

LINCOLN ELECTRIC HOLDINGS INC  
Form PRE 14A  
February 28, 2008

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**(RULE 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

**LINCOLN ELECTRIC HOLDINGS, INC.**

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(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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(1) Amount Previously Paid:

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

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Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of Lincoln Electric Holdings, Inc., which will be held at 11:30 a.m. on Friday, April 25, 2008 at the Marriott Cleveland East, 26300 Harvard Road, Warrensville Heights, Ohio. A map showing the location of the Annual Meeting is printed on the outside back cover of the proxy statement.

Enclosed with this letter are the Annual Meeting Notice, Proxy Statement, Proxy and Voting Instruction Form and an envelope in which to return the Proxy and Voting Instruction Form. Also enclosed is a copy of the Annual Report. The Annual Report and proxy statement contain important information about the Company, its Board of Directors and its executive officers. Please read these documents carefully.

If you are a registered holder of Lincoln shares or a participant in The Lincoln Electric Company Employee Savings Plan (401(k) plan), as a convenience to you and as a means of reducing costs, you may choose to vote your proxy electronically using the Internet or a touch-tone telephone instead of using the conventional method of completing and mailing the enclosed Proxy and Voting Instruction Form. Electronic proxy voting is permitted under Ohio law and the Company's Regulations. You will find instructions on how to vote electronically in the proxy statement and on the Proxy and Voting Instruction Form. Having the freedom to vote by means of the Internet, telephone or mail does not limit your right to attend or vote in person at the Annual Meeting, if you prefer. If you plan to attend the Annual Meeting, please check the attendance box on the enclosed Proxy and Voting Instruction Form, or when prompted if you cast your vote over the Internet or by telephone.

We look forward to seeing you at the Annual Meeting.

Sincerely,

**John M. Stropki, Jr.**

*Chairman, President and Chief Executive Officer*

*Lincoln Electric Holdings, Inc.*

March , 2008

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Lincoln Electric Holdings, Inc.

22801 Saint Clair Avenue

Cleveland, Ohio 44117-1199

**NOTICE OF  
ANNUAL MEETING OF SHAREHOLDERS**

The Annual Meeting of Shareholders of Lincoln Electric Holdings, Inc. will be held at 11:30 a.m. on Friday, April 25, 2008, at the Marriott Cleveland East, 26300 Harvard Road, Warrensville Heights, Ohio. Shareholders will be asked to vote on the following proposals:

- (1) Election of three Directors, each for a term scheduled to expire in 2011;
  - (2) Approval of amendments to the Company's Code of Regulations relating to shareholder meetings, including shareholder proposals and adding provisions regarding the mechanics of shareholder meetings;
  - (3) Approval of amendments to the Company's Code of Regulations relating to procedures for Director nominations;
  - (4) Approval of amendments to the Company's Code of Regulations to allow the Board of Directors to amend the Regulations to the extent permitted by law;
  - (5) Ratification of the appointment of Ernst & Young LLP as the Company's independent auditors for the year ending December 31, 2008; and
  - (6) Any other business properly brought before the meeting, or any postponement(s) or adjournment(s) of the meeting.
- Shareholders of record as of the close of business on March 14, 2008, the record date, are entitled to vote at the Annual Meeting.

**Frederick G. Stueber**

*Senior Vice President,*

*General Counsel and Secretary*

March 14, 2008

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 25, 2008.**

This proxy statement, along with our Annual Report on Form 10-K for the fiscal year ended December 31, 2007 and our Annual Report, are available free of charge on the following website: [www.lincolnelectric.com](http://www.lincolnelectric.com).

## GENERAL INFORMATION

### Who is soliciting proxies and why?

The enclosed Proxy is being solicited by the Directors of the Company, and the Company will pay the cost of the solicitation. Certain officers and other employees of the Company may also solicit proxies by telephone, letter or personal interview. The Company will begin mailing this proxy statement on or about March 14, 2008.

If your shares are held in your name, in order to vote your shares you must either attend the Annual Meeting and vote in person or appoint a proxy to vote on your behalf. Because it would be highly unlikely that all shareholders would be able to attend the Annual Meeting, the Directors recommend that you appoint a proxy to vote on your behalf, as indicated on the accompanying Proxy and Voting Instruction Form, or appoint your proxy electronically via telephone or the Internet.

### What is Householding?

To reduce the expense of delivering duplicate voting materials to shareholders who share the same address, we have taken advantage of the householding rules enacted by the Securities and Exchange Commission (SEC). As long as we provide proper notice to such shareholders, these rules permit us to deliver only one set of voting materials to shareholders who share the same address, meaning only one copy of the Annual Report, proxy statement and any other shareholder communication will be sent to those households. Each shareholder will, however, receive a separate Proxy and Voting Instruction Form.

