019, 2018 and 2017, respectively.

Defined Contribution Plans

Substantially all U.S. employees are covered under defined contribution plans. In October 2016, the Company announced a plan redesign of the Savings Plan that was effective January 1, 2017. The Savings Plan provides that eligible employees receive up to 6% of employees' annual compensation through Company matching contributions of 100% of the first 3% of employee compensation contributed to the plan, and automatic Company contributions equal to 3% of annual compensation. In addition, certain employees affected by the RAP freeze in 2016 are also eligible to receive employer contributions equal to 6% of annual compensation for a minimum period of five years or to the end of the year in which they complete thirty years of service.

Effective January 1, 2017, the Company created The Lincoln Electric Company Restoration Plan ("Restoration Plan"). The Restoration Plan is a domestic unfunded plan maintained for the purpose of providing certain employees the ability to fully participate in standard employee retirement offerings, which are limited by IRS regulations on covered compensation.

The annual costs recognized for defined contribution plans were \$24,835, \$26,477 and \$25,285 in 2019, 2018 and 2017, respectively.

Other Benefits

The Cleveland, Ohio, area operations have a Guaranteed Continuous Employment Plan covering substantially all employees which, in general, provides that the Company will provide work for at least 75% of every standard work week (presently 40 hours). This plan does not guarantee employment when the Company's ability to continue normal operations is seriously restricted by events beyond the control of the Company. The Company has reserved the right to terminate this plan effective at the end of a calendar year by giving notice of such termination not less than six months prior to the end of such year.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

NOTE 13 — OTHER INCOME (EXPENSE)

The components of Other income (expense) were as follows:

	Year Ended December 31,		
	2019	2018	2017
Equity earnings in affiliates	\$ 3,163	5,481	\$ 2,742
Other components of net periodic pension (cost) income ⁽¹⁾	2,787	502	769
Other income ⁽²⁾	15,048	4,703	5,215
Total Other income (expense)	\$ 20,998	10,686	\$ 8,726

(1) Other components of net periodic pension (cost) income includes pension settlements and curtailments. Refer to Note 12 to the consolidated financial statements for details.

(2) Includes a gain on change in control related to the acquisition of Askaynak in the year ended December 31, 2019. Refer to Note 4 to the consolidated financial statements for details.

NOTE 14 – INCOME TAXES

The components of income before income taxes were as follows:

	Year Ended December 31,		
	2019	2018	2017
U.S.	\$ 237,296	\$ 255,088	\$ 213,171
Non-U.S.	131,197	113,572	153,065
Total	\$ 368,493	\$ 368,660	\$ 366,236

The components of income tax expense (benefit) were as follows:

	Year Ended December 31,		
	2019	2018	2017
Current:			
Federal	\$ 25,063	\$ 45,521	\$ 89,182
Non-U.S.	26,540	28,894	25,746
State and local	9,064	10,515	7,640
	60,667	84,930	122,568
Deferred:			
Federal	6,971	(691)	(4,391)
Non-U.S.	6,513	(3,121)	(82)
State and local	1,259	549	666
	14,743	(3,263)	(3,807)
Total	\$ 75,410	\$ 81,667	\$ 118,761

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

The differences between total income tax expense and the amount computed by applying the statutory federal income tax rate to income before income taxes for the three years ended December 31, 2019 were as follows:

	Year Ended December 31,		
	2019	2018	2017
Statutory rate applied to pre-tax income	\$ 77,384	\$ 77,419	\$ 128,182
State and local income taxes, net of federal tax benefit	8,830	8,844	5,671
Excess tax benefits resulting from exercises of stock-based compensation	(3,451)	(1,094)	(6,276)
Net impact of the U.S. Tax Act	—	4,823	21,949
Foreign withholding taxes	—	(4,424)	6,667
Resolution and settlements to uncertain tax positions	(9,432)	(457)	2,216
Foreign Derived Intangible Income Deduction	(4,315)	(2,647)	—
Foreign rate variance	7,023	(4,560)	(13,929)
Bargain purchase gain	—	—	(17,556)
Valuation allowances	3,198	5,596	102
Manufacturing deduction	—	—	(5,922)
Research and development credit	(4,786)	(3,859)	(2,688)
Other	959	2,026	345
Total	<u>\$ 75,410</u>	<u>\$ 81,667</u>	<u>\$ 118,761</u>
Effective tax rate	<u>20.5%</u>	<u>22.2%</u>	<u>32.4%</u>

The 2019 effective tax rate is impacted by the reduced corporate income tax rate associated with the U.S. Tax Act beginning in 2018. The 2019 effective tax rate was lower than 2018 primarily due to income tax benefits for the settlement of tax items as well as tax deductions associated with excess tax benefits resulting from exercises of stock based compensation, offset by the geographic mix of earnings and taxes at higher rates in foreign jurisdictions.

Total income tax payments, net of refunds, were \$42,880 in 2019, \$85,805 in 2018 and \$81,691 in 2017.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

Deferred Taxes

Significant components of deferred tax assets and liabilities at December 31, 2019 and 2018, were as follows:

	December 31,	
	2019	2018
Deferred tax assets:		
Tax loss and credit carry-forwards	\$ 64,712	\$ 60,756
Inventory	3,442	3,544
Other accruals	13,048	13,172
Employee benefits	24,532	22,963
Pension obligations	11,561	12,122
Other	3,401	3,739
Deferred tax assets, gross	120,696	116,296
Valuation allowance	(71,546)	(69,400)
Deferred tax assets, net	49,150	46,896
Deferred tax liabilities:		
Property, plant and equipment	39,583	28,606
Intangible assets	16,695	10,950
Inventory	6,427	4,814
Pension obligations	25,171	19,346
Other	11,285	8,770
Deferred tax liabilities	99,161	72,486
Total deferred taxes	\$ (50,011)	\$ (25,590)

At December 31, 2019, certain subsidiaries had net operating loss carry-forwards of approximately \$51,129 that expire in various years from 2020 through 2034, plus \$213,724 for which there is no expiration date.

In assessing the realizability of deferred tax assets, the Company assesses whether it is more-likely-than-not that a portion or all of the deferred tax assets will not be realized. The Company considers the scheduled reversal of deferred tax liabilities, tax planning strategies and projected future taxable income in making this assessment. At December 31, 2019, a valuation allowance of \$71,546 was recorded against certain deferred tax assets based on this assessment. The Company believes it is more-likely-than-not that the tax benefit of the remaining net deferred tax assets will be realized. The amount of net deferred tax assets considered realizable could be increased or reduced in the future if the Company's assessment of future taxable income or tax planning strategies changes.

The Company determined it will repatriate earnings for certain non-U.S. subsidiaries, which are subject to foreign withholding taxes. The Company has estimated the associated tax to be \$1,697. The Company considers remaining earnings and outside basis in all other non-U.S. subsidiaries to be indefinitely reinvested and has not recorded any deferred taxes as such estimate is not practicable.

Unrecognized Tax Benefits

Liabilities for unrecognized tax benefits related to uncertain tax positions are classified as Other liabilities unless expected to be paid in one year. Additionally, to the extent a position would not result in a cash tax liability, those amounts are generally recorded to Deferred income taxes to offset tax attributes. The Company recognizes interest and penalties related to unrecognized tax benefits in Income taxes. Current income tax expense included benefits of \$1,957 for the year ended December 31, 2019 and benefits of \$1,277 for the year ended December 31, 2018 for interest and penalties. For those same years, the Company's accrual for interest and penalties related to unrecognized tax benefits totaled \$4,512 and \$6,655, respectively.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

The following table summarizes the activity related to unrecognized tax benefits:

	2019	2018
Balance at beginning of year	\$ 28,804	\$ 28,449
Increase related to current year tax provisions	1,204	1,431
Increase/(decrease) related to prior years' tax positions	(101)	4,917
Decrease related to settlements with taxing authorities	(3,567)	(111)
Resolution of and other decreases in prior years' tax liabilities	(5,692)	(1,501)
Other	(63)	(4,381)
Balance at end of year	<u>\$ 20,585</u>	<u>\$ 28,804</u>

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was \$17,552 at December 31, 2019 and \$25,069 at December 31, 2018.

The Company files income tax returns in the U.S. and various state, local and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local or non-U.S. income tax examinations by tax authorities for years before 2015. The Company is currently subject to various state audits and non-U.S. income tax audits. The Company is generally not able to precisely estimate the ultimate settlement amounts or timing until after the close of an audit. The Company evaluates its tax positions and establishes liabilities for unrecognized tax benefits related to uncertain tax positions that may be challenged by local authorities and may not be fully sustained.

Unrecognized tax benefits are reviewed on an ongoing basis and are adjusted for changing facts and circumstances, including management's judgment in the interpretation of applicable tax law, regulation or tax ruling, the progress of tax audits and closing of statutes of limitations. Based on information currently available, management believes that additional audit activity could be completed and/or statutes of limitations may close relating to existing unrecognized tax benefits. It is reasonably possible there could be a further reduction of \$2,971 in prior years' unrecognized tax benefits in 2020.

NOTE 15 – DERIVATIVES

The Company uses derivative instruments to manage exposures to currency exchange rates, interest rates and commodity prices arising in the normal course of business. Both at inception and on an ongoing basis, the derivative instruments that qualify for hedge accounting are assessed as to their effectiveness, when applicable. Hedge ineffectiveness was immaterial for each of the three years in the period ended December 31, 2019.

The Company is subject to the credit risk of the counterparties to derivative instruments. Counterparties include a number of major banks and financial institutions. None of the concentrations of risk with any individual counterparty was considered significant at December 31, 2019. The Company does not expect any counterparties to fail to meet their obligations.

Cash flow hedges

Certain foreign currency forward contracts are qualified and designated as cash flow hedges. The dollar equivalent gross notional amount of these short-term contracts was \$59,982 at December 31, 2019 and \$45,909 at December 31, 2018.

Fair value hedges

Certain interest rate swap agreements are qualified and designated as fair value hedges. At December 31, 2019, the Company had interest rate swap agreements outstanding that effectively convert notional amounts of \$50,000 of debt from a fixed interest rate to a variable interest rate based on three-month LIBOR plus a spread of between 0.5% and 0.6%. The variable rates reset every three months, at which time payment or receipt of interest will be settled.

Net investment hedges

The Company has cross currency swaps that are qualified and designated as net investment hedges. The dollar equivalent gross notional amount of these contracts is \$50,000 as of December 31, 2019.

Derivatives not designated as hedging instruments

The Company has certain foreign exchange forward contracts which are not designated as hedges. These derivatives are held as hedges of certain balance sheet exposures. The dollar equivalent gross notional amount of these contracts was \$363,820 at December 31, 2019 and \$328,534 at December 31, 2018.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

Fair values of derivative instruments in the Company's Consolidated Balance Sheets follow:

Derivatives by hedge designation	December 31, 2019				December 31, 2018			
	Other Current Assets	Other Current Liabilities	Other Assets	Other Liabilities	Other Current Assets	Other Current Liabilities	Other Assets	Other Liabilities
Designated as hedging instruments:								
Foreign exchange contracts	\$ 1,288	\$ 522	\$ —	\$ —	\$ 647	\$ 404	\$ —	\$ —
Interest rate swap agreements	—	—	2,964	—	—	—	302	7,033
Cross currency swap agreements	—	—	—	653	—	—	—	—
Not designated as hedging instruments:								
Foreign exchange contracts	2,397	973	—	—	6,375	829	—	—
Total derivatives	\$ 3,685	\$ 1,495	\$ 2,964	\$ 653	\$ 7,022	\$ 1,233	\$ 302	\$ 7,033

The effects of undesignated derivative instruments on the Company's Consolidated Statements of Income consisted of the following:

Derivatives by hedge designation	Classification of gains	Year Ended December 31,	
		2019	2018
Not designated as hedges:			
Foreign exchange contracts	Selling, general & administrative expenses	\$ 13,154	\$ 7,452

The effects of designated cash flow hedges on AOCI and the Company's Consolidated Statements of Income consisted of the following:

Total gain (loss) recognized in AOCI, net of tax	December 31,	
	2019	2018
Foreign exchange contracts	\$ 620	\$ 173
Net investment hedges	1,006	1,521

The Company expects a gain of \$620 related to existing contracts to be reclassified from AOCI, net of tax, to earnings over the next 12 months as the hedged transactions are realized.

Derivative type	Gain (loss) reclassified from AOCI to:	Year Ended December 31,	
		2019	2018
Foreign exchange contracts	Net sales	\$ 975	\$ (225)
	Cost of goods sold	454	(3)

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

NOTE 16 – FAIR VALUE

The following table provides a summary of fair value assets and liabilities as of December 31, 2019 measured at fair value on a recurring basis:

Description	Balance as of December 31, 2019	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Foreign exchange contracts	\$ 3,685	\$ —	\$ 3,685	\$ —
Interest rate swap agreements	2,964	—	2,964	—
Total assets	\$ 6,649	\$ —	\$ 6,649	\$ —
Liabilities:				
Foreign exchange contracts	\$ 1,495	\$ —	\$ 1,495	\$ —
Cross currency swap agreements	653	—	653	—
Contingent considerations	470	—	—	470
Deferred compensation	29,170	—	29,170	—
Total liabilities	\$ 31,788	\$ —	\$ 31,318	\$ 470

The following table provides a summary of fair value assets and liabilities as of December 31, 2018 measured at fair value on a recurring basis:

Description	Balance as of December 31, 2018	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Foreign exchange contracts	\$ 7,022	\$ —	\$ 7,022	\$ —
Interest rate swap agreements	302	—	302	—
Total assets	\$ 7,324	\$ —	\$ 7,324	\$ —
Liabilities:				
Foreign exchange contracts	\$ 1,233	\$ —	\$ 1,233	\$ —
Interest rate swap agreements	7,033	—	7,033	—
Contingent considerations	2,100	—	—	2,100
Deferred compensation	26,524	—	26,524	—
Total liabilities	\$ 36,890	\$ —	\$ 34,790	\$ 2,100

The Company's derivative contracts are valued at fair value using the market approach. The Company measures the fair value of foreign exchange contracts, interest rate swap agreements and cross currency swaps using Level 2 inputs based on observable spot and forward rates in active markets. During the year ended December 31, 2019, there were no transfers between Levels 1, 2 or 3.

In connection with an acquisition, the Company recorded contingent consideration liability, which will be paid based upon actual financial results of the acquired entity for specified future periods. The fair value of the contingent consideration is a Level 3 valuation and fair valued using an option pricing model.

The deferred compensation liability is the Company's obligation under its executive deferred compensation plan. The Company measures the fair value of the liability using the market values of the participants' underlying investment fund elections.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

The Company has various financial instruments, including cash and cash equivalents, short and long-term debt and forward contracts. While these financial instruments are subject to concentrations of credit risk, the Company has minimized this risk by entering into arrangements with a number of major banks and financial institutions and investing in several high-quality instruments. The Company does not expect any counterparties to fail to meet their obligations. The fair value of Cash and cash equivalents, Accounts receivable, Amounts due banks and Trade accounts payable approximated book value due to the short-term nature of these instruments at both December 31, 2019 and December 31, 2018. Refer to Note 9 to the consolidated financial statements for the fair value estimate of debt.

NOTE 17 – INVENTORY

Inventories in the Consolidated Balance Sheet is comprised of the following components:

	December 31,	
	2019	2018
Raw materials	\$ 116,716	\$ 103,820
Work-in-process	63,744	53,950
Finished goods	213,288	204,059
Total	<u>\$ 393,748</u>	<u>\$ 361,829</u>

The valuation of LIFO inventories is made at the end of each year based on inventory levels and costs at that time. Accordingly, interim LIFO calculations are based on management's estimates of expected year-end inventory levels and costs. Actual year-end inventory levels and costs may differ from interim LIFO inventory valuations. At December 31, 2019 and 2018, approximately 36% and 37% of total inventories, respectively, were valued using the LIFO method. The excess of current cost over LIFO cost was \$75,292 at December 31, 2019 and \$79,626 at December 31, 2018.

