

A close-up photograph of an industrial robotic welding process. A robotic arm with a textured, grey, cylindrical nozzle is positioned above a metal workpiece. A bright, intense light is visible at the point of contact between the nozzle and the metal, with a large, fan-shaped spray of bright sparks radiating outwards. The background is dark and out of focus, showing other parts of the industrial machinery.

The
**NEXT
LEVEL**

2014
ANNUAL REPORT

LINCOLN[®]
ELECTRIC
THE WELDING EXPERTS[®]

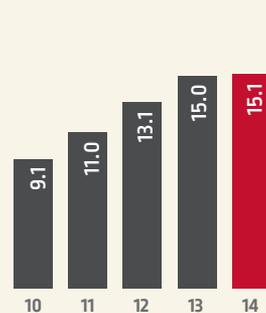
The Next Level

For 120 years, Lincoln Electric has never accepted the status quo.

Standing still is not what we do, and it's not who we are. Instead, we take performance to THE NEXT LEVEL each year through innovative solutions and processes, operational excellence and our performance-driven culture. That's what sets us apart as an industry leader. Lincoln Electric's track record of enhancing the value delivered to customers, shareholders and employees creates tremendous momentum as we continue to invest in and execute on our 2020 Vision and Strategy and develop the next generation of welders and welding technology.

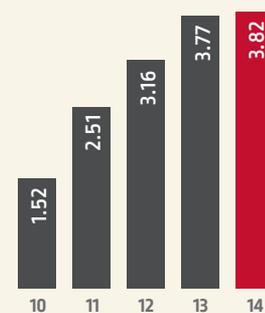
OPERATING INCOME MARGIN

in percent*



DILUTED EARNINGS

per share*



ON THE COVER:

The PythonX® robotic CNC plasma cutting system from our recent Burlington Automation acquisition has taken structural steel fabrication to THE NEXT LEVEL as the most productive fabrication machine in the industry. By integrating multiple operations in one machine, PythonX® uses just 20% of the floor space and 20% of the processing time compared to traditional machines.

Financial Highlights

YEAR ENDED DECEMBER 31

(dollars in millions, except per share data)

	2014	2013	2012
Net Sales	\$ 2,813	\$ 2,853	\$ 2,853
Net Income	255	294	257
Net Income excluding special items ⁽¹⁾	306 ⁽²⁾	313 ⁽³⁾	266 ⁽⁴⁾
Diluted Earnings per Share	3.18	3.54	3.06
Diluted Earnings per Share excluding special items ⁽¹⁾	3.82	3.77	3.16
Cash Dividends per Share of Common Stock ⁽⁵⁾	0.92	0.80	0.68
Average Operating Working Capital to Net Sales Ratio ⁽⁶⁾	16.5 %	17.6 %	18.8 %
Current Ratio	2.2	2.5	2.6
Total Assets	\$ 1,939	\$ 2,152	\$ 2,090
Total Equity	1,286	1,531	1,358
Cash Provided by Operations	402	339	327
Return on Invested Capital ⁽⁷⁾	19.1 %	18.9 %	18.7 %

(1) Net Income excluding special items and Diluted Earnings per Share excluding special items are non-GAAP financial measures that management believes are important to investors to evaluate and compare the Company's financial performance from period to period. Management uses this information in assessing and evaluating the Company's underlying operating performance. Non-GAAP financial measures should be read in conjunction with the GAAP financial measures, as non-GAAP measures are a supplement to, and not a replacement for, GAAP financial measures.

(2) In 2014, special items include net rationalization and asset impairment charges of \$30.1 (\$30.9 after-tax or \$0.39 per diluted share) and charges of \$21.1 (\$21.1 after-tax or \$0.26 per diluted share) related to Venezuelan remeasurement losses. Associated with the impairment of long-lived assets is an offsetting special item of \$0.8 representing portions attributable to non-controlling interests.

(3) In 2013, special items include net rationalization and asset impairment charges of \$8.5 (\$7.6 after-tax or \$0.09 per diluted share), a charge of \$12.2 (\$12.2 after-tax or \$0.15 per diluted share) related to the devaluation of the Venezuelan currency and a loss of \$0.7 (\$0.7 after-tax or \$0.01 per diluted share) related to a loss on the sale of land. Associated with the impairment of long-lived assets and loss on the sale of land is an offsetting special item of \$1.1 representing portions attributable to non-controlling interests.