### How do I obtain a separate set of communications to shareholders?

If you share an address with another shareholder and have received only one copy of the Annual Report, proxy statement or any other shareholder communication, you may request that the Company send a separate copy of these materials to you at no cost to you. The Company will promptly send a copy of these materials to you upon your written or oral request. For this meeting and for future Annual Meetings, you may request separate copies of these materials, or request that the Company send only one set of these materials to you if you are receiving multiple copies, by sending a written notice to the Corporate Secretary at Lincoln Electric Holdings, Inc., c/o National City Bank, Corporate Trust Operations, Locator 5352, P.O. Box 92301, Cleveland, Ohio 44197-1200. You may also request separate copies of these materials for this meeting and for future Annual Meetings by calling Roy Morrow, the Company's Director, Corporate Relations, at 216-383-4893.

### Who may vote?

Record holders of the common shares of Lincoln Electric Holdings, Inc. as of the close of business on March 14, 2008, the record date, are entitled to vote at the Annual Meeting. On that date, 10,000,000 shares of Lincoln common stock were outstanding. Each share is entitled to one vote on each proposal brought before the meeting.

### What shares are included on the proxy card?

If you are both a registered shareholder of the Company and a participant in The Lincoln Electric Company Employee Savings Plan (401(k) plan), you may have received one Proxy and Voting Instruction Form that shows all shares of Lincoln common stock registered in your name, including any Dividend Reinvestment Plan shares, and all shares you have (based on the units credited to your account) under the 401(k) plan. Accordingly, your Proxy and Voting Instruction Form also serves as your voting directions to the 401(k) plan Trustee.

Please note, however, that unless the identical name or names appeared on all your accounts, we were not able to consolidate your share information. If that was the case, you received more than one Proxy and Voting Instruction Form and must vote each one separately.



If your shares are held through a bank, broker, trustee or some other nominee, you will receive either a voting form or a proxy card from the nominee, instructing you on how to vote your shares, which may also include instructions on telephone and electronic voting.

**What are the proposals on which I will be voting?**

You are being asked to vote on five proposals:

- (1) Election of three Directors, each to serve for a term scheduled to expire in 2011;
- (2) Approval of amendments to the Company's Code of Regulations relating to shareholder meetings, including shareholder proposals and adding provisions regarding the mechanics of shareholder meetings;
- (3) Approval of amendments to the Company's Code of Regulations relating to procedures for Director nominations;
- (4) Approval of amendments to the Company's Code of Regulations to allow the Board of Directors to amend the Regulations to the extent permitted by law; and
- (5) Ratification of the appointment of Ernst & Young LLP as the Company's independent auditors for the year ending December 31, 2008. The Directors do not know of any other matters that are to be presented at the meeting. If any other matters come before the meeting of which we did not have notice prior to February 14, 2008 or that applicable laws otherwise would permit proxies to vote on a discretionary basis, it is intended that the persons authorized under solicited proxies will vote on the matters in accordance with their best judgment.

**How do I vote?**

**Registered Holders.** If your shares are registered in your name, you may vote in person or by proxy. If you decide to vote by proxy, you may do so in any **ONE** of the following three ways.

**By telephone.** After reading the proxy materials and with your Proxy and Voting Instruction Form in front of you, you may call the toll-free number **1-888-693-8683**, using a touch-tone telephone. You will be prompted to enter your Control Number from your Proxy and Voting Instruction Form. This number will identify you and the Company. Then you can follow the simple instructions that will be given to you to record your vote.

**Over the Internet.** After reading the proxy materials and with your Proxy and Voting Instruction Form in front of you, you may use a computer to access the website **www.cesvote.com**. You will be prompted to enter your Control Number from your Proxy and Voting Instruction Form. This number will identify you and the Company. Then you can follow the simple instructions that will be given to you to record your vote.

**By mail.** After reading the proxy materials, you may mark, sign and date your Proxy and Voting Instruction Form and return it in the enclosed prepaid and addressed envelope.

The Internet and telephone voting procedures have been set up for your convenience and have been designed to authenticate your identity, allow you to give voting instructions and confirm that those instructions have been recorded properly.

Whether you choose to vote by telephone, over the Internet or by mail, you can specify whether your shares should be voted for all, some or none of the nominees for Director (Proposal 1 on the Proxy and Voting

Instruction Form). You can also specify whether you want to vote for or against, or abstain from voting for, the approval of the proposed amendments to the Company's Code of Regulations (Proposals 2 through 4 on the Proxy and Voting Instruction Form) and the ratification of the appointment of the independent auditors (Proposal 5 on the Proxy and Voting Instruction Form). If you make such specifications, your shares will be voted in accordance therewith. If you sign, date and return your Proxy and Voting Instruction Form but do not specify how you want to vote your shares, your shares will be voted **FOR** the election of all the Director nominees, **FOR** the approval of all of the amendments to the Company's Code of Regulations and **FOR** the ratification of the appointment of the independent auditors.