NOTE 18 – LEASES

On January 1, 2019, the Company adopted Topic 842 using the modified retrospective transition option. The adoption of Topic 842 resulted in the recording of right-of-use assets and lease liabilities for the Company's operating leases. The table below summarizes the right-of-use assets and lease liabilities in the Company's Consolidated Balance sheets:

Operating Leases	Balance Sheet Classification	December 31, 2019
Right-of-use assets	Other assets	<u>\$ 51,533</u>
Current liabilities	Other current liabilities	\$ 13,572
Noncurrent liabilities	Other liabilities	39,076
Total lease liabilities		<u>\$ 52,648</u>

Topic 842 did not materially impact the Company's consolidated net earnings, cash flows or debt covenants.

The Company determines if an agreement is a lease at inception. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of the Company's operating leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on information available at commencement date to present value the lease payments.

The Company has operating leases for sales offices, manufacturing facilities, warehouses and distribution centers, transportation equipment, office equipment and information technology equipment. Some of these leases are noncancelable. Variable or short-term lease costs contained within the Company's operating leases are not material. Most leases include one or more options to renew, which can extend the lease term from 1 to 11 years or more. The exercise of lease renewal options is at the Company's sole discretion. Certain leases also include options to purchase the leased property. Leases with an initial term of 12 months or less are not recorded on the Company's Consolidated Balance sheets. The Company recognizes lease expense for these leases on a straight-line basis over the lease term.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Total lease expense, which is included in Cost of goods sold and Selling, general and administrative expenses in the Company's Consolidated Statements of Income, was \$25,389, \$25,720 and \$20,450 in the years ended December 31, 2019, 2018 and 2017, respectively. Cash paid for amounts included in the measurement of lease liabilities for the year ended December 31, 2019 was \$17,800 and is included in Net cash provided by operating activities in the Company's Consolidated Statements of Cash Flows. Right-of-use assets obtained in exchange for operating lease liabilities during the year ended December 31, 2019 was \$19,216, respectively.

The total future minimum lease payments for noncancelable operating leases were as follows:

	December 31, 2019
2020	\$ 15,235
2021	11,509
2022	8,766
2023	7,220
2024	5,787
After 2024	10,929
Total lease payments	\$ 59,446
Less: Imputed interest	(6,798)
Operating lease liabilities	\$ 52,648

As of December 31, 2019, the weighted average remaining lease term is 6.3 years and the weighted average discount rate used to determine the operating lease liability is 3.6%.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

NOTE 19 – CONTINGENCIES

The Company, like other manufacturers, is subject from time to time to a variety of civil and administrative proceedings arising in the ordinary course of business. Such claims and litigation include, without limitation, product liability claims, regulatory claims, employment-related claims and health, safety and environmental claims, some of which relate to cases alleging asbestos induced illnesses. The claimants in the asbestos cases seek compensatory and punitive damages, in most cases for unspecified amounts. The Company believes it has meritorious defenses to these claims and intends to contest such suits vigorously.

The Company accrues its best estimate of the probable costs, after a review of the facts with management and counsel and taking into account past experience. For claims or litigation that are material, if an unfavorable outcome is determined to be reasonably possible and the amount of loss can be reasonably estimated, or if an unfavorable outcome is determined to be probable and the amount of loss cannot be reasonably estimated, disclosure would be provided. Many of the current cases are in differing procedural stages and information on the circumstances of each claimant, which forms the basis for judgments as to the validity or ultimate disposition of such actions, varies greatly. Therefore, in many situations a range of possible losses cannot be made. Reserves are adjusted as facts and circumstances change and related management assessments of the underlying merits and the likelihood of outcomes change. Moreover, reserves only cover identified and/or asserted claims. Future claims could, therefore, give rise to increases to such reserves.

Based on the Company's historical experience in litigating product liability claims, including a significant number of dismissals, summary judgments and defense verdicts in many cases and immaterial settlement amounts, as well as the Company's current assessment of the underlying merits of the claims and applicable insurance, the Company believes resolution of these claims and proceedings, individually or in the aggregate, will not have a material effect on the Company's consolidated financial statements.

NOTE 20 – PRODUCT WARRANTY COSTS

The changes in product warranty accruals were as follows:

	December 31,		
	2019	2018	2017
Balance at beginning of year	\$ 19,778	\$ 22,029	\$ 21,053
Accruals for warranties	17,094	8,897	9,901
Settlements	(16,211)	(11,403)	(11,500)
Foreign currency translation and other adjustments ⁽¹⁾	(11)	255	2,575
Balance at end of year	<u>\$ 20,650</u>	<u>\$ 19,778</u>	<u>\$ 22,029</u>

(1) At December 31, 2017, Foreign currency translation and other adjustments includes \$2,299 for an acquired liability related to the Air Liquide Welding acquisition as discussed in Note 4 to the consolidated financial statements.

LINCOLN ELECTRIC HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except share and per share amounts)

NOTE 21 – QUARTERLY FINANCIAL DATA (UNAUDITED)

	First ⁽¹⁾	Second ⁽²⁾	Third ⁽³⁾	Fourth ⁽⁴⁾
2019				
Net sales	\$ 759,174	\$ 777,008	\$ 730,783	\$ 736,307
Gross profit	258,421	269,881	238,351	240,934
Income before income taxes	92,918	103,484	91,797	80,294
Net income	71,480	85,452	72,461	63,716
Basic earnings per share ⁽⁵⁾	\$ 1.13	\$ 1.37	\$ 1.18	\$ 1.04
Diluted earnings per share ⁽⁵⁾	\$ 1.12	\$ 1.36	\$ 1.17	\$ 1.03
2018				
Net sales	\$ 757,696	\$ 790,052	\$ 737,099	\$ 743,827
Gross profit	256,554	270,116	251,552	250,299
Income before income taxes	84,198	94,263	95,744	94,455
Net income	60,824	68,864	70,539	86,839
Basic earnings per share ⁽⁵⁾	\$ 0.93	\$ 1.05	\$ 1.09	\$ 1.36
Diluted earnings per share ⁽⁵⁾	\$ 0.92	\$ 1.04	\$ 1.07	\$ 1.35

(1) 2019 includes special item charges of \$3,535 (\$2,814 after-tax) for Rationalization and asset impairment charges and \$790 (\$698 after-tax) for acquisition transaction and integration costs.

2018 includes special item charges of \$758 (\$569 after-tax) for pension settlement charges, \$10,175 (\$7,870 after-tax) for Rationalization and asset impairment charges, an adjustment to taxes on unremitted foreign earnings related to the U.S. Tax Act of \$2,500 and \$1,907 (\$1,520 after-tax) for acquisition transaction and integration costs.

(2) 2019 includes special item charges of \$3,554 (\$2,586 after-tax) for gains on the disposal of assets, \$1,399 (\$1,049 after-tax) for amortization of step up in value of acquired inventories, \$1,014 (\$867 after-tax) for acquisition transaction and integration costs, \$1,307 (\$937 after-tax) for Rationalization and asset impairment charges and \$4,852 for the settlement of a tax item as well as tax deductions associated with an investment in a subsidiary.

2018 includes special item charges of \$11,542 (\$10,362 after-tax) for Rationalization and asset impairment charges and \$788 (\$675 after-tax) for acquisition transaction and integration costs.

(3) 2019 includes special item charges of \$1,495 (\$1,240 after-tax) for Rationalization and asset impairment charges, \$1,609 for amortization of step up in value of acquired inventories and \$7,601 for a gain on change in control related to the acquisition of Askaynak.

2018 includes special item charges of \$4,232 (\$3,176 after-tax) for pension settlement charges, \$2,636 (\$2,575 after-tax) for Rationalization and asset impairment charges, an adjustment to taxes on unremitted foreign earnings related to the U.S. Tax Act of \$2,323 and acquisition-related items including \$970 (\$797 after-tax) for acquisition transaction and integration costs.

(4) 2019 includes special item charges of \$8,851 (\$7,284 after-tax) for Rationalization and asset impairment charges.

2018 includes special item charges of \$1,696 (\$1,272 after-tax) for pension settlement charges, \$932 (\$841 gain after-tax) for Rationalization and asset impairment charges and gains or losses on the disposal of assets, a \$4,424 credit related to the U.S. Tax Act and acquisition-related items including \$833 (\$690 after-tax) for acquisition transaction and integration costs.

(5) The quarterly earnings per share ("EPS") amounts are each calculated independently. Therefore, the sum of the quarterly EPS amounts may not equal the annual totals.

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS
LINCOLN ELECTRIC HOLDINGS, INC.
(In thousands)

Description	Balance at Beginning of Period	Additions		Deductions ⁽²⁾	Balance at End of Period
		Charged to Costs and Expenses	Charged (Credited) to Other Accounts ⁽¹⁾		
Allowance for doubtful accounts:					
Year Ended December 31, 2019	\$ 12,827	\$ 1,227	\$ 3,792	\$ 1,844	\$ 16,002
Year Ended December 31, 2018	15,943	1,743	(1,037)	3,822	12,827
Year Ended December 31, 2017	7,768	1,172	9,501	2,498	15,943
Deferred tax asset valuation allowance:					
Year Ended December 31, 2019	\$ 69,400	\$ 3,691	\$ (481)	\$ 1,064	\$ 71,546
Year Ended December 31, 2018	68,694	1,891	2,437	3,622	69,400
Year Ended December 31, 2017	47,849	16,222	4,854	231	68,694

(1) Currency translation adjustment, additions from acquisitions and other adjustments.

(2) For the Allowance for doubtful accounts, deductions relate to uncollectible accounts written-off, net of recoveries. For the Deferred tax asset valuation allowance, deductions relate to the reversal of valuation allowances due to the realization of net operating loss carryforwards.

QuickLinks

[ITEM 1. BUSINESS](#)

[ITEM 1A. RISK FACTORS](#)

[ITEM 1B. UNRESOLVED STAFF COMMENTS](#)

[ITEM 1C. INFORMATION ABOUT OUR EXECUTIVE OFFICERS](#)

[ITEM 2. PROPERTIES](#)

[ITEM 3. LEGAL PROCEEDINGS](#)

[ITEM 4. MINE SAFETY DISCLOSURES](#)

[ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES](#)

[ITEM 6. SELECTED FINANCIAL DATA \(Dollars in thousands, except per share amounts\)](#)

[ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS \(Dollars in thousands, except per share amounts\)](#)

[ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK \(Dollars in thousands, except per share amounts\)](#)

[ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA](#)

[ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES](#)

[ITEM 9A. CONTROLS AND PROCEDURES](#)

[ITEM 9B. OTHER INFORMATION](#)

[ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE](#)

[ITEM 11. EXECUTIVE COMPENSATION](#)

[ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS](#)

[ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE](#)

[ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES](#)

[ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES](#)

[ITEM 16. FORM 10-K SUMMARY](#)

[SIGNATURES](#)

[Report of Independent Registered Public Accounting Firm](#)

[Report of Independent Registered Public Accounting Firm](#)

[LINCOLN ELECTRIC HOLDINGS, INC. CONSOLIDATED BALANCE SHEETS \(Dollars in thousands\)](#)

[LINCOLN ELECTRIC HOLDINGS, INC. CONSOLIDATED STATEMENTS OF INCOME \(In thousands, except per share amounts\)](#)

[LINCOLN ELECTRIC HOLDINGS, INC. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME \(In thousands, except per share amounts\)](#)

[LINCOLN ELECTRIC HOLDINGS, INC. CONSOLIDATED STATEMENTS OF EQUITY \(In thousands, except per share amounts\)](#)

[LINCOLN ELECTRIC HOLDINGS, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS \(In thousands\)](#)

[LINCOLN ELECTRIC HOLDINGS, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS \(Dollars in thousands, except share and per share amounts\)](#)

[SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS LINCOLN ELECTRIC HOLDINGS, INC. \(In thousands\)](#)

DESCRIPTION OF SECURITIES
Registered Under Section 12 of the
Securities Exchange Act of 1934

The following description is a general summary of the terms of the common shares, no par value, of Lincoln Electric Holdings, Inc., an Ohio corporation (the “Company”). The description below does not include all of the terms of the common shares and should be read together with the Company’s articles of incorporation and code of regulations, copies of which have been filed previously with the Securities and Exchange Commission and are incorporated herein by reference, as well as applicable provisions of Ohio law.

The Company’s authorized capital stock consists of 245,000,000 shares of stock, including:

- 240,000,000 common shares, no par value; and
- 5,000,000 preferred shares, no par value.

Voting Rights

Each outstanding common share is entitled to one vote on each matter submitted to a vote of shareholders. Except as outlined below or otherwise expressly required by the Company’s articles of incorporation or by statute, the vote of the holders of shares entitling them to exercise a majority of the voting power of the Company is required to approve any matters submitted to a vote of the shareholders. At each annual meeting of shareholders, each director will be elected by a plurality vote of all votes cast at such meeting for a term expiring at the next annual meeting of shareholders and until the election of their successors. The Company’s articles of incorporation prevent any shareholder from cumulating votes in the election of directors.

There are a number of sections under the Ohio Revised Code (the “ORC”) that require, for purposes of shareholder approval, the affirmative vote of the holders of shares representing two-thirds of the voting power of the corporation, or, if the corporation’s articles of incorporation so provide or permit, the affirmative vote of a greater or lesser proportion, but not less than a majority, of the voting power, including sections covering (i) the sale or other disposition of all, or substantially all, of the assets of a corporation, (ii) an agreement of merger or consolidation and (iii) a combination or majority share acquisition. The Company’s articles of incorporation do not provide for a greater or lesser proportion.

Additionally, the Company’s articles of incorporation provide that, in addition to any affirmative vote required by law, any “business combination” shall require the affirmative vote of holders of at least two-thirds of the outstanding voting shares and at least two-thirds of the outstanding voting shares held by disinterested shareholders, except with respect to business combinations that (i) have been approved by a majority of the disinterested directors or (ii) meet consideration, dividend and notice requirements specified in the Company’s articles of incorporation.

For the purpose of the above voting requirements: (i) “business combination” shall mean (a) any merger or consolidation of the Company or any of the Company’s subsidiaries (each, a “Subsidiary”) with any interested shareholder or any other corporation which is, or after such merger or consolidation would be, an affiliate or associate of an interested shareholder, (b) any sale, lease, exchange, mortgage, pledge, transfer or other disposition to an interested shareholder, or an affiliate or associate of an interested shareholder, or any assets of the Company or any Subsidiary having an aggregate fair market value of \$1,000,000 or more, (c) any sale, lease, exchange, mortgage, pledge, transfer or other disposition to or with the Company or any Subsidiary of any assets of an interested shareholder having an aggregate fair market value of \$1,000,000 or more, (d) the issuance or sale by the Company or any Subsidiary of any securities of the Company or of any Subsidiary to an interested shareholder or any affiliate or associate of an interested shareholder in exchange for cash, securities or other consideration having an aggregate fair market value of \$1,000,000 or more except an issuance of securities upon conversion of convertible securities of the Company or any Subsidiary which were not acquired by such interested shareholder (or such affiliate or associate) from the Company or any Subsidiary, (e) the adoption of any plan or proposal for the liquidation or dissolution of the Company proposed by or on behalf of an interested shareholder or an affiliate or associate of an interested shareholder, or (f) any reclassification of securities (including any reverse stock split) or recapitalization of the Company or a Subsidiary or any other transaction which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity securities or securities convertible into equity securities of the Company or a Subsidiary which is directly or indirectly owned by any interested shareholder or an affiliate or associate of an interested shareholder; (ii) “interested shareholder” shall mean any person who or which: (a) is the beneficial owner of five percent or more of the voting power of the voting shares, (b) is an affiliate of the Company and at any time within a two-year period immediately prior to the date in question was the beneficial owner of five percent or more of the voting power of the voting shares, or (c) is an assignee of or has otherwise succeeded to the beneficial ownership of any voting shares, which were at any

time within the two-year period immediately prior to the date in question, beneficially owned by an interested shareholder, as defined herein, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933; (iii) “disinterested shareholder” shall mean a shareholder of the Company who is not an interested shareholder (or an affiliate or an associate of an interested shareholder) who is involved, directly or indirectly, in the proposed business combination in question; and (iv) “voting shares” shall mean outstanding shares of capital stock of the Company entitled to vote generally in an annual election of directors or entitled by law or by the terms of the capital stock to vote on the transaction in question.

