LINCOLN ELECTRIC
THE WELDING EXPERTS®

FOCUSED . INNOVATIVE . DRIVEN

LINCOLN ELECTRIC : 2015 ANNUAL REPORT

Our '2020 Vision & Strategy' was launched in 2010 to mobilize the organization around a single growth strategy focused on innovation, operational excellence and financial discipline. It leverages our core values, our brand and the industry's best technical, commercial and operational teams who are passionate about innovative welding and cutting solutions and operational excellence. Our 2020 initiatives and investments focus on differentiating Lincoln Electric as a valued solutions provider and a world-class operator who delivers best-in-class financial performance and long-term value creation for our stakeholders. We are ***Focused. Innovative. Driven.***

2020 VISION & STRATEGY FINANCIAL GOALS

SALES CAGR	ADJUSTED OPERATING INCOME MARGIN	ROIC	AVERAGE OPERATING WORKING CAPITAL RATIO
10%	15%	15%	15%
2009–2020	Average 2009–2020	Average 2009–2020	At 2020

2015 FINANCIAL HIGHLIGHTS //

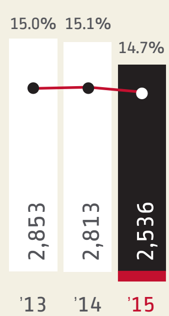
YEARS ENDED DECEMBER 31, *(dollars in millions, except per share amounts)*	2015	2014	2013
Net Sales	$2,536	$2,813	$2,853
Net Income	127	255	294
Net Income excluding special items[1]	260	306	313
Diluted Earnings per Share	1.70	3.18	3.54
Diluted Earnings per Share excluding special items[1]	3.48	3.82	3.77
Cash Provided by Operations	311	402	339
Cash Dividends per Share of Common Stock[2]	1.16	0.92	0.80
Average Operating Working Capital Ratio[3]	17.1%	17.1%	17.6%
Return on Invested Capital[1]	21.1%	22.9%	20.2%
Current Ratio	2.5	2.2	2.5
Total Assets	$1,784	$1,939	$2,152
Total Equity	932	1,286	1,531

(1) Net Income excluding special items, Diluted Earnings per Share excluding special items and Return on Invested Capital 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. Please refer to the reconciliation tables of non-GAAP results to our most closely comparable GAAP results on the "Non-GAAP Financial Measures" page.

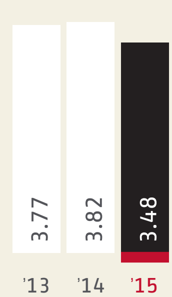
(2) Reflects Board-approved annual dividend amounts.

(3) Average Operating Working Capital 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.

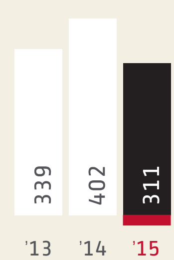
NET SALES AND OPERATING INCOME MARGIN
($ in millions)
excluding special items[1]



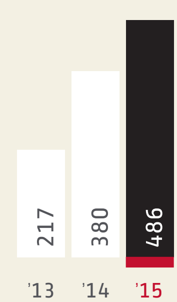
DILUTED EARNINGS
(per share)
excluding special items[1]



CASH PROVIDED BY OPERATIONS
($ in millions)



CASH RETURNED TO SHAREHOLDERS
($ in millions)
dividends and share repurchases



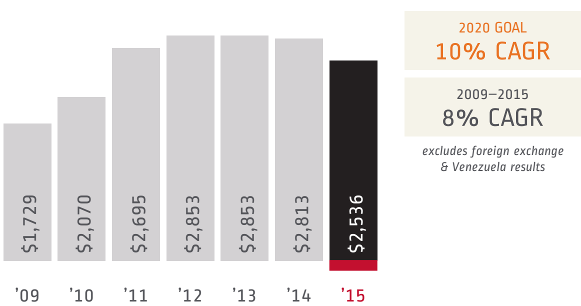
The automation growth strategy continued to advance with the acquisition of Wolf Robotics®.

A $30 million investment in a state-of-the-art welding technology center was announced in 2015 and is expected to launch in 2017, marking the centennial anniversary of Lincoln's longest-running welding school in the U.S.

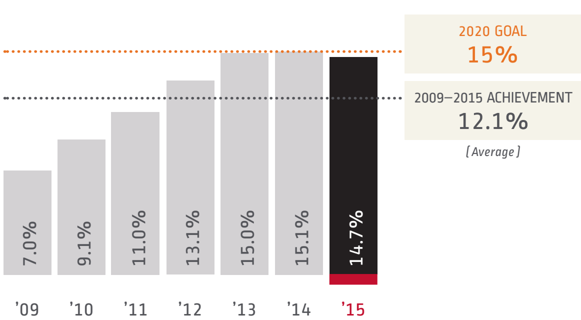
DEAR FELLOW SHAREHOLDERS,

In what proved to be a challenging year for many of the markets we serve, we achieved solid results by focusing on long-term investments that advance our '2020 Vision and Strategy,' while rapidly aligning our business to a compressing demand environment.