**Participants in the 401(k) Plan.** If you participate in the 401(k) plan, the plan's independent Trustee, Fidelity Management Trust Company, will vote your 401(k) plan shares according to your voting directions. You may give your voting directions to the plan Trustee in any **ONE** of the three ways set forth above under Registered Holders. If you do not return your Proxy and Voting Instruction Form or do not vote over the Internet or by telephone, the Trustee will not vote your plan shares. Each participant who gives the Trustee voting directions acts as a named fiduciary for the 401(k) plan under the provisions of the Employee Retirement Income Security Act of 1974, as amended.

**Nominee shares.** If your shares are held by a bank, broker, trustee or some other nominee, that entity will give you separate voting instructions.

#### **May I revoke my proxy or change my vote?**

Yes. You may change or revoke your proxy prior to the closing of the polls in any one of the following four ways:

- (1) by sending a written notice to the Company's Corporate Secretary stating that you want to revoke your proxy;
- (2) by submitting a properly completed and signed Proxy and Voting Instruction Form with a later date (which will automatically revoke the earlier proxy);
- (3) by entering later-dated telephone or Internet voting instructions (which will automatically revoke the earlier proxy); or
- (4) by voting in person at the Annual Meeting after requesting that the earlier proxy be revoked. **NOTE: Because your 401(k) plan shares are held in a qualified plan, you are not able to vote 401(k) plan shares at the Annual Meeting.**

If your shares are held by a bank, broker, trustee or some other nominee, you will have to check with your bank, broker, trustee or other nominee to determine how to change your vote. Also note that if you plan to attend the Annual Meeting, you will not be able to vote in person at the meeting any of your shares held by a nominee unless you have a valid proxy from the nominee. If you plan to attend the Annual Meeting, please check the attendance box on the enclosed Proxy and Voting Instruction Form or indicate so when prompted if you are voting by telephone or over the Internet.

#### **How are the votes counted?**

Shareholder votes will be tabulated by an independent inspector of elections for the Annual Meeting. All properly signed Proxy and Voting Instruction Forms and all properly recorded Internet and telephone votes (including votes marked abstain and broker non-votes) will be counted to determine whether or not a quorum is present at the meeting.

**Election of Directors (Proposal 1).** Votes for the Director nominees (Proposal 1) that are marked withhold, and any broker non-votes or other abstentions, will not be counted in determining the election of Directors.

**Approval of Amendments to the Code of Regulations Relating to Shareholder Meetings (Proposal 2).** Votes on Proposal 2 that are marked `abstain` and broker non-votes will have the same effect as votes **AGAINST** that proposal.

**Approval of Amendments to the Code of Regulations Relating to Procedures for Director Nominations (Proposal 3).** Votes on Proposal 3 that are marked `abstain` and broker non-votes will have the same effect as votes **AGAINST** that proposal.

**Approval of Amendments to the Code of Regulations to Allow the Board of Directors to Amend the Regulations to the Extent Permitted by Law (Proposal 4).** Votes on Proposal 4 that are marked `abstain` and broker non-votes will have the same effect as votes **AGAINST** that proposal.

**Ratification of the Appointment of Ernst & Young LLP as the Company's Independent Auditors for the Year Ending December 31, 2008 (Proposal 5).** Votes on Proposal 5 that are marked `abstain` will have the same effect as votes **AGAINST** that proposal, and broker non-votes will have no effect on the result of that proposal.

A broker non-vote occurs when a nominee holding shares for the beneficial owner does not vote those shares on a particular proposal because the nominee does not have discretionary authority to do so, and has not received voting instructions with respect to the proposal from the beneficial owner.

#### **May I receive future shareholder communications over the Internet?**

If you are a registered shareholder, you may consent to accessing future shareholder communications (*e.g.*, proxy materials, Annual Reports and interim communications) over the Internet instead of receiving copies in the mail. You may give your consent by marking the appropriate box on your Proxy and Voting Instruction Form or following the prompts given you when you vote by telephone or over the Internet. If you choose electronic access to future shareholder communications, once there is sufficient interest in electronic delivery we will discontinue mailing the proxy statement and Annual Report to you, but you will receive a Proxy and Voting Instruction Form, together with a formal notice of the meeting, in the mail with instructions containing the Internet address or addresses to access shareholder communications.