Additionally, the affirmative vote of the holders of at least two-thirds of the outstanding voting shares, voting together as a single class, and at least two-thirds of the outstanding voting shares held by disinterested shareholders, voting together as a single class, shall be required to alter, amend, adopt or repeal any provision inconsistent with the Company’s articles of incorporation relating to business combinations described above.

Dividends

Subject to any superior rights of any holders of preferred shares, each outstanding common share will be entitled to such dividends as may be authorized and declared from time to time by the Board out of legally available funds. The amount of dividends that the Company may pay may be restricted by the terms of the agreements governing the Company’s indebtedness.

Liquidation Rights

In the event of the Company’s liquidation, dissolution or winding up, holders of common shares will be entitled to their proportionate share of any assets remaining after payment of liabilities and any amounts due to the holders of preferred shares.

No Preemptive or Conversion Rights; No Redemption or Sinking Funds

Holders of common shares have no preemptive rights and no right to convert or exchange their common shares into any other securities. No redemption or sinking fund provisions apply to the Company’s common shares.

Preferred Shares

The Board is authorized, without shareholder approval, to issue up to 5,000,000 preferred shares in one or more series and to fix the rights, preferences, privileges and restrictions granted to or imposed upon the preferred shares, including dividend rights, conversion rights, redemption rights and price, liquidation rights, preferences and price, sinking fund requirements and restrictions on the issuance of shares of any class or series of the Company. The Board can, without shareholder approval, issue preferred shares with voting and conversion rights that could adversely affect the voting power of the holders of common shares. Any preferred shares issued would also rank senior to common shares as to rights up on liquidation, winding-up or dissolution. The issuance of convertible preferred shares could have the effect of delaying, deferring or preventing a change in control of our company.

Anti-Takeover Protections

Business Combinations with Certain Persons

Chapter 1704 of the ORC prohibits certain business combinations and transactions between an “issuing public corporation” and an “Ohio law interested shareholder” for at least three years after the Ohio law interested shareholder attains 10% ownership, unless the board of directors of the issuing public corporation approves the transaction before the Ohio law interested shareholder attains 10% ownership. An “issuing public corporation” is an Ohio corporation with 50 or more shareholders that has its principal place of business, principal executive offices, or substantial assets within the State of Ohio, and as to which no close corporation agreement exists. An “Ohio law interested shareholder” is a beneficial owner of 10% or more of the shares of a corporation. Examples of transactions regulated by Chapter 1704 include the disposition of assets, mergers and consolidations, voluntary dissolutions and the transfer of shares.

Subsequent to the three-year period, a transaction subject to Chapter 1704 may take place provided that certain conditions are satisfied, including:

- prior to the interested shareholder’s share acquisition date, the board of directors approved the purchase of shares by the interested shareholder;

- the transaction is approved by the holders of shares with at least two-thirds of the voting power of the corporation (or a different proportion set forth in the articles of incorporation), including at least a majority of the outstanding shares after excluding shares controlled by the Ohio law interested shareholder; or
- the business combination results in shareholders, other than the Ohio law interested shareholder, receiving a fair price plus interest for their shares.

Chapter 1704 is applicable to all issuing public corporations formed under Ohio law, unless a corporation's articles of incorporation specifically states that Chapter 1704 does not apply to the corporation. The Company's articles of incorporation do not contain a provision excluding it from the application of Chapter 1704.

Ohio Control Share Acquisition Act

Section 1701.831 of the ORC requires that an acquirer make certain notifications and informational filings, and that a special shareholder meeting and voting processes occur, before any person acquires 20%, 33 1/3% or more than 50% of an issuing public corporation's shares. Section 1701.831 is applicable to all public corporations formed under Ohio law, unless a corporation's articles of incorporation or code of regulations specifically state that Section 1701.831 does not apply to the corporation. Neither the Company's articles of incorporation nor code of regulations contain a provision excluding it from the application of Section 1701.831.

LINCOLN ELECTRIC HOLDINGS, INC.

2015 STOCK PLAN FOR NON-EMPLOYEE DIRECTORS

Restricted Stock Unit Agreement

WHEREAS, Lincoln Electric Holdings, Inc. maintains the Company's 2015 Stock Plan for Non-Employee Directors, as amended by the First Amendment thereto, and as may be further amended from time to time (the "Plan"), pursuant to which the Company may award Restricted Stock Units ("RSUs") to non-employee Directors of the Company;

WHEREAS, the Grantee, whose name is set forth on the "Dashboard" tab on the Morgan Stanley StockPlan Connect portal, a secure third-party vendor website used by the Company (to be referred to herein as the "Grant Summary"), is a non-employee Director of the Company;

WHEREAS, the Grantee was awarded RSUs under the Plan by the Nominating and Corporate Governance Committee (the "Committee") of the Board of Directors (the "Board") of the Company on the Date of Grant in 2019, as set forth on the Grant Summary (the "Date of Grant"), and the execution of an Evidence of Award in the form hereof (this "Agreement") has been authorized by a resolution of the Committee duly adopted on such date.

NOW, THEREFORE, pursuant to the Plan and subject to the terms and conditions thereof and the terms and conditions hereinafter set forth, the Company hereby confirms to the Grantee the award of the number of RSUs set forth on the Grant Summary.

1. Definitions. Unless otherwise defined in this Agreement (including on Exhibit A hereto), terms used in this Agreement with initial capital letters will have the meanings assigned to them in the Plan. Certain terms used herein with initial capital letters will have the meanings set forth on Exhibit A hereto.
2. Issuance of RSUs. The RSUs covered by this Agreement shall be issued to the Grantee effective upon the Date of Grant. Each RSU constitutes the right of the Grantee to receive one Common Share (and dividend equivalents with respect thereto) (or to have one Common Share (and dividend equivalents with respect thereto) credited to Grantee's account under the Deferred Compensation Plan, if elected) upon the Grantee's Distribution Date. The Grantee shall not have the rights of a shareholder with respect to such RSUs, except as provided in Section 9, provided that such RSUs, together with any additional RSUs that the Grantee may become entitled to receive by virtue of a share dividend, a merger or a reorganization in which Lincoln Electric Holdings, Inc. is the surviving corporation or any other change in the capital structure of Lincoln Electric Holdings, Inc., shall be subject to the restrictions hereinafter set forth.
3. Restrictions on Transfer of RSUs. Subject to Section 14 of the Plan, the RSUs subject to this grant may not be sold, exchanged, assigned, transferred, pledged, encumbered or otherwise disposed of by the Grantee, except to the Company, until the Distribution Date; provided, however, that the Grantee's rights with respect to such RSUs may be transferred by will or pursuant to the laws of descent and distribution. Any purported transfer or encumbrance in violation of the provisions of this Section 3 shall be void, and the other party to any such purported transaction shall not obtain any rights to or interest in such RSUs or the underlying Common Shares or dividend equivalents. The Company in its sole discretion, when and as permitted by the Plan, may waive the restrictions on transferability with respect to all or a portion of the RSUs subject to this Agreement.
4. Vesting of RSUs. Subject to the terms and conditions of Sections 5 and 6 hereof, all of the RSUs covered by this Agreement shall vest immediately after one full year from the Date of Grant if the Grantee shall have served continuously as a Director for that entire period.
5. Effect of Change in Control. In the event a Change in Control occurs after the Date of Grant but before the RSUs covered by the Agreement vest pursuant to Section 4 or 6 of this Agreement, the vesting provisions set forth in this Section 5 shall apply in addition to those set forth in Sections 4 and 6 of this Agreement:
 - (a) If (i) a Replacement Award is not provided to the Grantee to replace, adjust or continue the award of RSUs covered by this Agreement (the "Replaced Award"), and (ii) the Grantee serves as an Eligible Director of the Company throughout the period beginning on the Date of Grant and ending on the date of the Change in Control, the RSUs covered by this Agreement will vest in full immediately prior to the Change in Control.
 - (b) If a Replacement Award is provided, references to RSUs in this Agreement shall be deemed to refer to the Replacement Award after the Change in Control.
 - (c) If a Replacement Award is provided to the Grantee to replace, adjust or continue the award of RSUs covered by this Agreement, and if, upon or after receiving the Replacement Award, the Grantee experiences a termination of service as an Eligible Director of the Company by reason of the Company terminating Grantee's service as

a Director of the Company other than for Cause after the Change in Control and during the remaining vesting period for the Replacement Award, the Replacement Award shall immediately vest in full upon such termination.

6. Effect of Death, Disability, or Retirement; Forfeiture.
 - (a) If the Grantee's service as a Director of the Company should terminate because of the Grantee's death or Disability prior to the vesting otherwise provided for in Section 4, 5, or 6 hereof, the RSUs subject to this Agreement shall immediately vest in full.
 - (b) If the Grantee's service as a Director of the Company should terminate because of the Grantee's Retirement, prior to the vesting otherwise provided for in Section 4, 5, or 6 hereof, a *pro rata* portion of the RSUs subject to this Agreement shall immediately vest. The *pro rata* portion that shall vest shall be determined by multiplying the total number of RSUs subject to this Agreement by the number of days the Grantee has served as a Director of the Company from the Date of Grant through the date of Retirement, divided by 365 (rounded down to the nearest whole Common Share). Any RSUs that remain unvested in connection with Grantee's Retirement will be forfeited.
 - (c) Upon the termination of the Grantee's service as a Director of the Company, all RSUs that have not become vested prior to or at the time of such termination shall be forfeited.
7. Time of Payment of RSUs. Payment of the RSUs shall be made within 60 days of the date on which such RSUs become vested and in all events within the short-term deferral period specified in Treasury Regulation § 1.409A-1(b)(4).
8. Deferral of RSUs. The Grantee may elect to defer receipt of the Common Shares underlying the RSUs subject to this Agreement beyond the Distribution Date (and to defer the dividend equivalents with respect thereto), pursuant to and in accordance with the terms of the Deferred Compensation Plan.
9. Dividend Equivalents and Other Rights.
 - (a) Except as provided in this Section, the Grantee shall not have any of the rights of a shareholder with respect to the RSUs covered by this Agreement; provided, however, that any additional Common Shares, share rights or other securities that the Grantee may become entitled to receive pursuant to a stock dividend, stock split, combination of shares, recapitalization, merger, consolidation, separation or reorganization or any other change in the capital structure of the Company shall be subject to the same restrictions as the RSUs covered by this Agreement.
 - (b) The Grantee shall have the right to receive dividend equivalents with respect to the Common Shares underlying the RSUs. Such dividend equivalents shall be paid to the Grantee in the form of cash (or credited to the Grantee's account under the Deferred Compensation Plan, if elected) on the date of payment of such dividends by the Company.
 - (c) The Grantee will not be entitled to vote the Common Shares underlying the RSUs until the Grantee receives such Common Shares on or after the Distribution Date.
 - (d) Notwithstanding anything to the contrary in this Section 9, to the extent that any of the RSUs become vested pursuant to this Agreement and the Grantee elects pursuant to Section 8 to defer receipt of the Common Shares underlying the RSUs beyond the Distribution Date (and dividend equivalents with respect thereto) in accordance with the terms of the Deferred Compensation Plan, then the right to receive dividend equivalents thereafter will be governed by the Deferred Compensation Plan from and after the Distribution Date.
10. No Right to Continued Service. The Plan and this Agreement will not confer upon the Grantee any right with respect to the continuance of service as a Director of the Company.
11. Agreement Subject to the Plan. The RSUs evidenced by this Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan. In the event of any inconsistency between this Agreement and the Plan, the terms of the Plan will govern.
12. Amendments. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that subject to Section 10 of the Plan and Section 15 of this Agreement, no such amendment shall adversely affect the rights of the Grantee with respect to the RSUs without the Grantee's consent.
13. Severability. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated will be deemed to be separable from the other provisions hereof, and the remaining provisions hereof will continue to be valid and fully enforceable.
14. Governing Law/Venue. This Agreement is made under, and will be construed in accordance with, the internal substantive laws of the State of Ohio. All legal actions or proceedings relating to this Agreement shall be brought exclusively in the U.S. District Court for the Northern District of Ohio, Eastern Division or the Cuyahoga County Court of Common Pleas, located in Cuyahoga County, Ohio.
15. RSUs Subject to the Company's Recovery of Funds Policy. Notwithstanding anything in this Agreement to the contrary, (a) the RSUs covered by this Agreement shall be subject to the Company's Recovery of Funds Policy (or similar clawback policy), as it may be in effect from time to time, including, without limitation, to implement Section 10D of the Exchange Act and any applicable rules or regulations issued by the U.S. Securities and Exchange Commission or any national securities exchange or national securities association on which the Common Shares may be traded (the "Compensation Recovery Policy"), and (b) the Grantee acknowledges and agrees that any and all applicable provisions of this Agreement

shall be deemed superseded by and subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof.

16. Code Section 409A. To the extent applicable, it is intended that this Agreement be designed and operated within the requirements of Section 409A of the Code (including any applicable exemptions) and, in the event of any inconsistency between any provision of this Agreement or the Plan and Section 409A of the Code, the provisions of Section 409A of the Code shall control. Any provision in the Plan or this Agreement that is determined to violate the requirements of Section 409A of the Code shall be void and without effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Grantee). Any provision that is required by Section 409A of the Code to appear in the Agreement that is not expressly set forth herein shall be deemed to be set forth herein, and the Agreement shall be administered in all respects as if such provision was expressly set forth herein. Any reference in the Agreement to Section 409A of the Code or a Treasury Regulation section shall be deemed to include any similar or successor provisions thereto.

17. Electronic Delivery. The Company may, in its sole discretion, deliver any documents related to the RSUs and Grantee's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request Grantee's consent to participate in the Plan by electronic means. Grantee hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

The Grantee hereby acknowledges receipt of this Agreement and accepts the RSUs evidenced hereby subject to the terms and conditions of the Plan and the terms and conditions herein above set forth and represents that he or she understands the acceptance of this Agreement through an on-line or electronic system, if applicable, carries the same legal significance as if he or she manually signed this Agreement.

THIS AGREEMENT is executed in the name and on behalf of the Company on the Date of Grant as set forth in the Grant Summary.

LINCOLN ELECTRIC HOLDINGS, INC.

Name: Christopher L. Mapes
Title: President and Chief Executive Officer

EXHIBIT A

For purposes of this Agreement, the following terms shall have the following meanings:

1. "Cause": A termination for "Cause" shall mean that, prior to termination of service as a Director of the Company, the Grantee shall have:
 - (a) committed a criminal violation involving fraud, embezzlement or theft in connection with the Grantee's duties or in the course of the Grantee's service as a Director;
 - (b) committed an intentional violation of the Lincoln Electric Code of Corporate Conduct and Ethics, or any successor document;
 - (c) committed intentional wrongful damage to property of the Company;
 - (d) committed intentional wrongful disclosure of secret processes or confidential information of the Company or any Company subsidiary; or
 - (e) committed intentional wrongful engagement in any of the activities set forth in any confidentiality, non-competition or non-solicitation arrangement with the Company or any Company subsidiary to which the Grantee is a party;and, in each case, any such act shall have been demonstrably and materially harmful (including financially or reputationally harmful) to the Company. For purposes of this Agreement, no act or failure to act on the part of the Grantee will be deemed "intentional" if it was due primarily to an error in judgment or negligence, but will be deemed "intentional" only if done or omitted to be done by the Grantee not in good faith and without reasonable belief that the Grantee's action or omission was in the best interest of the Company.
2. "Deferred Compensation Plan" means the Lincoln Electric Holdings, Inc. Non-Employee Directors' Deferred Compensation Plan, in effect from time to time.