(4) In 2012, special items include net rationalization charges of \$7.5 (\$6.2 after-tax or \$0.07 per diluted share), asset impairment charges of \$1.8 (\$1.3 after-tax or \$0.02 per diluted share) and a charge of \$1.4 (\$0.9 after-tax or \$0.01 per diluted share) related to a change in Venezuelan labor laws.

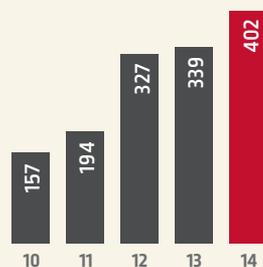
(5) Reflects Board-approved annual dividend amounts.

(6) Average Operating Working Capital to Net Sales Ratio is defined as net operating working capital divided by annualized rolling three months of sales. Net operating working capital is defined as Accounts receivable plus Inventory, less Trade accounts payable.

(7) Return on Invested Capital is defined as rolling 12 months of earnings excluding tax-effected interest divided by invested capital.

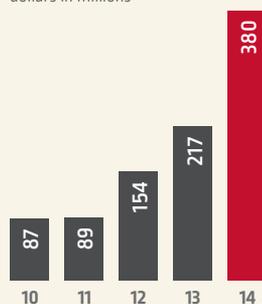
CASH PROVIDED BY OPERATIONS

dollars in millions



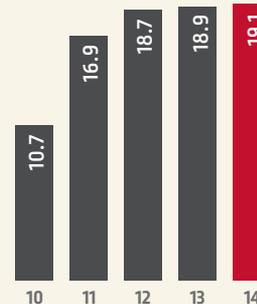
CASH RETURNED TO SHAREHOLDERS

dividends and share repurchases
dollars in millions



RETURN ON INVESTED CAPITAL

in percent



* Operating Income Margin and Diluted Earnings per Share exclude the effects of special items. 2014 excludes net rationalization and asset impairment charges and charges related to Venezuelan remeasurement losses. 2013 excludes net rationalization and asset impairment charges, charges related to the devaluation of the Venezuelan currency and a loss on the sale of land. 2012 excludes net rationalization charges, asset impairment charges and a charge related to a change in Venezuelan labor laws. 2011 excludes net rationalization charges and income related to a favorable adjustment for tax audit settlements. 2010 excludes net rationalization gains, asset impairment charges, a net charge due to a change in functional currency for the Company's Venezuelan operations to the U.S. dollar and the devaluation of Venezuelan currency and income due to a change in applicable tax regulations. Diluted Earnings per Share also exclude the effects of special items attributable to non-controlling interests and have been retroactively adjusted in prior years to give effect to the two-for-one stock split on May 31, 2011.

Dear Fellow Shareholders:

Innovation, putting customers first and diligent management have defined Lincoln Electric's success for 120 years.

Today more than ever, customers rely on our solutions to take their businesses to the next level – ensuring a measurable difference in their operational efficiency, quality, safety and bottom-line results. Additionally, our shareholders expect us to deliver value that balances both near- and long-term goals.

In 2014, we continued to take our business to the next level with record results, while investing for future growth and returning significant capital to our shareholders. Today, I am pleased to report that we are pacing ahead of our 2020 Vision and Strategy targets, which represent best-in-class financial performance and record returns for our shareholders.

RECORD 2014 FINANCIAL PERFORMANCE

While 2014 revenue held steady at \$2.8 billion, we achieved record results across key financial metrics. We benefited from our disciplined acquisition program, continuous improvement initiatives and steady expense control. Additionally, returns were enhanced through our accelerated share repurchase program and rising dividend payout.

These achievements reflect the tremendous focus and energy of our global team who navigated successfully through a difficult first quarter, dynamic market conditions and a challenging year-over-year comparison from our Venezuelan business. Excluding the impact from Venezuela, which operates under highly inflationary conditions, we would have achieved a 160-basis-point improvement in our gross profit margin, a 130-basis-point improvement in our operating income margin (excluding special items) and a 10% increase in earnings per share (excluding special items). All of these results demonstrate the strength of our business model and our ability to drive continuous improvement.