Providing shareholder communications over the Internet will reduce the Company's printing and postage costs and the number of paper documents that you would otherwise receive. If you give your consent, there is no cost to you for this service other than charges you may incur from your Internet provider, telephone and/or cable company. Once you give your consent, it will remain in effect until you inform us otherwise.

If your shares are held through a bank, broker, trustee or some other nominee, check the information provided by that entity for instructions on how to choose to access future shareholder communications over the Internet.

In addition, our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, Annual Report and this proxy statement are available free of charge on the following website: [www.lincolnelectric.com](http://www.lincolnelectric.com).

#### **When are shareholder proposals due for the 2009 Annual Meeting?**

In order for proposals to be considered for inclusion in next year's proxy statement, a shareholder proposal must be submitted in writing to the Corporate Secretary at Lincoln Electric Holdings, Inc., 22801 Saint Clair Avenue, Cleveland, Ohio 44117-1199 by November 20, 2008. If a shareholder intends to present a proposal at the 2009 Annual Meeting without the inclusion of that proposal in the proxy statement, written notice of the proposal must be received no later than January 25, 2009 and no earlier than December 26, 2008 (if Proposal 2 is adopted), or no later than February 3, 2009 (if Proposal 2 is not adopted), or proxies solicited by the Board for the 2009 Annual Meeting will confer discretionary authority to vote on the proposal if presented at the 2009 Annual Meeting.

**May I submit a nomination for Director?**

The Company's Regulations permit shareholders to nominate one or more persons for election as a Director but require that nominations be received by the Company by a certain date as described below. This date will vary depending on whether Proposal 3 is adopted. To nominate a candidate for election, you must send a written notice to the Corporate Secretary at Lincoln Electric Holdings, Inc., 22801 Saint Clair Avenue, Cleveland, Ohio 44117-1199. The notice must include certain information about you as a shareholder of the Company and about the person you intend to nominate, including a statement about the person's willingness to serve, if elected. Specifically, each notice must include: (1) the name and address of the shareholder who intends to make the nomination and of the person(s) to be nominated, (2) a representation that the shareholder is a holder of record of stock of the Company entitled to vote for the election of directors on the date of such notice and intends to appear in person or by proxy at the meeting to nominate the person(s) specified in the notice, (3) a description of all arrangements or understandings between the shareholder and each nominee and any other person(s) (naming such person(s)) pursuant to which the nomination(s) are to be made by the shareholder, (4) such other information regarding each nominee proposed by the shareholder as would be required to be included in the proxy statement filed pursuant to the proxy rules of the SEC, had the nominee been nominated, or intended to be nominated, by the Board of Directors of the Company, and (5) the consent of each nominee to serve as a director of the Company if so elected.

***If Proposal 3 is Adopted.*** If Proposal 3 is adopted, this written notice must be delivered to or received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary of the previous year's annual meeting of shareholders. Accordingly, nominations for the 2009 Annual Meeting must be delivered to or received at our principal executive offices no later than January 25, 2009 and no earlier than December 26, 2008. If the date of the 2009 Annual Meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the 2008 Annual Meeting, written notice must be delivered no later than the close of business on the later of the 90<sup>th</sup> day prior to the 2009 Annual Meeting or the tenth calendar day following the date of public disclosure of the date of the 2009 Annual Meeting.

***If Proposal 3 is Not Adopted.*** If Proposal 3 is not adopted, this written notice must be received in the Corporate Secretary's Office at least 80 days before the date of the annual meeting at which the nomination is to be made in those instances when the Company publicly announced the date of the annual meeting more than 90 days prior to the annual meeting date **or** no later than the close of business on the tenth day following the day on which the Company publicly announced the date of the annual meeting in those instances when the Company has not publicly announced the date of the annual meeting more than 90 days prior to the annual meeting date. For complete details on the nomination process, contact the Company's Corporate Secretary.

For this year's Annual Meeting, the Company must have received nominations not later than the close of business on February 5, 2008 as the Company publicly announced the date of this year's Annual Meeting on January 10, 2008, which is more than 90 days prior to this year's Annual Meeting date. Accordingly, no additional nominations can be made for this year's Annual Meeting.

**How do I contact the Company?**

For general information, shareholders may contact the Company at the following address:

Lincoln Electric Holdings, Inc.

22801 Saint Clair Avenue

Cleveland, Ohio 44117-1199

Attention: Roy Morrow, Director, Corporate Relations

Throughout the year, you may visit our website at [www.lincolnelectric.com](http://www.lincolnelectric.com) for information about current developments at the Company.

**How do I contact the Directors?**

Shareholders may send communications to any or all of the Directors of the Company through the Corporate Secretary at the following address:

Lincoln Electric Holdings, Inc.