3. “Distribution Date” means the date on which the Common Shares represented by vested RSUs shall be distributed to the Grantee as specified in Section 7 (or would have been so distributed absent an election under the Deferred Compensation Plan).
4. “Incumbent Directors”: For purposes of applying the definition of Change in Control in the Plan, “Incumbent Directors” means the individuals who, as of the Effective Date, are Directors and any individual becoming a Director subsequent to the Effective Date whose election, nomination for election by the Company’s shareholders, or appointment, was approved by a vote of at least two-thirds of the then Incumbent Directors (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination); provided, however, that an individual will not be an Incumbent Director if such individual’s election or appointment to the Board occurs as a result of (including the settlement of) an actual or threatened election contest (as described in Rule 14a-12(c) of the Exchange Act) with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.
5. “Replacement Award” means an award: (a) of the same type (e.g., time-based restricted stock units) as the Replaced Award; (b) that has a value at least equal to the value of the Replaced Award; (c) that relates to publicly traded equity securities of the Company or another entity that is affiliated with the Company following the Change in Control; (d) if the Grantee holding the Replaced Award is subject to U.S. federal income tax under the Code, the tax consequences of which to such Grantee under the Code are not less favorable to such Grantee than the tax consequences of the Replaced Award; and (e) the other terms and conditions of which are not less favorable to the Grantee holding the Replaced Award than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change in Control). A Replacement Award may be granted only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with or be exempt from Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the two preceding sentences are satisfied. The determination of whether the conditions of this Exhibit A, Section 5 are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

LINCOLN ELECTRIC HOLDINGS, INC.

2015 EQUITY AND INCENTIVE COMPENSATION PLAN

Stock Option Agreement

WHEREAS, Lincoln Electric Holdings, Inc. maintains the Company's 2015 Equity and Incentive Compensation Plan, as may be amended from time to time (the "Plan"), pursuant to which the Company may grant Option Rights to officers and certain key employees of the Company and its Subsidiaries (as defined in the Plan);

WHEREAS, the Optionee, whose name is set forth on the "Dashboard" tab on the Morgan Stanley StockPlan Connect portal, a secure third-party vendor website used by the Company (to be referred to herein as the "Grant Summary"), is an employee of the Company or one of its Subsidiaries; and

WHEREAS, the Optionee was granted an Option Right under the Plan by the Compensation and Executive Development Committee (the "Committee") of the Board of Directors (the "Board") of the Company on the Date of Grant in 2020 as set forth on the Grant Summary (the "Date of Grant"), and the Evidence of Award in the form hereof (the "Agreement") has been authorized by a resolution of the Committee duly adopted on such date.

NOW, THEREFORE, pursuant to the Plan and subject to the terms and conditions thereof and the terms and conditions hereinafter set forth, the Company hereby confirms to the Optionee the grant of an Option Right ("Option") to purchase the number of Common Shares of the Company set forth on the Grant Summary, at the exercise price per Common Share set forth on the Grant Summary, which exercise price is the closing price of a Common Share as reported on the NASDAQ Global Market on the Date of Grant (the "Option Price").

1. **Definitions.** Unless otherwise defined in this Agreement (including on Exhibit A hereto), terms used in this Agreement with initial capital letters will have the meanings assigned to them in the Plan. Certain terms used herein with initial capital letters will have the meaning set forth on Exhibit A hereto.
2. **Grant of Option.** The Company has granted to the Optionee the Option, which represents the right of the Optionee to purchase the number of Common Shares set forth on the Grant Summary at the Option Price set forth on the Grant Summary. The Option shall become exercisable in accordance with Section 4, Section 5, or Section 6 hereof.
3. **Form of Option.** The Option evidenced by this Agreement is intended to be a nonqualified stock option and shall not be treated as an "incentive stock option" within the meaning of that term under Section 422 of the Code.
4. **Vesting of Option.** Subject to the terms and conditions of Sections 5, 6 and 8 hereof, the Option shall become exercisable as follows:
 - (a) the Option shall become exercisable with respect to one-third (1/3) of the Common Shares underlying the Option on the first anniversary of the Date of Grant, if the Optionee shall have remained in the continuous employ of the Company or a Subsidiary until such anniversary; and
 - (b) the Option shall become exercisable with respect to an additional one-third (1/3) of the Common Shares underlying the Option on the second and third anniversaries of the Date of Grant, if the Optionee shall have remained in the continuous employ of the Company or a Subsidiary on each such anniversary; and
 - (c) In calculating one-thirds, the total shall be rounded down to the nearest whole Common Share on each of the first two anniversaries of the Date of Grant, and the remaining Common Share(s) shall be included with those Common Shares for which the Option is exercisable on the third anniversary of the Date of Grant.
5. **Effect of Change in Control.** In the event a Change in Control occurs prior to the third anniversary of the Date of Grant, any portion of the Option that is not exercisable at the time of the Change in Control shall become exercisable to the extent provided in this Section 5.
 - (a) If (i) a Replacement Award is not provided to the Optionee in connection with the Change in Control to replace, adjust or continue the Option (the "Replaced Award") and (ii) the Optionee remains in the continuous employ of the Company or a Subsidiary throughout the period beginning on the Date of Grant and ending on the date of the Change in Control, the Option covered by this Agreement will become exercisable in full immediately prior to the Change in Control (to the extent not already exercisable). If a Replacement Award is provided, references to the Option in this Agreement shall be deemed to refer to the Replacement Award after the Change in Control.
 - (b) If a Replacement Award is provided to the Optionee to replace, adjust or continue the Replaced Award, and if, upon or after receiving the Replacement Award and within a period of two years after the Change in Control,

the Optionee experiences a termination of employment with the Company or a Subsidiary of the Company by reason of the Optionee terminating employment for Good Reason or the Company terminating Optionee's employment other than for Cause, the Replacement Award shall become exercisable in full upon such termination (to the extent not already exercisable).

6. Effects of Death, Disability or Retirement.

- (a) The entire Option subject to this Agreement shall become immediately exercisable in full (to the extent not already exercisable) (i) upon the death of the Optionee while in the employment of the Company or any Subsidiary, or (ii) if the Optionee's employment with the Company or any Subsidiary should terminate as a result of the Optionee becoming Disabled.
- (b) If the Optionee terminates employment with the Company or any Subsidiary after the Optionee attains age 60 and completes five years of continuous employment ("Retirement") and the Option is not then fully exercisable, only a pro rata portion of the one-third installment of the Option subject to this Agreement scheduled to become exercisable on the next anniversary of the Date of Grant pursuant to Section 4 hereof (the "Applicable Installment") shall become exercisable upon such Retirement. Such pro rata portion shall be determined by multiplying the number of Common Shares covered by the Applicable Installment by a fraction, the numerator of which is the number of days from the previous anniversary of the Date of Grant, or if no previous anniversary of the Date of Grant has occurred, the Date of Grant, through the date of Retirement, and the denominator of which is 365 (rounded down to the nearest whole Common Share). Any then-remaining portion of the Option that is not exercisable following the application of the preceding sentence will be forfeited upon such Retirement.

7. Exercise of Option.

- (a) To the extent that the Option shall have become exercisable in accordance with the terms of this Agreement, it may be exercised in whole or in part from time to time thereafter as described in this Agreement and will be settled in Common Shares.
- (b) To exercise an Option, the Optionee shall give notice (in a manner prescribed by the Company), specifying the number of Common Shares as to which the Option is to be exercised and the date of exercise, and shall provide payment of the Option Price and any applicable taxes, along with any other documentation that may be required by the Company.
- (c) The Option Price shall be payable upon exercise:
 - (i) by certified or bank check or other cash equivalent acceptable to the Company;
 - (ii) by transfer to the Company of nonforfeitable, unrestricted Common Shares of the Company that have been owned by the Optionee for at least six (6) months prior to the date of exercise;
 - (iii) pursuant to a net exercise arrangement as described in the Plan; or
 - (iv) by any combination of these methods.

Nonforfeitable, unrestricted Common Shares that are transferred by the Optionee or Common Shares that are withheld in payment of all or any part of the Option Price shall be valued on the basis of their Market Value per Share on the date of exercise.

8. Termination of Option. The Option shall terminate on the earliest of the following dates as provided below:

- (a) automatically and without further notice three (3) months after the date upon which the Optionee ceases to be an employee of the Company or a Subsidiary, unless (i) the cessation of employment is a result of the death or Retirement of the Optionee, (ii) the Optionee is Disabled, (iii) the cessation of employment occurs as described in Section 5(b) of this Agreement, or (iv) the cessation of employment occurs in a manner described in Section 8(d) or the last paragraph of this Section 8 below;
- (b) automatically and without further notice three (3) years after the date of the death of the Optionee or the date that the Optionee became Disabled, in each case while an employee of the Company or a Subsidiary, or ten (10) years after the Date of Grant in the case of Retirement of the Optionee;
- (c) automatically and without further notice one (1) year after death of the Optionee, if the Optionee dies after the termination of employment with the Company or a Subsidiary and prior to the termination of the Option;
- (d) automatically and without further notice upon the termination of the Optionee's employment for Cause; or
- (e) automatically and without further notice ten years after the Date of Grant.

Notwithstanding anything in this Agreement to the contrary, unless otherwise determined by the Company, if the Optionee, either during employment by the Company or a Subsidiary or within six (6) months after termination of such employment, (i) shall become an employee of a competitor of the Company or a Subsidiary or (ii) shall engage in any other conduct that is competitive with the Company or a Subsidiary, in each case as reasonably determined by the Company ("Competition"), then the Option shall terminate automatically and without further notice at the time of such Company determination. In addition, if the Company shall so determine, the Optionee shall, promptly upon notice of such determination, (x) return to the Company, in exchange for payment by the Company of the Option Price paid therefor, all the Common Shares that the Optionee has not disposed of that were purchased pursuant to this Agreement within a period of one (1) year prior to the date of the commencement of such Competition, and (y) with respect to any Common Shares so purchased that the Optionee has disposed of, pay to the Company in cash the difference

between (i) the Option Price and (ii) the Market Value per Share of the Common Shares on the date of exercise, in each case as reasonably determined by the Company. To the extent that such amounts are not promptly paid to the Company, the Company may set off the amounts so payable to it against any amounts (other than amounts of non-qualified deferred compensation as so defined under Section 409A of the Code) that may be owing from time to time by the Company or a Subsidiary to the Optionee, whether as wages or vacation pay or in the form of any other benefit or for any other reason.

9. Compliance with Law. Notwithstanding any other provision of this Agreement, the Option shall not be exercisable if the exercise thereof or the issuance of Common Shares pursuant thereto would result in a violation of any law. The Company will make reasonable efforts to comply with all applicable federal and state securities laws.
10. Transferability and Exercisability. Subject to Section 15 of the Plan, the Option, including any interest therein, shall not be transferable by the Optionee except by will or the laws of descent and distribution, and the Option shall be exercisable during the lifetime of the Optionee only by him or her or, in the event of his or her legal incapacity to do so, by his or her guardian or legal representative acting on behalf of the Optionee in a fiduciary capacity under state law and court supervision.
11. Withholding Taxes. No later than the date as of which an amount first becomes includible in the gross income of the Optionee for applicable income and employment tax and other required withholding purposes with respect to the Option evidenced by this Agreement, the Optionee shall pay to the Company, or make arrangements satisfactory to the Committee regarding the payment of, any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount. The Optionee agrees that any required minimum withholding obligations shall be settled by the withholding of a number of Common Shares required to be delivered to the Optionee upon exercise of the Option with a value equal to the amount of such required minimum withholding. The obligations of the Company under this Agreement shall be conditional on such payment or arrangements.
12. No Right to Employment. This Option award is a voluntary, discretionary bonus being made on a one-time basis and it does not constitute a commitment to make any future awards. This Option award and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. The Plan and this Agreement will not confer upon the Optionee any right with respect to the continuance of employment or other service with the Company or any Subsidiary and will not interfere in any way with any right that the Company or any Subsidiary would otherwise have to terminate any employment or other service of the Optionee at any time. For purposes of this Agreement, the continuous employment of the Optionee with the Company or a Subsidiary shall not be deemed interrupted, and the Optionee shall not be deemed to have ceased to be an employee of the Company or any Subsidiary, by reason of (A) the transfer of his or her employment among the Company and its Subsidiaries or (B) an approved leave of absence.
13. Relation to the Other Benefits. Any economic or other benefit to the Optionee under this Agreement or the Plan will not be taken into account in determining any benefits to which the Optionee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and will not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.
14. Agreement Subject to Plan. The Option evidenced by this Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan. In the event of any inconsistency between this Agreement and the Plan, the terms of the Plan will govern.
15. Data Privacy.
 - (a) The Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Optionee's personal data as described in this document by and among, as applicable, the Optionee's employer (the "Employer"), and the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan.
 - (b) The Optionee understands that the Company, its Subsidiaries and the Employer hold certain personal information about the Optionee, including, but not limited to, name, home address and telephone number, date of birth, social security or insurance number or other identification number, salary, nationality, job title, any Common Shares or directorships held in the Company, details of all Options or any other entitlement to Common Shares awarded, canceled, purchased, exercised, vested, unvested or outstanding in the Optionee's favor for the purpose of implementing, managing and administering the Plan ("Data").
 - (c) The Optionee understands that the Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Optionee's country or elsewhere (in particular the United States), including outside the European Economic Area (if applicable), and that the recipient country (e.g., the United States) may have different data privacy laws and protections than the Optionee's country. The Optionee understands that the Optionee may request a list with the names and addresses of any potential recipients of the Data by contacting the local human resources representative. The Optionee authorizes the Company, Morgan Stanley Smith Barney, LLC and any other possible recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing,

administering and managing the Optionee's participation in the Plan, including any requisite transfer of such Data, as may be required to a broker or other third party with whom the Optionee may elect to deposit any Common Shares acquired under the Plan. The Optionee understands that Data will be held only as long as is necessary to implement, administer and manage participation in the Plan. The Optionee understands that he or she may, at any time, view Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein, in any case without cost, by contacting the local human resources representative in writing. The Optionee understands that refusing or withdrawing consent may affect the Optionee's ability to participate in the Plan. For more information on the consequences of refusing to consent or withdrawing consent, the Optionee understands that he or she may contact his or her local human resources representative.

16. Amendments. Any amendment to the Plan will be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that subject to Section 11 of the Plan, no such amendment will adversely affect the rights of the Optionee with respect to the Option without the Optionee's consent.
17. Severability. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.
18. Governing Law/Venue. This Agreement is made under, and will be construed in accordance with, the internal substantive laws of the State of Ohio. All legal actions or proceedings relating to this Agreement shall be brought exclusively in the U.S. District Court for the Northern District of Ohio, Eastern Division or the Cuyahoga County Court of Common Pleas, located in Cuyahoga County, Ohio.
19. Restrictive Covenant Agreement. The grant of the Option under this Agreement is contingent upon the Optionee having executed the most recent version of the Company's Proprietary Information, Inventions and Restrictive Covenant Agreement and having returned it to the Company.
20. Electronic Delivery. The Company may, in its sole discretion, deliver any documents related to the Option and Optionee's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request Optionee's consent to participate in the Plan by electronic means. Optionee hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.
21. Appendix. Notwithstanding any provisions in this Agreement, the grant of Option is also subject to the special terms and conditions set forth in Appendix A to this Agreement for Optionee's country. Moreover, if Optionee relocates to one of the countries included in Appendix A, the special terms and conditions for such country will apply to Optionee, to the extent the Company determines that the application of such terms and conditions are necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Appendix A constitutes part of this Agreement.

The Optionee hereby acknowledges receipt of this Agreement and accepts the right to receive the Options evidenced hereby subject to the terms and conditions of the Plan and the terms and conditions herein above set forth and represents that he or she understands the acceptance of this Agreement through an on-line or electronic system, if applicable, carries the same legal significance as if he or she manually signed this Agreement.

THIS AGREEMENT is executed by the Company on the Date of Grant.

LINCOLN ELECTRIC HOLDINGS, INC.

Christopher L. Mapes
Chairman, President and Chief Executive Officer

EXHIBIT A

For purposes of this Agreement, the following terms shall have the following meanings:

1. "Cause": For an Optionee who is a party to a severance agreement with the Company providing benefits in connection with a Change in Control (a "Severance Agreement"), a termination for "Cause" (or similar term) shall have the meaning set forth in such agreement. For all other Optionees, a termination for "Cause" shall mean that, prior to termination of employment, the Optionee shall have:

- (a) committed a criminal violation involving fraud, embezzlement or theft in connection with the Optionee's duties or in the course of the Optionee's employment with the Company or any Subsidiary;
- (b) committed an intentional violation of the Lincoln Electric Code of Corporate Conduct and Ethics, or any successor document, in effect at the relevant time;
- (c) committed intentional wrongful damage to property of the Company or any Subsidiary;
- (d) committed intentional wrongful disclosure of secret processes or confidential information of the Company or any Subsidiary; or
- (e) committed intentional wrongful engagement in any of the activities set forth in any confidentiality, non-competition or non-solicitation arrangement with the Company to which the Optionee is a party;

and, in each case, any such act shall have been demonstrably and materially harmful (including financially or reputationally harmful) to the Company. For purposes of this Agreement, no act or failure to act on the part of the Optionee will be deemed "intentional" if it was due primarily to an error in judgment or negligence, but will be deemed "intentional" only if done or omitted to be done by the Optionee not in good faith and without reasonable belief that the Optionee's action or omission was in the best interest of the Company.