As a reflection of confidence in our strategy, financial strength and cash flow generation, the Board of Directors raised the dividend 26% in 2014, marking its 11th consecutive annual increase. Additionally, we distributed \$307 million, or 76% of cash flow from operations, through share repurchases in 2014, with another \$400 million of share repurchases committed for the coming year. These repurchases represent a cumulative five-year return to shareholders of approximately \$1 billion by year-end 2015.

DEFINING THE NEXT LEVEL

We recognize that our people drive these results and embody the unique value proposition of the Lincoln Electric brand. Our ability to attract and develop leading talent in the industry is a competitive advantage for the Company. As a result, we continue to invest in industry-leading talent that can take us to the next level. In 2014, we expanded our career planning and development programs, including our engineering trainee program and professional application experts in China. We also established a global development program to ensure that we have the right future leaders for our organization.

Developing industry-leading talent is also critical for our customers. In 2014, we accelerated our strategic investment in welding and robotic education to help provide job-ready welders for advanced manufacturing. Our multipronged approach included broadening our education product portfolio by supplementing our innovative VRTEX® virtual reality training solution with the acquisition of RealWeld®. This combination allows us to offer a more comprehensive training portfolio that supports both virtual and live-arc capabilities to accelerate training time and increase certification rates.

Additionally, we are providing educational institutions access to Lincoln Electric's expertise and the solutions students will use in the industry. In 2014, we launched our Education Resource and Purchasing Portal, which offers multimedia welding education materials and lesson plans. We also continued our relationship as a leading partner to WorldSkills, which promotes the value of vocational skills to young adults globally. This year, Lincoln Electric will again proudly serve as the exclusive welding competition sponsor for the WorldSkills international finalist competition in São Paulo, Brazil.

STRATEGIC INVESTMENTS

We lead by our actions in an industry that continues to evolve through innovation, with advances in software technology, new processes, advanced robotics and specialty materials addressing customers' challenging engineering requirements and complex applications. In 2014, our internal R&D investments and disciplined acquisition program continued to take us to the next level of advanced solutions. We increased our mix of revenue from new solutions by 300 basis points to 33% in 2014. These enhanced and newly developed technologies are strengthening our leadership position in welding and cutting solutions and are expanding our market presence for longer-term growth.



“WE LEAD BY OUR ACTIONS IN AN INDUSTRY THAT CONTINUES TO EVOLVE THROUGH INNOVATION”

Record 2014 Performance

The Next Level

AUTOMATION

In automation, we offer a range of capabilities, from entry-level pre-engineered systems to customized, full-line automated robotic solutions, and we continue to broaden the applications we can address. The 2014 acquisition of Easom Automation Systems, based in Detroit, Michigan, added capabilities for deeper penetration of underserved sectors such as the heavy fabrication industry. Additionally, we continued to integrate Burlington Automation, which we acquired in late 2013. Burlington has exceeded our performance expectations with strong demand for its unique PythonX® robotic CNC plasma cutting system for structural steel, and we expect to introduce this solution to various additional markets worldwide.

ALLOYS

We are extending our expertise in metallurgy and advanced fabrication technology as we continue to innovate in this area across consumables, equipment systems and automation. Lincoln Electric is a leading provider of aluminum solutions such as Gem-Pak® MIG wire bulk packaging, which offers a unique feed system that ensures a consistent, high-speed flow that previously was a challenge for aluminum materials. Additionally, we offer an advanced automation solution designed by our Wayne Trail subsidiary that includes hydroforming, bending, cutting and welding of aluminum-based automotive components. Given our product and process expertise in this area, we are well-positioned to capitalize on the shift to aluminum in a variety of industries.

Other new alloy-related products in 2014 included our galvanized steel solution, Process Z™, which incorporates a new custom wire and waveform for welding zinc-coated steels with 85% less porosity than alternatives. We also launched our premium Excalibur® stick electrode consumable for a variety of alloys, which offers extreme bendability for hard-to-reach areas, improved coating integrity and 60% less moisture absorption than the competition.