22801 Saint Clair Avenue

Cleveland, Ohio 44117-1199

Attention: Corporate Secretary

The name of any specific intended Board recipient should be noted in the communication. The Corporate Secretary will forward such correspondence only to the intended recipients. Prior to forwarding any correspondence, the Corporate Secretary will review such correspondence and, in his discretion, not forward certain items if they are deemed of a frivolous nature or otherwise inappropriate for the Board's consideration. In such cases, some of that correspondence may be forwarded elsewhere in the Company for review and possible response.

**ELECTION OF DIRECTORS**

**Proposal No. 1**

The Company's Regulations provide for three classes of Directors whose terms expire in different years. Ohio's General Corporation Law provides that, unless another voting standard is stipulated in the Articles of Incorporation, if a quorum is present, the Director nominees receiving the greatest number of votes will be elected as Directors of the Company. During 2007, the Company adopted a majority voting policy with respect to uncontested elections of Directors, which is described in detail below under Corporate Governance. For the 2008 Annual Meeting, if any Director fails to receive a majority of the votes cast in his or her favor, the Director will be required to submit his or her resignation to the Board promptly after the certification of the election results. The Nominating and Corporate Governance Committee of the Board would then consider each resignation and recommend to the Board whether to accept or reject it.

Unless otherwise directed, shares represented by proxy will be voted **FOR** the following:

*Class of 2011.* The class of Directors whose term ends in 2011 has been fixed at three. David H. Gunning, G. Russell Lincoln and Hellene S. Runtagh are standing for election. All of the nominees have been elected previously by the shareholders.

Each of the nominees has agreed to stand for election and has agreed, in accordance with the Company's majority voting policy, to tender his or her resignation in the event that he or she fails to receive a majority of the votes cast in his or her favor. If any of the nominees is unable to stand for election, the Board may provide for a lesser number of nominees or designate a substitute. In the latter event, shares represented by proxies solicited by the Directors may be voted for the substitute. We have no reason to believe that any of the nominees will be unable to stand for election.

All Directors are expected to attend the Annual Meeting. All of the Director nominees, as well as the continuing Directors, plan to attend this year's Annual Meeting. At the 2007 Annual Meeting, all of the Directors of the Company were in attendance.

**DIRECTORS BIOGRAPHIES**

The following table sets forth biographical information about the Director nominees and the Directors whose terms of office will continue after this Annual Meeting. Except as otherwise indicated, each of the Director nominees and continuing Directors has held the occupation listed below for more than five years.

None of the Director nominees or continuing Directors has any special arrangement or understanding with any other person pursuant to which the Director nominee or continuing Director was or is to be selected as a Director or nominee. There are no family relationships, as defined by SEC rules, among any of our Directors or executive officers. SEC rules define the term "family relationship" to mean any relationship by blood, marriage or adoption, not more remote than first cousin.

**NOMINEES FOR ELECTION**

**David H. Gunning**

Age: 65

Term Expires/Service: 2008; standing for election at this Annual Meeting to serve until 2011; Director since 1987.

Recent Business Experience: Mr. Gunning is the former Vice Chairman of Cleveland-Cliffs Inc (an iron ore and coal mining company), a position he held from April 2001 until his retirement May 31, 2007. Effective June 1, 2007, Mr. Gunning became a consultant for Cleveland-Cliffs Inc.

Other Directorships: Development Alternatives, Inc., MFS Funds, Inc. and Portman Ltd.

**G. Russell Lincoln**

Age: 61

Term Expires/Service: 2008; standing for election at this Annual Meeting to serve until 2011; Director since 1989.

Recent Business Experience: Mr. Lincoln is President of N.A.S.T. Inc. (a personal investment firm), a position he has held since 1996.

**Hellene S. Runtagh**

Age: 59

Term Expires/Service: 2008; standing for election at this Annual Meeting to serve until 2011; Director since 2001.

Recent Business Experience: Ms. Runtagh was President and Chief Executive Officer of the Berwind Group (a diversified pharmaceutical services, industrial manufacturing and real estate company) in 2001. From 1998 through 2000, Ms. Runtagh was Executive Vice President of Universal Studios (a media and entertainment company). Prior to joining Universal Studios, Ms. Runtagh spent 27 years at General Electric Company (a diversified industrial company) in a variety of leadership positions.

Other Directorships: IKON Office Solutions, Inc. and NeuStar, Inc.

**CONTINUING DIRECTORS**

**Harold L. Adams**

Age: 68

Term Expires/Service: 2009; Director since 2002 and Lead Director since December 2004.

Recent Business Experience: Mr. Adams is Chairman Emeritus of RTKL Associates Inc. (an architectural and engineering firm) since November 2003, and the former Chairman, President and Chief Executive Officer of RTKL, a position he held from 1967 to November 2003.