- 2. "Disabled" means that the Optionee is disabled within the meaning of, and begins actually to receive disability benefits pursuant to, the long-term disability plan in effect for, or applicable to, the Optionee at the relevant time. In the event that the Company does not maintain a long-term disability plan at any relevant time, the Committee shall determine, in its sole discretion, that an Optionee is "Disabled" if the Optionee meets one of the following requirements: (i) the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, (ii) the Optionee is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under the Company's accident and health or long-term disability plan or any similar plan maintained by a third party, but excluding governmental plans, or (iii) the Social Security Administration determines the Optionee to be totally disabled.
- 3. "Good Reason": For an Optionee who is a party to a Severance Agreement, a termination "for Good Reason" (or similar term) shall have the meaning set forth in such agreement. For all other Optionees, "for Good Reason" shall mean the Optionee's termination of employment with the Company as a result of the initial occurrence, without the Optionee's consent, of one or more of the following events:
 - (f) A material diminution in the Optionee's base compensation;
 - (g) A material diminution in the Optionee's authority, duties, or responsibilities;
 - (h) A material reduction in the Optionee's opportunity regarding annual bonus, incentive or other payment of compensation, in addition to base compensation, made or to be made in regard to services rendered in any year or other period pursuant to any bonus, incentive, profit-sharing, performance, discretionary pay or similar agreement, policy, plan, program or arrangement (whether or not funded) of the Company;
 - (i) A material change in the geographic location at which the Optionee must perform the services, which adds fifty (50) miles or more to the Optionee's one-way daily commute; and
 - (j) Any other action or inaction that constitutes a material breach by the Company of the Optionee's employment agreement, if any, under which the Optionee provides services, or Optionee's Severance Agreement, if any.

Notwithstanding the foregoing, a termination of employment by the Optionee for one of the reasons set forth in clauses (a) through (e) above will not constitute "Good Reason" unless the Optionee provides, within 90 days of the initial occurrence of such condition or conditions, written notice to the Optionee's employer of the existence of such condition or conditions and the Optionee's employer has not remedied such condition or conditions within 30 days of the receipt of such notice.

- 4. "Incumbent Directors": For purposes of applying the definition of Change in Control in the Plan, "Incumbent Directors" means the individuals who, as of the Effective Date, are Directors and any individual becoming a Director subsequent to the Effective Date whose election, nomination for election by the Company's shareholders, or appointment, was approved by a vote of at least two-thirds of the then Incumbent Directors (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination); provided, however, that an individual will not be an Incumbent Director if such individual's election or appointment to the Board occurs as a result of (including the settlement of) an actual or threatened election contest (as described in Rule 14a-12(c) of the Exchange Act) with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.
- 5. "Replacement Award" means an award: (i) of the same type (time-based stock option) as the Replaced Award; (ii) that has a value at least equal to the value of the Replaced Award; (iii) that relates to publicly traded equity securities of the Company or another entity that is affiliated with the Company following a Change in Control; (iv) if the Optionee holding the Replaced Award is subject to U.S. federal income tax under the Code, the tax consequences of which to such Optionee under the Code are not less favorable to such Optionee than the tax consequences of the Replaced Award; and (v) the

other terms and conditions of which are not less favorable to the Optionee holding the Replaced Award than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change in Control). A Replacement Award may be granted only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with or be exempt from Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the two preceding sentences are satisfied. The determination of whether the conditions of this Exhibit A, Section 5 are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

LINCOLN ELECTRIC HOLDINGS, INC.

2015 EQUITY AND INCENTIVE COMPENSATION PLAN

Restricted Stock Unit Agreement

WHEREAS, Lincoln Electric Holdings, Inc. maintains the Company's 2015 Equity and Incentive Compensation Plan, as may be amended from time to time (the "Plan"), pursuant to which the Company may award Restricted Stock Units ("RSUs") to officers and certain key employees of the Company and its Subsidiaries;

WHEREAS, the Grantee, whose name is set forth on the "Dashboard" tab on the Morgan Stanley StockPlan Connect portal, a secure third-party vendor website used by the Company (to be referred to herein as the "Grant Summary"), is an employee of the Company or one of its Subsidiaries; and

WHEREAS, the Grantee was awarded RSUs under the Plan by the Compensation and Executive Development Committee (the "Committee") of the Board of Directors (the "Board") of the Company on the Date of Grant in 2020, as set forth on the Grant Summary (the "Date of Grant"), and the execution of an Evidence of Award in the form hereof (this "Agreement") has been authorized by a resolution of the Committee duly adopted on such date.

NOW, THEREFORE, pursuant to the Plan and subject to the terms and conditions thereof and the terms and conditions hereinafter set forth, the Company hereby confirms to the Grantee the award of the number of RSUs set forth on the Grant Summary.

1. Definitions. Unless otherwise defined in this Agreement (including on Exhibit A hereto), terms used in this Agreement with initial capital letters will have the meanings assigned to them in the Plan. Certain terms used herein with initial capital letters will have the meanings set forth on Exhibit A hereto.
2. Issuance of RSUs. The RSUs covered by this Agreement shall be issued to the Grantee effective upon the Date of Grant. Each RSU entitles the Grantee to receive one Common Share (or to have one Common Share credited to Grantee's account under the Deferred Compensation Plan, if elected) upon the Grantee's Distribution Date. The Grantee shall not have the rights of a shareholder with respect to such RSUs, except as provided in Section 10, provided that such RSUs, together with any additional RSUs that the Grantee may become entitled to receive by virtue of a share dividend, a merger or a reorganization in which Lincoln Electric Holdings, Inc. is the surviving corporation or any other change in the capital structure of Lincoln Electric Holdings, Inc., shall be subject to the restrictions hereinafter set forth.
3. Restrictions on Transfer of RSUs. Subject to Section 15 of the Plan, the RSUs subject to this grant may not be sold, exchanged, assigned, transferred, pledged, encumbered or otherwise disposed of by the Grantee, except to the Company, until the Distribution Date; provided, however, that the Grantee's rights with respect to such RSUs may be transferred by will or pursuant to the laws of descent and distribution. Any purported transfer or encumbrance in violation of the provisions of this Section 3 shall be void, and the other party to any such purported transaction shall not obtain any rights to or interest in such RSUs or the underlying Common Shares. The Company in its sole discretion, when and as permitted by the Plan, may waive the restrictions on transferability with respect to all or a portion of the RSUs subject to this Agreement.
4. Vesting of RSUs. Subject to the terms and conditions of Sections 5, 6 and 7 hereof, all of the RSUs covered by this Agreement shall become nonforfeitable upon the Grantee remaining in the continuous employment of the Company or a Subsidiary until the third anniversary of the Date of Grant (the period of time from the Date of Grant to the third anniversary, the "Restriction Period").
5. Effect of Change in Control. In the event a Change in Control occurs during the Restriction Period, the RSUs covered by this Agreement shall become nonforfeitable to the extent provided in this Section 5.
 - (a) The RSUs covered by this Agreement will become nonforfeitable in full immediately prior to the Change in Control if (i) (A) a Replacement Award is not provided to the Grantee in connection with the Change in Control to replace, adjust or continue the award of RSUs covered by this Agreement (the "Replaced Award") and (B) the Grantee remains in the continuous employ of the Company or a Subsidiary throughout the period beginning on the Date of Grant and ending on the date of the Change in Control, or (ii) (A) the Grantee was a party to a severance agreement with the Company providing benefits in connection with a Change in Control (a "Severance Agreement") at the time of the Grantee's termination of employment and (B) the Grantee's employment was terminated by the Company (x) other than for Cause or pursuant to an individually negotiated arrangement after the Date of Grant, (y) following the commencement of any discussion with a third person that results in a Change in Control and (z) within twelve months prior to the Change in Control. If a Replacement Award is provided,

references to the RSUs in this Agreement shall be deemed to refer to the Replacement Award after the Change in Control.

- (b) If a Replacement Award is provided to the Grantee to replace, adjust or continue the Replaced Award, and if, upon or after receiving the Replacement Award and within a period of two years after the Change in Control but prior to the end of the Restriction Period, the Grantee experiences a termination of employment with the Company or a Subsidiary of the Company by reason of the Grantee terminating employment for Good Reason or the Company terminating Grantee's employment other than for Cause, the Replacement Award shall become immediately nonforfeitable in full upon such termination.
- (c) If a Replacement Award is provided, notwithstanding anything in this Agreement to the contrary, any outstanding RSUs that at the time of the Change in Control are not subject to a "substantial risk of forfeiture" (within the meaning of Section 409A of the Code) will be deemed to be nonforfeitable at the time of such Change in Control and will be paid within 15 days of the Change in Control; provided, however, that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code and the regulations thereunder, and where Section 409A of the Code applies to such distribution, payment will be made on the date that would have otherwise applied pursuant to Section 8.

6. Effect of Death, Disability or Retirement.

- (a) The RSUs subject to this Agreement shall become immediately nonforfeitable in full (i) upon the death of the Grantee while in the employment of the Company or any Subsidiary, or (ii) if the Grantee's employment with the Company or any Subsidiary should terminate as a result of the Grantee becoming Disabled.
- (b) If the Grantee terminates employment with the Company or any Subsidiary after the Grantee attains age 60 and completes five years of continuous employment, but prior to the end of the Restriction Period, only a pro rata portion of the RSUs (rounded down to the nearest whole Common Share) subject to this Agreement, based on the Grantee's length of employment during the Restriction Period, shall become immediately nonforfeitable.

7. Effect of Termination of Employment and Effect of Competitive Conduct.

- (a) In the event that the Grantee's employment shall terminate, the Grantee shall forfeit any RSUs that have not become nonforfeitable prior to or at the time of such termination as follows:
 - (i) except as described in the following clause (ii), at the time of such termination, or
 - (ii) on the twelve-month anniversary of the Grantee's termination of employment if (A) at the time of such termination of employment the Grantee is a party to a Severance Agreement and the Grantee's employment is terminated by the Company other than for Cause or pursuant to an individually negotiated arrangement and (B) the RSUs do not become nonforfeitable on or prior to such twelve-month anniversary;

provided, however, that the Board upon recommendation of the Committee may order that part or all of such RSUs become nonforfeitable.

- (b) Notwithstanding anything in this Agreement to the contrary, unless otherwise determined by the Company, if the Grantee, either during employment by the Company or a Subsidiary or within six (6) months after termination of such employment, (i) shall become an employee of a competitor of the Company or a Subsidiary or (ii) shall engage in any other conduct that is competitive with the Company or a Subsidiary, in each case as reasonably determined by the Company ("Competition"), then, at the time of such Company determination, the Grantee shall forfeit any RSUs that have not become nonforfeitable. In addition, if the Company shall so determine, the Grantee shall, promptly upon notice of such determination, (x) return to the Company all the Common Shares that the Grantee has not disposed of that were issued in payment of RSUs that became nonforfeitable pursuant to this Agreement and an amount in cash equal to any related dividend equivalents awarded under Section 10(b) hereof, including amounts the Grantee elected to defer under Section 9 hereof, within a period of one (1) year prior to the date of the commencement of such Competition if the Grantee is an employee of the Company or a Subsidiary, or within a period of one (1) year prior to termination of employment with the Company or a Subsidiary if the Grantee is no longer an employee of the Company or a Subsidiary, and (y) with respect to any Common Shares so issued in payment of RSUs pursuant to this Agreement that the Grantee has disposed of, including amounts the Grantee elected to defer under Section 9 hereof, pay to the Company in cash the aggregate Market Value per Share of those Common Shares on the Distribution Date plus an amount in cash equal to any related dividend equivalents awarded under Section 10(b) hereof, in each case as reasonably determined by the Company. To the extent that such amounts are not promptly paid to the Company, the Company may set off the amounts so payable to it against any amounts (other than amounts of non-qualified deferred compensation as so defined under Section 409A of the Code) that may be owing from time to time by the Company or a Subsidiary to the Grantee, whether as wages or vacation pay or in the form of any other benefit or for any other reason.

8. Time of Payment of RSUs.
- (a) With respect to RSUs (or any portion of RSUs) that constitute deferred compensation within the meaning of Section 409A of the Code (after taking into account any applicable exemptions from Section 409A of the Code), payment for such RSUs, if any, that are vested as of such date as determined in accordance with Section 409A of the Code (less any RSUs which became vested and were paid on an earlier date) shall be made on (or within 15 days after) the earliest of the following dates that follows the date on which the RSUs become vested:
- (i) the last day of the Restriction Period specified in Section 4;
- (ii) the date of the Grantee's death;
- (iii) the date the Grantee experiences a separation from service with the Company (determined in accordance with Section 409A of the Code); provided, however, that if the Grantee on the date of separation from service is a "specified employee" (within the meaning of Section 409A of the Code determined using the identification methodology selected by the Company from time to time), payment for the RSUs will be made on the tenth business day of the seventh month after the date of the Grantee's separation from service or, if earlier, the date of the Grantee's death; and
- (iv) the date of a change in the ownership or effective control of the Company, or a change in the ownership of a substantial portion of the assets of the Company (each within the meaning of Section 409A of the Code).
- (b) With respect to RSUs (or any portion of RSUs) that do not constitute deferred compensation within the meaning of Section 409A of the Code (after taking into account any applicable exemptions from Section 409A of the Code), payment for such RSUs shall be made within 60 days of the date on which such RSUs become nonforfeitable and in all events within the short-term deferral period specified in Treasury Regulation § 1.409A-1(b)(4).
9. Deferral of RSUs. The Grantee may elect to defer receipt of the Common Shares underlying the RSUs subject to this Agreement beyond the Distribution Date, pursuant to and in accordance with the terms of the Deferred Compensation Plan.
10. Dividend Equivalents and Other Rights.
- (a) Except as provided in this Section, the Grantee shall not have any of the rights of a shareholder with respect to the RSUs covered by this Agreement; provided, however, that any additional Common Shares, share rights or other securities that the Grantee may become entitled to receive pursuant to a stock dividend, stock split, combination of shares, recapitalization, merger, consolidation, separation or reorganization or any other change in the capital structure of Lincoln Electric Holdings, Inc. shall be subject to the same restrictions as the RSUs covered by this Agreement.
- (b) The Grantee shall have the right to receive dividend equivalents with respect to the Common Shares underlying the RSUs on a deferred basis and contingent on vesting of the RSUs. Dividend equivalents on the RSUs covered by this Agreement shall be sequestered by the Company from and after the Date of Grant until the Distribution Date, whereupon such dividend equivalents shall be paid to the Grantee in the form of cash (or credited to the Grantee's account under the Deferred Compensation Plan, if elected), to the extent such dividend equivalents are attributable to RSUs that have become nonforfeitable. To the extent that RSUs covered by this Agreement are forfeited pursuant to Section 7 hereof, all the dividend equivalents sequestered with respect to such RSUs shall also be forfeited. No interest shall be payable with respect to any such dividend equivalents.
- (c) Under no circumstances will the Company distribute or credit dividend equivalents paid on RSUs as described in Section 10(b) until the Grantee's Distribution Date. The Grantee will not be entitled to vote the Common Shares underlying the RSUs until the Grantee receives such Common Shares on or after the Distribution Date.
- (d) Notwithstanding anything to the contrary in this Section 10, to the extent that any of the RSUs become nonforfeitable pursuant to this Agreement and the Grantee elects pursuant to Section 9 to defer receipt of the Common Shares underlying the RSUs beyond the Distribution Date in accordance with the terms of the Deferred Compensation Plan, then the right to receive dividend equivalents thereafter will be governed by the Deferred Compensation Plan from and after the Distribution Date.
11. Withholding Taxes. No later than the date as of which an amount first becomes includible in the gross income of the Grantee for applicable income and employment tax and other required withholding purposes with respect to the RSUs evidenced by this Agreement, the Grantee shall pay to the Company, or make arrangements satisfactory to the Committee regarding the payment of, any federal, state local or foreign taxes of any kind required by law to be withheld with respect to such amount. The Grantee agrees that any required minimum withholding obligations shall be settled by the withholding of a number of Common Shares that are payable to Grantee upon vesting of RSUs under this Agreement with a value equal to the amount of such required minimum withholding. The obligations of the Company under this Agreement shall be conditional on such payment or arrangements.
12. No Right to Employment. This award of RSUs is a voluntary, discretionary bonus being made on a one-time basis and it does not constitute a commitment to make any future awards. This award and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise

required by law. The Plan and this Agreement will not confer upon the Grantee any right with respect to the continuance of employment or other service with the Company or any Subsidiary and will not interfere in any way with any right that the Company or any Subsidiary would otherwise have to terminate any employment or other service of the Grantee at any time. For purposes of this Agreement, the continuous employment of the Grantee with the Company or a Subsidiary shall not be deemed interrupted, and the Grantee shall not be deemed to have ceased to be an employee of the Company or any Subsidiary, by reason of (A) the transfer of his or her employment among the Company and any Subsidiary or (B) an approved leave of absence.