HARRIS PRODUCTS GROUP

A solid product pipeline, strong equipment sales and operational excellence delivered record margins and returns for the Harris business in 2014. New products included the Inferno™ brazing tip which produces a consistent “perfect flame,” reduces customers’ operational costs and

15.1%

Operating Income Margin
(excluding special items)

\$3.82

Diluted Earnings per Share
(excluding special items)

\$402 MILLION

Cash Provided by Operations

16.5%

Average Operating Working
Capital to Net Sales Ratio

\$380 MILLION

Returns to Shareholders Through
Dividends and Share Repurchases

illustrates the value our development teams offer our customers. New cored aluminum and silver products are expected to offer measurable value as well in 2015 and drive continued growth in the business.

INTERNATIONAL MARKETS

In 2014, we focused on enhancing our product and service offerings in key international markets to maximize our competitive advantage and long-term returns. In Europe, we successfully launched a next-generation equipment platform for our proprietary Power Wave® technology, allowing us to expand our customer base in the region with double-digit percent unit volume growth. Our efforts have established a new threshold for European performance, and we expect to build on this base through growth in automation and alloys in the region.

Elsewhere throughout the world, we invested in various lean programs in Latin America to drive efficiencies and ensure profitable long-term growth as we continue to expand our market presence in that region. In Asia, we are focused on stabilizing near-term margin performance while we strategically reposition our business toward highly engineered, niche solutions in specialty alloys, equipment systems and automation. In China, we are aligning local consumable capacity with this new strategy and have onboarded one of our largest classes of engineers and technical experts in the region. These efforts are key steps in driving improved financial performance for the long-term.

MARGIN EXPANSION

Maintaining the right platform, processes, technology and cost structure will be essential to the success of our 2020 Vision and Strategy, which includes a goal to achieve an average 15% operating income margin through an economic cycle. We have hundreds of continuous improvement programs annually that target operational efficiency, environmental, health and safety improvements, as well as broad platform upgrades.

In 2014, we continued to invest in ways to leverage our global scale, drive efficiencies and reduce costs. As we neared completion of our global SAP installation, we realized a double-digit percent improvement

in internal customer service metrics from our "Us to Us" global initiative, which utilizes the SAP infrastructure to improve intracompany supply lead times and logistics. These initiatives are important drivers behind the record average operating working capital to net sales ratio performance that the organization has achieved in the last few years.

We continue to improve returns from our new automation portfolio of welding and cutting solutions, and we recognize that there are more opportunities to enhance customer experience, integration and alignment in this area. In 2014, we designed new organizational structures, aligned back office functions and added scale to what have traditionally been niche local offerings. We expect these efforts will enable us to maintain our competitive lead in this fast-growing segment and further enhance long-term returns.

ACHIEVING OUR VISION

As we celebrate our 120th anniversary, we are confident in our progress toward the goals of our 2020 Vision and Strategy, which include a target of 10% compound annual revenue growth, as well as 15% targets for each of the following metrics: average operating income margin, average return on invested capital, and average operating working capital to net sales ratio.

Today, Lincoln Electric is stronger and better positioned than ever to advance our industry, invent tomorrow's welding and cutting solutions, and continue to partner with customers to achieve their goals. We thank our employees, customers, partners and shareholders for their continued support of our strategy.

Sincerely,



Christopher L. Mapes

Chairman, President and Chief Executive Officer

The Next Level:

ENVIRONMENTAL, HEALTH & SAFETY ACHIEVEMENTS IN 2014

Greenhouse
Gas Emissions¹

4.6%

IMPROVEMENT

Waste
Minimization²

4.6%

IMPROVEMENT

Energy
Use³

7.4%

REDUCTION

Workplace
Safety⁴

20.9%

IMPROVEMENT

¹ Absolute metric tons of CO₂ emissions from both direct (fuels) and indirect (energy) sources across our global manufacturing footprint. Improvement reflects Scope 1 and 2 emissions as defined by 2006 IPCC guidelines.

² Percent of all waste (manufacturing and non-manufacturing waste material) recycled across our global manufacturing footprint. This metric excludes metals that are already fully recycled and reused.

³ Absolute energy use (electricity, natural gas, coal, fuel oil and liquefied petroleum gas) in gigajoules (GJ) across our global manufacturing footprint.