Other Directorships: Commercial Metals Company and Legg Mason, Inc.

**Robert J. Knoll**

Age: 66

Term Expires/Service: 2009; Director since 2003.

Recent Business Experience: Mr. Knoll is a former Partner of Deloitte & Touche LLP (an accounting firm), a position he held from 1978 to his retirement in 2000. From 1995 to 1999, Mr. Knoll served as National Director of the firm's Accounting and Auditing Professional practice with oversight responsibility for the firm's accounting and auditing consultation process, SEC practice and risk management process.

**John M. Stropki, Jr.**

Age: 57

Term Expires/Service: 2009; Director since 1998.

Recent Business Experience: Mr. Stropki is Chairman, President and Chief Executive Officer of the Company. Mr. Stropki was elected President and Chief Executive Officer in June 2004 and Chairman in October 2004. From May 2003 to June 2004, Mr. Stropki was Executive Vice President and Chief Operating Officer of the Company. From May 1996 to May 2003, Mr. Stropki was Executive Vice President of the Company and President, North America of The Lincoln Electric Company.



**CONTINUING DIRECTORS**

**Stephen G. Hanks**

Age: 57

Term Expires/Service: 2010; Director since July 2006.

Recent Business Experience: Mr. Hanks is the former President of the Washington Division of URS Corporation, and a former member of the Board of Directors of URS Corporation (a design, engineering, construction and management solutions company) headquartered in San Francisco, California, positions he held from November 2007 until his retirement in January 2008. From 2000 to November 2007, Mr. Hanks served as the President, and from 2001 to November 2007, served as the Chief Executive Officer and a member of the Board of Directors, of Washington Group International, Inc. (a design, engineering, construction and management solutions company), which merged with URS Corporation in 2007. Mr. Hanks also formerly served as Washington Group International, Inc.'s Executive Vice President, Chief Legal Officer and Secretary.

**Kathryn Jo Lincoln**

Age: 53

Term Expires/Service: 2010; Director since 1995.

Recent Business Experience: Ms. Lincoln is Chairman of the Lincoln Institute of Land Policy (a non-profit educational institution teaching land economics and taxation), a position she has held since 1996. Ms. Lincoln also served as President of the Lincoln Foundation, Inc. (a non-profit foundation that supported the foregoing Institute until the two entities merged in 2006) from 1999 through October 2006.

Other Directorships: Johnson Bank Arizona, NA.

**CONTINUING DIRECTORS**

**William E. MacDonald, III**

Age: 61

Term Expires/Service: 2010; Director since 2007.

Recent Business Experience: Mr. MacDonald is the former Vice Chairman of National City Corporation (a diversified financial holding company), a position he held from 2001 until his retirement December 31, 2006, where he was responsible for its seven-state regional and national corporate banking businesses, the Risk Management and Credit Administration unit, Capital Markets and the Private Client Group. Mr. MacDonald joined National City in 1968 and, during his tenure, held a number of key management positions, including Senior Executive Vice President of National City Corporation and President and Chief Executive Officer of National City's Ohio bank.

Other Directorships: MTC Technologies, Inc. and American Greetings Corporation.

**George H. Walls, Jr.**

Age: 65

Term Expires/Service: 2010; Director since 2003.

Recent Business Experience: General Walls is the former Chief Deputy Auditor of the State of North Carolina, a position he held from January 2001 through December 2004. General Walls retired from the U.S. Marine Corps in 1993 with the rank of Brigadier General, after nearly 29 years of distinguished service.

Other Directorships: The PNC Financial Services Group, Inc.

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**DIRECTOR COMMITTEES AND MEETINGS**

The Company has a separately-designated standing Audit Committee established in accordance with SEC rules. The Company also has standing Compensation and Executive Development, Nominating and Corporate Governance and Finance Committees. Information on each Committee is set forth below.

**Audit Committee**

Members:

Robert J. Knoll (Chair), Kathryn Jo Lincoln, Hellene S. Runtagh and George H. Walls, Jr., each of whom meets the independence standards set forth in the NASDAQ listing standards, and each of whom the Board of Directors has determined to have the financial competency required by the listing standards. In addition, because of Mr. Knoll's professional training and past employment experience as described above under the caption "Director Biographies," the Board of Directors has determined that he is a financially sophisticated Audit Committee Member under the NASDAQ listing standards and that he qualifies as an "audit committee financial expert" in accordance with SEC rules. Shareholders should understand that Mr. Knoll's designation as an "audit committee financial expert" is an SEC disclosure requirement and that it does not impose upon him any duties, obligations or liabilities that are greater than those generally imposed on him as a member of the Audit Committee and the Board.