13. Relation to Other Benefits. Any economic or other benefit to the Grantee under this Agreement or the Plan will not be taken into account in determining any benefits to which the Grantee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and will not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.
14. Agreement Subject to the Plan. The RSUs evidenced by this Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan. In the event of any inconsistency between this Agreement and the Plan, the terms of the Plan will govern.
15. Data Privacy.
 - (a) The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in this document by and among, as applicable, the Grantee's employer (the "Employer"), and the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.
 - (b) The Grantee understands that the Company, its Subsidiaries and the Employer hold certain personal information about the Grantee, including, but not limited to, name, home address and telephone number, date of birth, social security or insurance number or other identification number, salary, nationality, job title, any Common Shares or directorships held in the Company, details of all RSUs or any other entitlement to Common Shares awarded, canceled, purchased, exercised, vested, unvested or outstanding in the Grantee's favor for the purpose of implementing, managing and administering the Plan ("Data").
 - (c) The Grantee understands that the Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Grantee's country or elsewhere (in particular the United States), including outside the European Economic Area (if applicable), and that the recipient country (e.g., the United States) may have different data privacy laws and protections than the Grantee's country. The Grantee understands that the Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the local human resources representative. The Grantee authorizes the Company, Morgan Stanley Smith Barney, LLC and any other possible recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Grantee's participation in the Plan, including any requisite transfer of such Data, as may be required to a broker or other third party with whom the Grantee may elect to deposit any Common Shares acquired under the Plan. The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage participation in the Plan. The Grantee understands that he or she may, at any time, view Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein, in any case without cost, by contacting the local human resources representative in writing. The Grantee understands that refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of refusing to consent or withdrawing consent, the Grantee understands that he or she may contact his or her local human resources representative.
16. Amendments. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that subject to Section 11 of the Plan and Section 20 of this Agreement, no such amendment shall adversely affect the rights of the Grantee with respect to the RSUs without the Grantee's consent.
17. Severability. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated will be deemed to be separable from the other provisions hereof, and the remaining provisions hereof will continue to be valid and fully enforceable.
18. Governing Law/Venue. This Agreement is made under, and will be construed in accordance with, the internal substantive laws of the State of Ohio. All legal actions or proceedings relating to this Agreement shall be brought exclusively in the U.S. District Court for the Northern District of Ohio, Eastern Division or the Cuyahoga County Court of Common Pleas, located in Cuyahoga County, Ohio.
19. Restrictive Covenant Agreement. The grant of the RSUs under this Agreement is contingent upon the Grantee having executed the most recent version of the Company's Proprietary Information, Inventions and Restrictive Covenant Agreement and having returned it to the Company.
20. RSUs Subject to the Company's Recovery of Funds Policy. Notwithstanding anything in this Agreement to the contrary, (a) the RSUs covered by this Agreement shall be subject to the Company's Recovery of Funds Policy (or similar clawback

policy), as it may be in effect from time to time, including, without limitation, to implement Section 10D of the Exchange Act and any applicable rules or regulations issued by the U.S. Securities and Exchange Commission or any national securities exchange or national securities association on which the Common Shares may be traded (the “Compensation Recovery Policy”), and (b) the Grantee acknowledges and agrees that any and all applicable provisions of this Agreement shall be deemed superseded by and subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof.

21. Code Section 409A. To the extent applicable, it is intended that this Agreement be designed and operated within the requirements of Section 409A of the Code (including any applicable exemptions) and, in the event of any inconsistency between any provision of this Agreement or the Plan and Section 409A of the Code, the provisions of Section 409A of the Code shall control. Any provision in the Plan or this Agreement that is determined to violate the requirements of Section 409A of the Code shall be void and without effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Grantee). Any provision that is required by Section 409A of the Code to appear in the Agreement that is not expressly set forth herein shall be deemed to be set forth herein, and the Agreement shall be administered in all respects as if such provision was expressly set forth herein. Any reference in the Agreement to Section 409A of the Code or a Treasury Regulation section shall be deemed to include any similar or successor provisions thereto.
22. Electronic Delivery. The Company may, in its sole discretion, deliver any documents related to the RSUs and Grantee’s participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request Grantee’s consent to participate in the Plan by electronic means. Grantee hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.
23. Appendix. Notwithstanding any provisions in this Agreement, the grant of RSUs is also subject to the special terms and conditions set forth in Appendix A to this Agreement for Grantee’s country. Moreover, if Grantee relocates to one of the countries included in Appendix A, the special terms and conditions for such country will apply to Grantee, to the extent the Company determines that the application of such terms and conditions are necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Appendix A constitutes part of this Agreement.

The Grantee hereby acknowledges receipt of this Agreement and accepts the right to receive the RSUs evidenced hereby subject to the terms and conditions of the Plan and the terms and conditions herein above set forth and represents that he or she understands the acceptance of this Agreement through an on-line or electronic system, if applicable, carries the same legal significance as if he or she manually signed this Agreement.

THIS AGREEMENT is executed in the name and on behalf of the Company on the Date of Grant as set forth in the Grant Summary.

LINCOLN ELECTRIC HOLDINGS, INC.

Christopher L. Mapes
Chairman, President and Chief Executive Officer

EXHIBIT A

For purposes of this Agreement, the following terms shall have the following meanings:

1. “Cause”: For a Grantee who is a party to a Severance Agreement, a termination for “Cause” (or similar term) shall have the meaning set forth in such agreement. For all other Grantees, a termination for “Cause” shall mean that, prior to termination of employment, the Grantee shall have:
 - a. committed a criminal violation involving fraud, embezzlement or theft in connection with the Grantee’s duties or in the course of the Grantee’s employment with the Company or any Subsidiary;
 - b. committed an intentional violation of the Lincoln Electric Code of Corporate Conduct and Ethics, or any successor document, in effect at the relevant time;
 - c. committed intentional wrongful damage to property of the Company or any Subsidiary;
 - d. committed intentional wrongful disclosure of secret processes or confidential information of the Company or any Subsidiary; or

- e. committed intentional wrongful engagement in any of the activities set forth in any confidentiality, non-competition or non-solicitation arrangement with the Company to which the Grantee is a party;

and, in each case, any such act shall have been demonstrably and materially harmful (including financially or reputationally harmful) to the Company. For purposes of this Agreement, no act or failure to act on the part of the Grantee will be deemed “intentional” if it was due primarily to an error in judgment or negligence, but will be deemed “intentional” only if done or omitted to be done by the Grantee not in good faith and without reasonable belief that the Grantee’s action or omission was in the best interest of the Company.

2. “Deferred Compensation Plan” means the Lincoln Electric Holdings, Inc. 2005 Deferred Compensation Plan for Executives, in effect from time to time.
3. “Disabled” means that the Grantee is disabled within the meaning of, and begins actually to receive disability benefits pursuant to, the long-term disability plan in effect for, or applicable to, the Grantee at the relevant time. In the event that the Company does not maintain a long-term disability plan at any relevant time, the Committee shall determine, in its sole discretion, that a Grantee is “Disabled” if the Grantee meets one of the following requirements: (i) the Grantee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, (ii) the Grantee is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under the Company’s accident and health or long-term disability plan or any similar plan maintained by a third party, but excluding governmental plans, or (iii) the Social Security Administration determines the Grantee to be totally disabled.
4. “Distribution Date” means the date on which the Common Shares represented by nonforfeitable RSUs shall be distributed to the Grantee as specified in Section 8 (or would have been so distributed absent an election under the Deferred Compensation Plan);
5. “Good Reason”: For a Grantee who is a party to a Severance Agreement, a termination “for Good Reason” (or similar term) shall have the meaning set forth in such agreement. For all other Grantees, “for Good Reason” shall mean the Grantee’s termination of employment with the Company as a result of the initial occurrence, without the Grantee’s consent, of one or more of the following events:
 - a. A material diminution in the Grantee’s base compensation;
 - b. A material diminution in the Grantee’s authority, duties, or responsibilities;
 - c. A material reduction in the Grantee’s opportunity regarding annual bonus, incentive or other payment of compensation, in addition to base compensation, made or to be made in regard to services rendered in any year or other period pursuant to any bonus, incentive, profit-sharing, performance, discretionary pay or similar agreement, policy, plan, program or arrangement (whether or not funded) of the Company;
 - d. A material change in the geographic location at which the Grantee must perform the services, which adds fifty (50) miles or more to the Grantee’s one-way daily commute; and
 - e. Any other action or inaction that constitutes a material breach by the Company of the Grantee’s employment agreement, if any, under which the Grantee provides services, or Grantee’s Severance Agreement, if any.

Notwithstanding the foregoing, a termination of employment by the Grantee for one of the reasons set forth in clauses (a) through (e) above will not constitute “Good Reason” unless the Grantee provides, within 90 days of the initial occurrence of such condition or conditions, written notice to the Grantee’s employer of the existence of such condition or conditions and the Grantee’s employer has not remedied such condition or conditions within 30 days of the receipt of such notice.

6. “Incumbent Directors”: For purposes of applying the definition of Change in Control in the Plan, “Incumbent Directors” means the individuals who, as of the Effective Date, are Directors and any individual becoming a Director subsequent to the Effective Date whose election, nomination for election by the Company’s shareholders, or appointment, was approved by a vote of at least two-thirds of the then Incumbent Directors (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination); provided, however, that an individual will not be an Incumbent Director if such individual’s election or appointment to the Board occurs as a result of (including the settlement of) an actual or threatened election contest (as described in Rule 14a-12(c) of the Exchange Act) with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.
7. “Replacement Award” means an award: (i) of the same type (time-based restricted stock units) as the Replaced Award; (ii) that has a value at least equal to the value of the Replaced Award; (iii) that relates to publicly traded equity securities of the Company or another entity that is affiliated with the Company following a Change in Control; (iv) if the Grantee holding the Replaced Award is subject to U.S. federal income tax under the Code, the tax consequences of which to such Grantee under the Code are not less favorable to such Grantee than the tax consequences of the Replaced Award; and (v) the other terms and conditions of which are not less favorable to the Grantee holding the Replaced Award than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change

in Control). A Replacement Award may be granted only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with or be exempt from Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the two preceding sentences are satisfied. The determination of whether the conditions of this Exhibit A, Section 7 are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

8. "Separation from Service" shall have the meaning given in Code Section 409A, and references to employment termination or termination of employment in this Agreement shall be deemed to refer to a Separation from Service. In accordance with Treasury Regulation §1.409A-1(h)(1)(ii) (or any similar or successor provisions), a Separation from Service shall be deemed to occur, without limitation, if the Company and the Grantee reasonably anticipate that the level of bona fide services the Grantee will perform after a certain date (whether as an employee or as an independent contractor) will permanently decrease to less than fifty percent (50%) of the average level of bona fide services provided in the immediately preceding thirty-six (36) months.

LINCOLN ELECTRIC HOLDINGS, INC.

2015 EQUITY AND INCENTIVE COMPENSATION PLAN

Performance Share Agreement

WHEREAS, Lincoln Electric Holdings, Inc. maintains the Company's 2015 Equity and Incentive Compensation Plan, as may be amended from time to time (the "Plan"), pursuant to which the Company may award Performance Shares (the "Performance Shares") to officers and certain key employees of the Company and its Subsidiaries;

WHEREAS, the Grantee, whose name is set forth on the "Dashboard" tab on the Morgan Stanley StockPlan Connect portal, a secure third-party vendor website used by the Company (to be referred to herein as the "Grant Summary"), is an employee of the Company or one of its Subsidiaries; and

WHEREAS, the Grantee was granted Performance Shares under the Plan by the Compensation and Executive Development Committee (the "Committee") of the Board of Directors (the "Board") of the Company on the Date of Grant in 2020, as set forth on the Grant Summary (the "Date of Grant"), and the execution of an Evidence of Award in the form hereof (this "Agreement") has been authorized by a resolution of the Committee duly adopted on such date.

NOW, THEREFORE, pursuant to the Plan and subject to the terms and conditions thereof and the terms and conditions hereinafter set forth, the Company hereby confirms to the Grantee the award of the target number of Performance Shares set forth on the Grant Summary. Subject to the achievement of the Management Objectives described in Section 4 of this Agreement, the Grantee may earn from 0% to 200% of the Performance Shares.

1. Definitions. Unless otherwise defined in this Agreement (including on Exhibit A hereto), terms used in this Agreement with initial capital letters will have the meanings assigned to them in the Plan. Certain terms used herein with initial capital letters will have the meanings set forth on Exhibit A hereto.
2. Earnings of Performance Shares. If the Performance Shares covered by this Agreement become nonforfeitable and payable ("Vest," or similar terms), the Grantee will be entitled to settlement of the Vested Performance Shares as specified in Section 8 of this Agreement. The Grantee shall not have the rights of a shareholder with respect to such Performance Shares, except as provided in Section 10, provided that such Performance Shares, together with any additional Performance Shares that the Grantee may become entitled to receive by virtue of a share dividend, a merger or a reorganization in which Lincoln Electric Holdings, Inc. is the surviving corporation or any other change in the capital structure of Lincoln Electric Holdings, Inc., shall be subject to the restrictions hereinafter set forth.
3. Restrictions on Transfer of Performance Shares. Subject to Section 15 of the Plan, the Performance Shares subject to this grant may not be sold, exchanged, assigned, transferred, pledged, encumbered or otherwise disposed of by the Grantee, except to the Company, until the Distribution Date; provided, however, that the Grantee's rights with respect to such Performance Shares may be transferred by will or pursuant to the laws of descent and distribution. Any purported transfer or encumbrance in violation of the provisions of this Section 3 shall be void, and the other party to any such purported transaction shall not obtain any rights to or interest in such Performance Shares or the underlying Common Shares. The Company in its sole discretion, when and as permitted by the Plan, may waive the restrictions on transferability with respect to all or a portion of the Performance Shares subject to this Agreement.
4. Vesting of Performance Shares. Subject to the terms and conditions of Sections 5, 6 and 7 hereof, the Performance Shares covered by this Agreement shall Vest based on the achievement of the Management Objectives for the Performance Period as follows:
 - (a) The applicable percentage of the Performance Shares that shall be earned by the Grantee for the Performance Period shall be determined by reference to the Statement of Management Objectives if the Grantee remains continuously employed by either the Company or any Subsidiary until the end of the Performance Period;
 - (b) In the event that achievement with respect to one of the Management Objectives is between the performance levels specified in the Statement of Management Objectives, the applicable percentage of the Performance Shares that shall be earned by the Grantee for the Performance Period for that particular Management Objective shall be determined by the Committee using straight-line mathematical interpolation; and
 - (c) To the extent the Management Objectives are not achieved by the end of the Performance Period, then the Performance Shares evidenced by this Agreement (including Performance Shares subject to Section 6(b) following the Grantee's Retirement, as described therein) will be forfeited without compensation or other consideration. The Vesting of the Performance Shares pursuant to this Section 4 shall be contingent upon a determination of the Committee that the Management Objectives have been satisfied.