⁴ Reflects a "Days Away, Restrictions or Transfers" (DART) rate that measures injury cases resulting in either missed work, restrictions in performing assigned tasks, or a job transfer during recovery. DART is calculated as number of incidents per 200,000 hours worked and reflects incidences across our global footprint.

BOARD OF DIRECTORS

HAROLD L. ADAMS

Chairman Emeritus and Former Chairman, President and Chief Executive Officer of RTKL Associates Inc.

CURTIS E. ESPELAND

Executive Vice President and Chief Financial Officer, Eastman Chemical Company

DAVID H. GUNNING

Lead Director
Former Vice Chairman of Cleveland-Cliffs Inc

STEPHEN G. HANKS

Former President and Chief Executive Officer, Washington Group International, Inc.

ROBERT J. KNOLL

Former Partner, Deloitte & Touche LLP

G. RUSSELL LINCOLN

President of N.A.S.T. Inc.

KATHRYN JO LINCOLN

Chair and Chief Investment Officer of the Lincoln Institute of Land Policy

WILLIAM E. MACDONALD, III

Former Vice Chairman of National City Corporation

CHRISTOPHER L. MAPES

Chairman, President and Chief Executive Officer of the Company

PHILLIP J. MASON

Former President of Ecolab, Inc. EMEA sector

HELLENE S. RUNTAGH

Former President and Chief Executive Officer of Berwind Group

GEORGE H. WALLS, JR.

Former Chief Deputy Auditor, State of North Carolina

COMPANY OFFICERS AND EXECUTIVE MANAGEMENT

GEOFFREY P. ALLMAN*

Senior Vice President, Corporate Controller

ANTHONY K. BATTLE

Senior Vice President, Internal Audit

GEORGE D. BLANKENSHIP*

Executive Vice President, President, Lincoln Electric North America

GABRIEL BRUNO*

Executive Vice President, Chief Information Officer

THOMAS A. FLOHN*

Senior Vice President, President, Asia Pacific Region

MATHIAS HALLMANN*

Senior Vice President, President, Lincoln Electric Europe

STEVEN B. HEDLUND*

Senior Vice President, President, Global Automation

MICHELE R. KUHRT

Senior Vice President, Tax

DOUGLAS S. LANCE

Senior Vice President, North American Operations

CHRISTOPHER L. MAPES*

Chairman, President and Chief Executive Officer

WILLIAM T. MATTHEWS

Senior Vice President, Technology and Research and Development

MICHAEL S. MINTUN

Senior Vice President, North America Sales and Marketing

DAVID J. NANGLE*

Senior Vice President, President, Harris Products Group

VINCENT K. PETRELLA*

Executive Vice President, Chief Financial Officer and Treasurer

FREDERICK G. STUEBER*

Executive Vice President, General Counsel and Secretary

CORPORATE INFORMATION

Additional copies of Lincoln Electric's 2014 Annual Report and Form 10-K may be obtained by contacting Investor Relations at (216) 383-2534, sending a fax to (216) 383-8220 or visiting our website: www.lincolnelectric.com.

Inquiries about dividends, shareholder records, share transfers, changes in ownership and address changes should be directed to the Transfer Agent and Registrar:

MAIL

Wells Fargo Shareowner Services
P.O. Box 64854
St. Paul, Minnesota 55164-0854

COURIER

Wells Fargo Shareowner Services
1110 Centre Pointe Curve
Mendota Heights, Minnesota 55120-4100

DIRECT

(800) 468-9716 or (651) 450-4064
www.shareowneronline.com

ANNUAL MEETING

The Annual Meeting of Lincoln Electric Shareholders is scheduled to be held on Thursday, April 23, 2015, at 11:00 a.m., at Marriott Cleveland East
26300 Harvard Road
Warrensville Heights, Ohio 44122

STOCK INFORMATION

The Company's Common Shares are traded on the NASDAQ Stock Market under the stock symbol "LECO." The number of record holders of Common Shares at December 31, 2014 was 1,766.

For additional Company information, contact:

Investor Relations
Lincoln Electric Holdings, Inc.
22801 St. Clair Avenue
Cleveland, Ohio 44117-1199 USA
Phone: (216) 383-2534
Fax: (216) 383-8220

*Member, Management Committee





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