Number of 2007 Meetings:

Principal Responsibilities:

Five  
appoints and determines whether to retain or terminate the independent auditors

approves all audit engagement fees, terms and services; approves any non-audit engagements

reviews and discusses the independent auditors' quality control  
reviews and discusses the independence of the auditors, the audit plan, the conduct of the audit and the results of the audit

reviews and discusses with management the Company's financial statements and disclosures, its interim financial reports and its earnings press releases

reviews with the Company's General Counsel legal matters that might have a significant impact on the Company's financial statements and issues relating to compliance with the Company's Code of Corporate Conduct and Ethics

reviews with management the appointment, replacement, reassignment or dismissal of the Director of internal audit, the internal audit charter, internal audit plans and reports

reviews with management the adequacy of internal controls over financial reporting

A copy of this Committee's Charter (i) may be found on the Company's website at [www.lincolnelectric.com/corporate/about/governance.asp](http://www.lincolnelectric.com/corporate/about/governance.asp) and (ii) will be made available upon request to the Company's Corporate Secretary.

**Compensation and Executive Development Committee**

Members:

Hellene S. Runtagh (Chair), Harold L. Adams, Stephen G. Hanks, G. Russell Lincoln and William E. MacDonald, III, each of whom meets the independence standards set forth in the NASDAQ listing standards and each of whom is deemed to be an outside Director within the meaning of Section 162(m) of the U.S. Internal Revenue Code and each of whom is deemed to be a non-employee director within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934.

Number of 2007 Meetings:

Six

Principal Responsibilities:

reviews and establishes total compensation of the Chief Executive Officer and the other executive officers

annually assesses the performance of the Chief Executive Officer and the other executive officers

monitors the Company's key management resources, structure, succession planning, development and selection processes and the performance of key executives

reviews and recommends to the Board the appointment and removal of elected officers of the Company

administers the Company's employee stock and incentive plans and reviews and makes recommendations to the Board concerning all employee benefit plans

reviews and recommends to the Board new or amended executive compensation plans

The Committee does not generally delegate any of its authority to other persons, although it has the power to delegate authority. Two exceptions to the foregoing are that the authority to delegate is not permitted with respect to awards under our 2006 Equity and Performance Incentive Plan to any executive officers or any person subject to Code Section 162(m) and any delegation under our 2007 Management Incentive Compensation Plan (or 2007 MICP), which was adopted by the shareholders at last year's Annual Meeting and relates to awards subject to Code Section 162(m). See the Compensation Discussion and Analysis section below for more information on the Committee's role with respect to executive compensation.

A copy of this Committee's Charter (i) may be found on the Company's website at [www.lincolnelectric.com/corporate/about/governance.asp](http://www.lincolnelectric.com/corporate/about/governance.asp) and (ii) will be made available upon request to the Company's Corporate Secretary.

**Nominating and Corporate Governance Committee**

Members:

Harold L. Adams (Chair), David H. Gunning, Kathryn Jo Lincoln and George H. Walls, Jr., each of whom meets the independence standards set forth in the NASDAQ listing standards.

Number of 2007 Meetings:

Five

Principal Responsibilities:

reviews external developments in corporate governance matters, and develops and recommends to the Board corporate governance principles for the Company

identifies and evaluates Board member candidates

reviews Director compensation, benefits and expense reimbursement programs

reviews periodically the quality, sufficiency and currency of information furnished to the Board by Company management

In evaluating candidates for Director, including persons nominated by shareholders, the Committee expects that any candidate for election as a Director of the Company must have these minimum qualifications:

- demonstrated character, integrity and judgment
- high-level managerial experience or experience dealing with complex problems
- ability to work effectively with others
- sufficient time to devote to the affairs of the Company and these specific qualifications
- specialized experience and background that will add to the depth and breadth of the Board
- independence as defined by the NASDAQ listing standards
- financial literacy

The Committee's process for identifying and evaluating nominees for Director includes annually preparing and discussing prospective Director specifications, which serve as the baseline to evaluate candidates. From time-to-time, the Company has retained an outside firm to help identify candidates, but no firm was retained on that basis in 2007, and no firm is currently being retained.

Shareholders may nominate one or more persons for election as Director of the Company. The process for doing so is set forth above under the caption "May I submit a nomination for Director?"

See the narrative following the Director compensation table below for specific information on the Committee's involvement in determining Director compensation.

A copy of this Committee's Charter (i) may be found on the Company's website at [www.lincolnelectric.com/corporate/about/governance.asp](http://www.lincolnelectric.com/corporate/about/governance.asp) and (ii) will be made available upon request to the Company's Corporate Secretary.



**Finance Committee**

Members:

David H. Gunning (Chair), Stephen G. Hanks, Robert J. Knoll, G. Russell Lincoln and William E. MacDonald, III.