5. Effect of Change in Control. In the event a Change in Control occurs during the Performance Period, the Performance Shares covered by this Agreement shall become Vested to the extent provided in this Section 5.
- (a) If either:
- (i) (A) a Replacement Award is not provided to the Grantee in connection with the Change in Control to replace, adjust or continue the award of Performance Shares covered by this Agreement (the “Replaced Award”) and (B) the Grantee remains in the continuous employ of the Company or a Subsidiary throughout the period beginning on the Date of Grant and ending on the date of the Change in Control; or
- (ii) (A) the Grantee was a party to a severance agreement with the Company providing benefits in connection with a Change in Control (a “Severance Agreement”) at the time of the Grantee’s termination of employment and (B) the Grantee’s employment was terminated by the Company (x) other than for Cause or pursuant to an individually negotiated arrangement after the Date of Grant, (y) following the commencement of any discussion with a third person that results in a Change in Control and (z) within twelve months prior to a Change in Control,
- the Performance Shares shall become Vested immediately prior to the Change in Control at the target level. If a Replacement Award is provided, references to the Performance Shares in this Agreement shall be deemed to refer to the Replacement Award after the Change in Control.
- (b) If a Replacement Award is provided to the Grantee to replace, adjust or continue the Replaced Award, and if, upon or after receiving the Replacement Award and within a period of two years after the Change in Control but prior to the end of the Performance Period, the Grantee experiences a termination of employment with the Company or a Subsidiary of the Company by reason of the Grantee terminating employment for Good Reason or the Company terminating the Grantee’s employment other than for Cause, the Replacement Award shall become Vested upon the Grantee’s termination of employment at the target level.
6. Effect of Death, Disability or Retirement.
- (a) If, during the Performance Period, (i) the Grantee should die or (ii) the Grantee’s employment with the Company or any Subsidiary should terminate as a result of the Grantee becoming Disabled while in the employment of the Company or any Subsidiary, then, in either such case, the Performance Shares shall become Vested upon such event at the target level.
- (b) If the Grantee terminates employment with the Company or any Subsidiary after the Grantee attains age 60 and completes five years of continuous employment (“Retirement”), but prior to the end of the Performance Period, then the Grantee shall Vest in only a pro rata portion of the Performance Shares, based on the Grantee’s length of employment during the three-year Performance Period, in which the Grantee would have Vested in accordance with the terms and conditions of Section 4 (or Section 5(a), if applicable) if the Grantee had remained in the continuous employ of the Company or a Subsidiary from the Date of Grant until the end of the Performance Period or the occurrence of a Change in Control to the extent a Replacement Award is not provided, whichever occurs first, reduced by the number of Performance Shares that were otherwise Vested on the date of such Retirement.
7. Effect of Termination of Employment and Effect of Competitive Conduct.
- (a) In the event that the Grantee’s employment shall terminate in a manner other than as specified in Section 6(b) hereof, the Grantee shall forfeit any Performance Shares that have not become Vested prior to or at the time of such termination; as follows:
- (i) except as described in the following clause (ii), at the time of such termination, or
- (ii) on the twelve-month anniversary of the Grantee’s termination of employment, if (A) at the time of such termination of employment the Grantee is a party to a Severance Agreement and the Grantee’s employment is terminated by the Company other than for Cause or pursuant to an individually negotiated arrangement and (B) the Performance Shares do not become Vested on or prior to such twelve-month anniversary.
- (b) Notwithstanding anything in this Agreement to the contrary, unless otherwise determined by the Company, if the Grantee, either during employment by the Company or a Subsidiary or within six (6) months after termination of such employment, (i) shall become an employee of a competitor of the Company or a Subsidiary or (ii) shall engage in any other conduct that is competitive with the Company or a Subsidiary, in each case as reasonably determined by the Company (“Competition”), then, at the time of such Company determination, the Grantee shall forfeit any Performance Shares that have not become Vested. In addition, if the Company shall so determine, the Grantee shall, promptly upon notice of such determination, (x) return to the Company all the Common Shares that the Grantee has not disposed of that were issued in payment of Performance Shares that became Vested pursuant to this Agreement and an amount in cash equal to any related dividend equivalents awarded under Section 10(b) hereof, including amounts the Grantee elected to defer under Section 9 hereof, within a period of

one (1) year prior to the date of the commencement of such Competition if the Grantee is an employee of the Company or a Subsidiary, or within a period of one (1) year prior to termination of employment with the Company or a Subsidiary if the Grantee is no longer an employee of the Company or a Subsidiary, and (y) with respect to any Common Shares so issued in payment of Performance Shares pursuant to this Agreement that the Grantee has disposed of, including amounts the Grantee elected to defer under Section 9 hereof, pay to the Company in cash the aggregate Market Value per Share of those Common Shares on the Distribution Date plus an amount in cash equal to any related dividend equivalents awarded under Section 10(b) hereof, in each case as reasonably determined by the Company. To the extent that such amounts are not promptly paid to the Company, the Company may set off the amounts so payable to it against any amounts (other than amounts of non-qualified deferred compensation as so defined under Section 409A of the Code) that may be owing from time to time by the Company or a Subsidiary to the Grantee, whether as wages or vacation pay or in the form of any other benefit or for any other reason.

8. Form and Time of Payment of Performance Shares.

(a) General. Subject to Section 7(a) and Section 8(b), payment for Vested Performance Shares will be made in Common Shares (rounded down to the nearest whole Common Share) between January 1, 2023 and March 15, 2023.

(b) Other Payment Events. Notwithstanding Section 8(a), to the extent that the Performance Shares are Vested on the dates set forth below, payment with respect to the Performance Shares will be made as follows:

(i) Change in Control. Upon a Change in Control, Grantee is entitled to receive payment for Vested Performance Shares in Common Shares (rounded down to the nearest whole Common Share) on the date of the Change in Control.

(ii) Death or Disability. On the date of Grantee's death or the date Grantee's employment with the Company or any Subsidiary terminates as a result of Grantee becoming Disabled, Grantee is entitled to receive payment for Vested Performance Shares in Common Shares on such date.

(iii) Termination of Employment following Change in Control. Upon Grantee's termination of employment during the two-year period following the occurrence of a Change in Control, Grantee is entitled to receive payment for Vested Performance Shares in Common Shares on the date of such termination of employment.

(iv) Notwithstanding anything in this Agreement to the contrary, payment with respect to Vested Performance Shares shall be made in all events within the short-term deferral period specified in Treasury Regulation § 1.409A-1(b)(4).

9. Deferral of Performance Shares. The Grantee may elect to defer receipt of the Common Shares underlying the Vested Performance Shares subject to this Agreement beyond the Distribution Date, pursuant to and in accordance with the terms of the Deferred Compensation Plan.

10. Dividend Equivalents and Other Rights.

(a) Except as provided in this Section, the Grantee shall not have any of the rights of a shareholder with respect to the Performance Shares covered by this Agreement; provided, however, that any additional Common Shares, share rights or other securities that the Grantee may become entitled to receive pursuant to a stock dividend, stock split, combination of shares, recapitalization, merger, consolidation, separation or reorganization or any other change in the capital structure of Lincoln Electric Holdings, Inc. shall be subject to the same restrictions as the Performance Shares covered by this Agreement.

(b) The Grantee shall have the right to receive dividend equivalents with respect to the Common Shares underlying the Performance Shares on a deferred basis and contingent on vesting of the Performance Shares. Dividend equivalents on the Performance Shares covered by this Agreement shall be sequestered by the Company from and after the Date of Grant until the Distribution Date, whereupon such dividend equivalents shall be paid to the Grantee in the form of cash (or credited to the Grantee's account under the Deferred Compensation Plan, if elected) to the extent such dividend equivalents are attributable to Performance Shares that have become Vested. To the extent that Performance Shares covered by this Agreement are forfeited pursuant to Section 7 hereof, all the dividend equivalents sequestered with respect to such Performance Shares shall also be forfeited. No interest shall be payable with respect to any such dividend equivalents.

(c) Under no circumstances will the Company distribute or credit dividend equivalents paid on Performance Shares as described in Section 10(b) until the Grantee's Distribution Date. The Grantee will not be entitled to vote the Common Shares underlying the Performance Shares until the Grantee receives such Common Shares on or after the Distribution Date.

- (d) Notwithstanding anything to the contrary in this Section 10, to the extent that any of the Performance Shares Vest pursuant to this Agreement and the Grantee elects pursuant to Section 9 to defer receipt of the Common Shares underlying the Performance Shares beyond the Distribution Date in accordance with the terms of the Deferred Compensation Plan, then the right to receive dividend equivalents thereafter will be governed by the Deferred Compensation Plan from and after the Distribution Date.
11. Withholding Taxes. No later than the date as of which an amount first becomes includible in the gross income of the Grantee for applicable income and employment tax and other required withholding purposes with respect to the Performance Shares evidenced by this Agreement, the Grantee shall pay to the Company, or make arrangements satisfactory to the Committee regarding the payment of, any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount. The Grantee agrees that any required minimum withholding obligations shall be settled by the withholding of a number of Common Shares that are payable to Grantee upon vesting of Performance Shares under this Agreement with a value equal to the amount of such required minimum withholding. The obligations of the Company under this Agreement shall be conditional on such payment or arrangements.
12. No Right to Employment. This award of Performance Shares is a voluntary, discretionary bonus being made on a one-time basis and it does not constitute a commitment to make any future awards. This award and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. The Plan and this Agreement will not confer upon the Grantee any right with respect to the continuance of employment or other service with the Company or any Subsidiary and will not interfere in any way with any right that the Company or any Subsidiary would otherwise have to terminate any employment or other service of the Grantee at any time. For purposes of this Agreement, the continuous employment of the Grantee with the Company or a Subsidiary shall not be deemed interrupted, and the Grantee shall not be deemed to have ceased to be an employee of the Company or any Subsidiary, by reason of (a) the transfer of his or her employment among the Company and any Subsidiary or (b) an approved leave of absence.
13. Relation to Other Benefits. Any economic or other benefit to the Grantee under this Agreement or the Plan will not be taken into account in determining any benefits to which the Grantee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and will not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.
14. Agreement Subject to the Plan. The Performance Shares evidenced by this Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan. In the event of any inconsistency between this Agreement and the Plan, the terms of the Plan will govern.
15. Data Privacy.
- (a) The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in this document by and among, as applicable, the Grantee's employer (the "Employer"), and the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.
- (b) The Grantee understands that the Company, its Subsidiaries and the Employer hold certain personal information about the Grantee, including, but not limited to, name, home address and telephone number, date of birth, social security or insurance number or other identification number, salary, nationality, job title, any Common Shares or directorships held in the Company, details of all Performance Shares or any other entitlement to Common Shares awarded, canceled, purchased, exercised, vested, unvested or outstanding in the Grantee's favor for the purpose of implementing, managing and administering the Plan ("Data").
- (c) The Grantee understands that the Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Grantee's country or elsewhere (in particular the United States), including outside the European Economic Area (if applicable), and that the recipient country (e.g., the United States) may have different data privacy laws and protections than the Grantee's country. The Grantee understands that the Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the local human resources representative. The Grantee authorizes the Company, Morgan Stanley Smith Barney, LLC and any other possible recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Grantee's participation in the Plan, including any requisite transfer of such Data, as may be required to a broker or other third party with whom the Grantee may elect to deposit any Common Shares acquired under the Plan. The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage participation in the Plan. The Grantee understands that he or she may, at any time, view Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein, in any case without cost, by contacting the local human resources representative in writing. The Grantee understands that refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan. For more information on the

consequences of refusing to consent or withdrawing consent, the Grantee understands that he or she may contact his or her local human resources representative.

16. Amendments. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that subject to Section 11 of the Plan and Section 20 of this Agreement, no such amendment shall adversely affect the rights of the Grantee with respect to the Performance Shares without the Grantee's consent.
17. Severability. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated will be deemed to be separable from the other provisions hereof, and the remaining provisions hereof will continue to be valid and fully enforceable.
18. Governing Law/Venue. This Agreement is made under, and will be construed in accordance with, the internal substantive laws of the State of Ohio. All legal actions or proceedings relating to this Agreement shall be brought exclusively in the U.S. District Court for the Northern District of Ohio, Eastern Division or the Cuyahoga County Court of Common Pleas, located in Cuyahoga County, Ohio.
19. Restrictive Covenant Agreement. The grant of the Performance Shares under this Agreement is contingent upon the Grantee having executed the most recent version of the Company's Proprietary Information, Inventions and Restrictive Covenant Agreement and having returned it to the Company.
20. Performance Shares Subject to the Company's Recovery of Funds Policy. Notwithstanding anything in this Agreement to the contrary, (a) the Performance Shares covered by this Agreement shall be subject to the Company's Recovery of Funds Policy (or similar clawback policy), as it may be in effect from time to time, including, without limitation, to implement Section 10D of the Exchange Act and any applicable rules or regulations issued by the U.S. Securities and Exchange Commission or any national securities exchange or national securities association on which the Common Shares may be traded (the "Compensation Recovery Policy"), and (b) the Grantee acknowledges and agrees that any and all applicable provisions of this Agreement shall be deemed superseded by and subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof.
21. Code Section 409A. To the extent applicable, it is intended that this Agreement be designed and operated within the requirements of Section 409A of the Code (including any applicable exemptions) and, in the event of any inconsistency between any provision of this Agreement or the Plan and Section 409A of the Code, the provisions of Section 409A of the Code shall control. Any provision in the Plan or this Agreement that is determined to violate the requirements of Section 409A of the Code shall be void and without effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Grantee). Any provision that is required by Section 409A of the Code to appear in the Agreement that is not expressly set forth herein shall be deemed to be set forth herein, and the Agreement shall be administered in all respects as if such provision was expressly set forth herein. Any reference in the Agreement to Section 409A of the Code or a Treasury Regulation section shall be deemed to include any similar or successor provisions thereto.
22. Electronic Delivery. The Company may, in its sole discretion, deliver any documents related to the Performance Shares and Grantee's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request Grantee's consent to participate in the Plan by electronic means. Grantee hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.
23. Appendix. Notwithstanding any provisions in this Agreement, the grant of Performance Shares is also subject to the special terms and conditions set forth in Appendix A to this Agreement for Grantee's country. Moreover, if Grantee relocates to one of the countries included in Appendix A, the special terms and conditions for such country will apply to Grantee, to the extent the Company determines that the application of such terms and conditions are necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Appendix A constitutes part of this Agreement.

The Grantee hereby acknowledges receipt of this Agreement and accepts the right to receive the Performance Shares evidenced hereby subject to the terms and conditions of the Plan and the terms and conditions herein above set forth and represents that he or she understands the acceptance of this Agreement through an on-line or electronic system, if applicable, carries the same legal significance as if he or she manually signed this Agreement.

THIS AGREEMENT is executed in the name and on behalf of the Company on the Date of Grant as set forth in the Grant Summary.