Number of 2007 Meetings:

Six

Principal Responsibilities:

Considers and makes recommendations, as necessary, on matters related to the financial affairs and policies of the Company, including

- financial performance, including comparing Company financial performance to budgets and goals
- capital structure issues, including dividend and share repurchasing policies
- financial operations
- capital expenditures
- strategic planning and financial policy matters, including merger and acquisition activity
- pension plan funding and plan investment management performance

A copy of this Committee's Charter (i) may be found on the Company's website at [www.lincolnelectric.com/corporate/about/governance.asp](http://www.lincolnelectric.com/corporate/about/governance.asp) and (ii) will be made available upon request to the Company's Corporate Secretary.

Your Board held seven meetings in 2007. Each of the Directors attended at least 75 percent of the total number of meetings of Directors and meetings of committees on which he or she served.

## CORPORATE GOVERNANCE

### **Director Independence**

Each of the current non-employee Director nominees and continuing Directors meets the independence standards set forth in the NASDAQ listing standards. The NASDAQ independence standards include a series of objective tests, such as that the Director is not an employee of the Company and has not engaged in various types of business dealings with the Company, to determine whether there are any relationships which would interfere with the exercise of independent judgment in carrying out the responsibilities of the Director.

During 2007, the independent Directors met in Executive Session, separate from the sole management Director, in conjunction with each of the seven meetings of the Board. The Lead Director, discussed below, was the presiding Director of these sessions.

### **Lead Director**

The Lead Director is appointed each year by the independent Directors at the organizational meeting of the Board following the Annual Meeting. The Lead Director serves as a liaison between the Chairman of the Board and the independent Directors, and presides over Executive Sessions attended only by independent Directors. The Lead Director consults with the Chairman on the format and adequacy of information the Directors receive and the effectiveness of the Board meeting process. As described under Guidelines on Significant Corporate Governance Issues below, during 2007, our Governance Guidelines were modified to enhance the role of the Lead Director and the Lead Director now has independent authority to review and approve Board meeting agendas and schedules, as well as the authority to request from the officers of the Company any Company information deemed desirable by the independent Directors. The Lead Director may also speak on behalf of the Company from time to time as the Board may decide.

In April 2007, Harold L. Adams was re-appointed as the Lead Director for 2007-2008, a position he has held since the position was created in December 2004. Mr. Adams has been a Director of the Company since 2002 and is the former Chairman, President and Chief Executive Officer of RTKL Associates Inc., an architectural and engineering firm.

### **Guidelines on Significant Corporate Governance Issues**

Your Board has adopted Guidelines on Significant Corporate Governance Issues to assure good business practices, transparency in financial reporting and the highest level of professional and personal conduct. These guidelines address current developments in the area of corporate governance, including developments in Federal securities law, developments related to the Sarbanes-Oxley Act of 2002 and changes in the NASDAQ listing standards. The Governance Guidelines also provide for the annual appointment of our Lead Director. During 2007, the guidelines were modified by the Board to include an express confidentiality provision, which emphasizes that, unless otherwise authorized by the Board, Directors are not to discuss confidential corporate business with third parties, and instead are to refer all such matters to the appropriate company management. Other modifications included enhancing the authority of the Lead Director, including providing the Lead Director with independent authority to review and approve Board meeting agendas and schedules, as well as providing the Lead Director with the authority to request from the officers of the Company any Company information deemed desirable by the independent Directors, and the addition of a majority voting policy for the election of Directors, which is discussed in detail below.

### ***Majority Voting Policy***

Effective as of January 2008, Ohio corporate law permits the articles of incorporation of an Ohio corporation to set forth alternative standards (as opposed to plurality voting) for the election of directors. In order to be



responsive to the majority voting movement, but in light of the uncertainty surrounding reaction to a full articles amendment, during 2007, the Company modified its Governance Guidelines to include a majority voting policy. The Board has the exclusive power and authority to administer the policy, as well as to repeal the policy, in whole or in part, or to adopt a new policy as it deems appropriate.

Under the policy, in uncontested elections of Directors, any Director who failed to receive a majority of the votes cast in his or her favor would be required to submit his or her resignation to the Board promptly after the certification of the election results. The Nominating and Corporate Governance Committee would then consider each resignation and recommend to the Board whether to accept or reject it. The Committee, in making its determination, may consider any factors or other information that it deems appropriate, including, the reasons (if any) given by shareholders as to why they withheld their votes, the qualifications of the tendering Director and his or her contributions to the Board and the Company, and the results of the most recent evaluation of the tendering Director's performance by the Committee and other members of the Board. Any Director who tenders his or her resignation under the policy shall not participate in the Committee's re