Christopher L. Mapes
Chairman, President and Chief Executive Officer

EXHIBIT A

For purposes of this Agreement, the following terms shall have the following meanings:

1. “Cause”: For a Grantee who is a party to a Severance Agreement, a termination for “Cause” (or similar term) shall have the meaning set forth in such agreement. For all other Grantees, a termination for “Cause” shall mean that, prior to termination of employment, the Grantee shall have:
 - (a) committed a criminal violation involving fraud, embezzlement or theft in connection with the Grantee’s duties or in the course of the Grantee’s employment with the Company or any Subsidiary;
 - (b) committed an intentional violation of the Lincoln Electric Code of Corporate Conduct and Ethics, or any successor document, in effect at the relevant time;
 - (c) committed intentional wrongful damage to property of the Company or any Subsidiary;
 - (d) committed intentional wrongful disclosure of secret processes or confidential information of the Company or any Subsidiary; or
 - (e) committed intentional wrongful engagement in any of the activities set forth in any confidentiality, non-competition or non-solicitation arrangement with the Company to which the Grantee is a party;and, in each case, any such act shall have been demonstrably and materially harmful (including financially or reputationally harmful) to the Company. For purposes of this Agreement, no act or failure to act on the part of the Grantee will be deemed “intentional” if it was due primarily to an error in judgment or negligence, but will be deemed “intentional” only if done or omitted to be done by the Grantee not in good faith and without reasonable belief that the Grantee’s action or omission was in the best interest of the Company.
2. “Deferred Compensation Plan” means the Lincoln Electric Holdings, Inc. 2005 Deferred Compensation Plan for Executives, in effect from time to time.
3. “Disabled” means that the Grantee is disabled within the meaning of, and begins actually to receive disability benefits pursuant to, the long-term disability plan in effect for, or applicable to, the Grantee at the relevant time. In the event that the Company does not maintain a long-term disability plan at any relevant time, the Committee shall determine, in its sole discretion, that a Grantee is “Disabled” if the Grantee meets one of the following requirements: (i) the Grantee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, (ii) the Grantee is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under the Company’s accident and health or long-term disability plan or any similar plan maintained by a third party, but excluding governmental plans, or (iii) the Social Security Administration determines the Grantee to be totally disabled.
4. “Distribution Date” means the date on which the Common Shares represented by Vested Performance Shares shall be distributed to the Grantee as specified in Section 8 (or would have been so distributed absent an election under the Deferred Compensation Plan);
5. “Good Reason”: For a Grantee who is a party to a Severance Agreement, a termination “for Good Reason” (or similar term) shall have the meaning set forth in such agreement. For all other Grantees, “for Good Reason” shall mean the Grantee’s termination of employment with the Company as a result of the initial occurrence, without the Grantee’s consent, of one or more of the following events:
 - (a) A material diminution in the Grantee’s base compensation;
 - (b) A material diminution in the Grantee’s authority, duties, or responsibilities;
 - (c) A material reduction in the Grantee’s opportunity regarding annual bonus, incentive or other payment of compensation, in addition to base compensation, made or to be made in regard to services rendered in any year or other period pursuant to any bonus, incentive, profit-sharing, performance, discretionary pay or similar agreement, policy, plan, program or arrangement (whether or not funded) of the Company;

- (d) A material change in the geographic location at which the Grantee must perform the services, which adds fifty (50) miles or more to the Grantee's one-way daily commute; and
- (e) Any other action or inaction that constitutes a material breach by the Company of the Grantee's employment agreement, if any, under which the Grantee provides services, or Grantee's Severance Agreement, if any.

Notwithstanding the foregoing, a termination of employment by the Grantee for one of the reasons set forth in clauses (a) through (e) above will not constitute "Good Reason" unless the Grantee provides, within 90 days of the initial occurrence of such condition or conditions, written notice to the Grantee's employer of the existence of such condition or conditions and the Grantee's employer has not remedied such condition or conditions within 30 days of the receipt of such notice.

- 6. "Incumbent Directors": For purposes of applying the definition of Change in Control in the Plan, "Incumbent Directors" means the individuals who, as of the Effective Date, are Directors and any individual becoming a Director subsequent to the Effective Date whose election, nomination for election by the Company's shareholders, or appointment, was approved by a vote of at least two-thirds of the then Incumbent Directors (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination); provided, however, that an individual will not be an Incumbent Director if such individual's election or appointment to the Board occurs as a result of (including the settlement of) an actual or threatened election contest (as described in Rule 14a-12(c) of the Exchange Act) with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.
- 7. "Management Objectives" means the threshold, target and maximum goals (as set forth in the Statement of Management Objectives) established by the Committee on the Date of Grant for the Performance Period with respect to both Net Income Growth and ROIC.
- 8. "Net Income Growth" has the meaning set forth in the Statement of Management Objectives.
- 9. "Performance Period" means the three-year period commencing January 1, 2020 and ending on December 31, 2022.
- 10. "Replacement Award" means an award: (a) of the same type (performance shares) as the Replaced Award; (b) that has a value at least equal to the value of the Replaced Award; (c) that relates to publicly traded equity securities of the Company or another entity that is affiliated with the Company following a Change in Control; (d) if the Grantee holding the Replaced Award is subject to U.S. federal income tax under the Code, the tax consequences of which to such Grantee under the Code are not less favorable to such Grantee than the tax consequences of the Replaced Award; and (e) the other terms and conditions of which are not less favorable to the Grantee holding the Replaced Award than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change in Control). A Replacement Award may be granted only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with or be exempt from Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the two preceding sentences are satisfied. The determination of whether the conditions of this Exhibit A, Section 10 are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.
- 11. "Return on Invested Capital" or "ROIC" has the meaning set forth in the Statement of Management Objectives.
- 12. "Separation from Service" shall have the meaning given in Code Section 409A, and references to employment termination or termination of employment in this Agreement shall be deemed to refer to a Separation from Service. In accordance with Treasury Regulation §1.409A-1(h)(1)(ii) (or any similar or successor provisions), a Separation from Service shall be deemed to occur, without limitation, if the Company and the Grantee reasonably anticipate that the level of bona fide services the Grantee will perform after a certain date (whether as an employee or as an independent contractor) will permanently decrease to less than fifty percent (50%) of the average level of bona fide services provided in the immediately preceding thirty-six (36) months.
- 13. "Statement of Management Objectives" means the Statement of Management Objectives for the Performance Period approved by the Committee on the Date of Grant and communicated to the Grantee in writing.

**LINCOLN ELECTRIC HOLDINGS, INC.
SUBSIDIARIES OF THE REGISTRANT**

The Company's subsidiaries and joint ventures are listed in the following table:

<u>Name</u>	<u>Country of Incorporation</u>
16280 23 Mile, LLC	United States
A. B. Arriendos S.A.	Chile
Arc Products, Inc.	United States
Baker Industries, Inc.	United States
CMC North Second Street, LLC	United States
Coldwater Machine Company, LLC	United States
Comptoir Lyonnais de Soudage	France
Ductil SA	Romania
Easom Automation Systems, Inc.	United States
Europäische Holding Intercito GmbH	Switzerland
Hangzhou SAF Oerlikon Welding & Cutting Co., LTD. (China)	China
Harris Calorific GmbH	Germany
Harris Calorific International Sp. z o.o.	Poland
Harris Euro, S.L.U.	Spain
Harris-Euro Corp.	United States
Inversiones LyL S.A.	Chile
ISAF Drahtwerk GMBH	Germany
J.W. Harris Co., Inc.	United States
Jinzhou Zheng Tai Welding and Metal Co., Ltd.	China
Kaliburn, Inc.	United States
Kaynak Teknigi Sanayi ve Ticaret A.S.	Turkey
LE Torreon BCS, S. de R.L. de C.V.	Mexico
Lincoln Canada Finance ULC	Canada
Lincoln Canada Holdings ULC	Canada
Lincoln Electric Bester Sp. z o.o.	Poland
Lincoln Electric Company (India) Private Limited	India
Lincoln Electric Company of Canada GP 2 Limited	Canada
Lincoln Electric Company of Canada LP	Canada
Lincoln Electric Cutting Systems, Inc.	United States
Lincoln Electric Cyprus Holdings LLC	United States
Lincoln Electric Cyprus Limited	Cyprus
Lincoln Electric do Brasil Indústria e Comércio Ltda.	Brazil
Lincoln Electric Dutch Holdings B.V.	The Netherlands
Lincoln Electric Europe B.V.	The Netherlands
Lincoln Electric Europe, S.L.	Spain
Lincoln Electric France S.A.S.	France
Lincoln Electric Henan Investment Holdings LLC	United States
Lincoln Electric Holdings S.ar.l.	Luxembourg
Lincoln Electric Iberia, S.L.	Spain
Lincoln Electric International Holding Company	United States
Lincoln Electric International Holdings GmbH	Germany
Lincoln Electric Italia S.r.l.	Italy

Name	Country of Incorporation
Lincoln Electric Japan K.K.	Japan
Lincoln Electric (Jinzhou) Welding Materials Co., Ltd.	China
Lincoln Electric Luxembourg Holdings S.ar.l	Luxembourg
Lincoln Electric Luxembourg S.ar.l.	Luxembourg
Lincoln Electric Malaysia SDN BHD	Malaysia
Lincoln Electric Management (Shanghai) Co., Ltd.	China
Lincoln Electric Manufactura, S.A. de C.V.	Mexico
Lincoln Electric Maquinas, S. de R.L. de C.V.	Mexico
Lincoln Electric Mexicana, S.A. de C.V.	Mexico
Lincoln Electric Middle East FZE	United Arab Emirates
Lincoln Electric North America, Inc.	United States
Lincoln Electric Novo Holdings LLC	United States
Lincoln Electric Portugal, S.A.	Portugal
Lincoln Electric S.A.	Argentina
Lincoln Electric Slovakia s.r.o.	Slovak Republic
Lincoln Electric (Tangshan) Welding Materials Co., Ltd.	China
Lincoln Electric (Thailand) Ltd.	Thailand
Lincoln Electric (U.K.) Ltd.	United Kingdom
Lincoln Electric UK Holdings Limited	United Kingdom
Lincoln Global Holdings LLC	United States
Lincoln Global, Inc.	United States
Lincoln Luxembourg Holdings S.ar.l.	Luxembourg
Lincoln Maquinas Holdings LLC	United States
Lincoln Mexico Holdings LLC	United States
Lincoln Nanjing Holdings LLC	United States
Lincoln Singapore Holdings LLC	United States
Lincoln Smitweld B.V.	The Netherlands
Lincoln Soldaduras de Colombia Ltda.	Colombia
MGM Holdings	Russia
AO Mezhgosmetiz - Mtsensk	Russia
Oerlikon Kaynak Elektrolari Ve Sanayi Anonim Sirketi	Turkey
Oerlikon Schweisstechnik GMBH	Germany
Oerlikon Skandinavien AB	Sweden
OOO Severstal - metiz: Welding Consumables	Russia
OOO Torgovyi Dom Mezhgosmetiz	Russia
Performance Investment Group, LLC	United States
Prime Hold Co., LLC	United States
Prime Investment Group, LLC	United States
Prime Investment Group II, LLC	United States
Prime Investment Group III, LLC	United States
Prime Investment Group IV, LLC	United States
Pro-Systems, LLC	United States
PT Lincoln Electric Indonesia	Indonesia
PT Lincoln Indoweld	Indonesia
Rimrock Corporation	United States

<u>Name</u>	<u>Country of Incorporation</u>
Rimrock Holdings Corporation	United States
Robolution GmbH	Germany
Smart Force, LLC	United States
Specialised Welding Products Pty. Ltd.	Australia
SSM RP Holding B.V.	The Netherlands
Techalloy, Inc.	United States
Tennessee Rand, Inc.	United States
Tenwell Development Pte. Ltd.	Singapore
The Lincoln Electric Company	United States
The Lincoln Electric Company (Asia Pacific) Pte. Ltd.	Singapore
The Lincoln Electric Company (Australia) Proprietary Limited	Australia
The Lincoln Electric Company (New Zealand) Limited	New Zealand
The Lincoln Electric Company of South Africa (Pty) Ltd.	South Africa
The Lincoln Electric Heli (Zhengzhou) Welding Materials Company Ltd.	China
The Lincoln Electric Welding Technology & Training Center, LLC	United States
The Nanjing Lincoln Electric Co., Ltd.	China
The Shanghai Lincoln Electric Co., Ltd.	China
Uhrhan & Schwill Schweisstechnik GmbH	Germany
Vizient Manufacturing Solutions, Inc.	United States
Wayne Trail Technologies, Inc.	United States
Weartech International Limited	United Kingdom
Weartech International, Inc.	United States
Welding, Cutting, Tools & Accessories, LLC	United States
Wolf Robotics, LLC	United States

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following registration statements:

Form S-8 Registration Statement of Lincoln Electric Holdings, Inc. for The Lincoln Electric Company Employee Savings Plan (Form S-8 Nos. 333-107114 and 333-132036),

Form S-8 Registration Statement of Lincoln Electric Holdings, Inc. (as successor to The Lincoln Electric Company) for The Lincoln Electric Company Employee Savings Plan, including Post-Effective Amendment No. 1 (Form S-8 No. 033-64187),

Form S-8 Registration Statement of Lincoln Electric Holdings, Inc. (as successor to The Lincoln Electric Company) for the 1995 Lincoln Stock Purchase Plan, including Post-Effective Amendment No. 1 (Form S-8 No. 033-64189),

Form S-8 Registration Statement of Lincoln Electric Holdings, Inc. for the 2006 Equity and Performance Incentive Plan (Form S-8 No. 333-134212),

Form S-8 Registration Statement of Lincoln Electric Holdings, Inc. for the 2006 Stock Plan for Non-Employee Directors (Form S-8 No. 333-134210),

Form S-8 Registration Statement of Lincoln Electric Holdings, Inc. for the 2015 Equity and Incentive Compensation Plan (Form S-8 No. 333-203602),

Form S-8 Registration Statement of Lincoln Electric Holdings, Inc. for the 2015 Stock Plan for Non-Employee Directors (Form S-8 No. 333-203603),

Form S-8 Registration Statement of Lincoln Electric Holdings, Inc. for The Lincoln Electric Company Employee Savings Plan (As Amended and restated Effective January 1, 2010), as amended (Form S-8 No. 333-203604), and

Form S-8 Registration Statement of Lincoln Electric Holdings, Inc. for The Lincoln Electric Company Restoration Plan (Form S-8 No. 333-215168);

of our reports dated February 27, 2020, with respect to the consolidated financial statements and schedule of Lincoln Electric Holdings, Inc. and the effectiveness of internal control over financial reporting of Lincoln Electric Holdings, Inc. included in this Annual Report (Form 10-K) of Lincoln Electric Holdings, Inc. for the year ended December 31, 2019.

/s/ Ernst & Young LLP

Cleveland, Ohio

February 27, 2020

POWER OF ATTORNEY

Directors of Lincoln Electric Holdings, Inc.

Each of the undersigned Directors of Lincoln Electric Holdings, Inc. hereby appoints Christopher L. Mapes, Vincent K. Petrella, Jennifer I. Ansberry and Gabriel Bruno, and each of them, as attorneys for the undersigned, for and in the name, place and stead of the undersigned in the capacity specified, to prepare or cause to be prepared, to execute and to file with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Act"), an Annual Report on Form 10-K for the year ended December 31, 2019 relating to Lincoln Electric Holdings, Inc., such other periodic reports as may be required pursuant to the Act, amendments and exhibits to any of the foregoing and any and all other documents to be filed with the Securities and Exchange Commission or elsewhere pertaining to such reports, with full power and authority to take any other action deemed necessary or appropriate to effect the filing of the documents.

Executed the date set forth below.

/s/ Christopher L. Mapes

Christopher L. Mapes, Director

February 19, 2020

/s/ Curtis E. Espeland

Curtis E. Espeland, Director

February 19, 2020

/s/ Patrick P. Goris

Patrick P. Goris, Director

February 19, 2020

/s/ Stephen G. Hanks

Stephen G. Hanks, Director

February 19, 2020

/s/ Michael F. Hilton

Michael F. Hilton, Director

February 19, 2020

/s/ G. Russell Lincoln

G. Russell Lincoln, Director

February 19, 2020

/s/ Kathryn Jo Lincoln

Kathryn Jo Lincoln, Director

February 19, 2020

/s/ William E. MacDonald, III

William E. MacDonald, III, Director

February 19, 2020

/s/ Phillip J. Mason

Phillip J. Mason, Director

February 19, 2020

/s/ Ben Patel

Ben Patel, Director

February 19, 2020

/s/ Hellene S. Runtagh

Hellene S. Runtagh, Director

February 19, 2020

CERTIFICATION

I, Christopher L. Mapes, certify that:

1. I have reviewed this annual report on Form 10-K of Lincoln Electric Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2020

/s/ Christopher L. Mapes

Christopher L. Mapes
Chairman, President and Chief Executive Officer

CERTIFICATION

I, Vincent K. Petrella, certify that:

1. I have reviewed this annual report on Form 10-K of Lincoln Electric Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2020

/s/ Vincent K. Petrella

Vincent K. Petrella
Executive Vice President, Chief Financial
Officer and Treasurer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Lincoln Electric Holdings, Inc. (the "Company") for the year ended December 31, 2019, as filed with the Securities and Exchange Commission (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: February 27, 2020

/s/ Christopher L. Mapes

Christopher L. Mapes
Chairman, President and Chief Executive Officer

/s/ Vincent K. Petrella

Vincent K. Petrella
Executive Vice President, Chief Financial
Officer and Treasurer