SALES GROWTH RATE (CAGR)
($ in millions)



ADJUSTED OPERATING INCOME MARGIN[1]



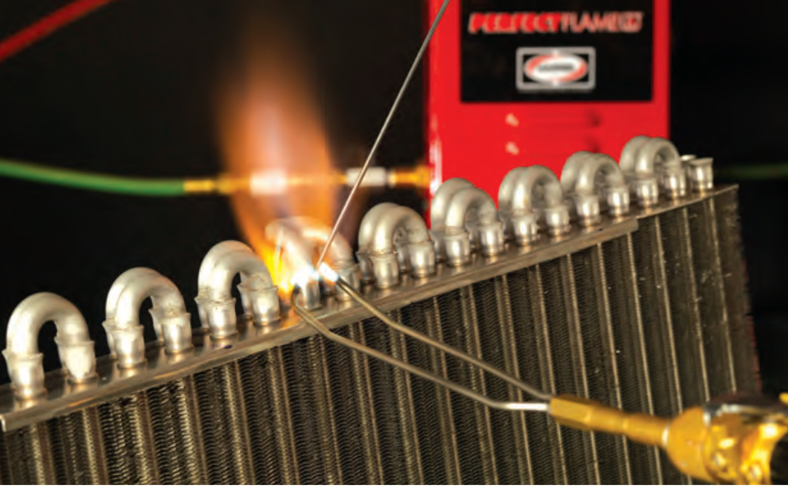
(1) Definitions and a reconciliation of non-GAAP results to our most closely comparable GAAP results are included on the "Non-GAAP Financial Measures" page.

We could not have achieved our 2015 results without strong customer relationships across diverse geographies and end sectors, a great team, cost discipline, the flexibility of our Incentive Management System, and the innovative joining and cutting solutions we continue to bring to market.

Today, we are well-positioned to navigate current conditions while capitalizing on growth opportunities with an innovative portfolio of solutions, a strong R&D and M&A pipeline, unparalleled technical applications expertise, and a solid balance sheet to continue to fund our 2020 growth strategy and shareholder returns. We are focused, innovative and driven.

2015 PERFORMANCE

2015 revenue declined to $2.5 billion as the dramatic drop in oil and commodity prices impacted volumes and a strong U.S. dollar significantly reduced the foreign exchange translation of our international sales. While a challenging environment, we operated safer, more efficiently and achieved sales growth across several product areas and end sectors. We also benefited from price management and over $60 million of incremental sales from our acquisitions.



The new INFERNO® by Harris uses the patented Perfect Flame® technology that improves process control and brazing times by over 20%. Lincoln Electric's new product vitality index was 34% of sales in 2015 and 44% in equipment systems.

Visit http://lincolnelectricehs.com to learn about our environmental and safety performance and EH&S 2020 goals.

Given the conditions, we rapidly deployed extensive cost reduction actions to manage our margin performance and cash flows, which were consistent with measures taken in 2008 and 2009. Our actions, combined with lower input costs, contributed to relatively steady profit margin performance with an adjusted operating income margin of 14.7%, versus 15.1% in 2014. Our team's hard work and the value of the structural changes we have achieved highlight our ability to manage margins and the attractive operating leverage we are able to recognize through an economic cycle.

Our earnings per share (EPS) declined 47% to $1.70, reflecting lower volumes, unfavorable foreign exchange translation and special items. Excluding special items, our adjusted EPS declined 9% to $3.48.

SOLID CASH GENERATION AND RECORD RETURNS

We generated solid cash flows from operations with 100% free cash flow conversion of our adjusted net income. Aggressive management of working capital under compressing conditions held our average operating working capital ratio steady at 17.1%. We believe this performance ranks Lincoln among top-decile performers within the industrials sector and demonstrates our operational agility and focus on achieving best-in-class financial performance.

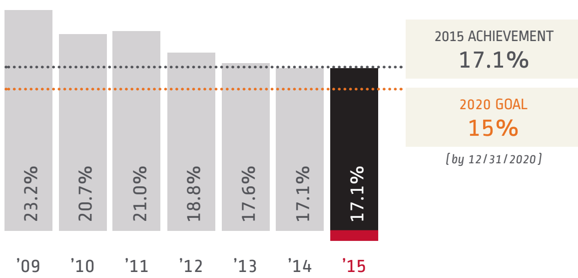
We achieved top quartile return on invested capital (ROIC) performance at 21.1%, on improved operational execution, by richening our sales mix with value-added solutions, and our disciplined acquisition program.

We follow a disciplined capital allocation strategy—prioritizing growth investments and returns to shareholders through dividends and share repurchases. In 2015, our returns of cash to shareholders increased 28% to a record $486 million from a 26% increase in our dividend payout rate and a record $399 million in share repurchases. The dividend increase marked our 20th consecutive annual increase since our public offering in 1995 and supports our dividend payout target of 35% of adjusted net income through the cycle. Over the past five years, we have successfully funded our growth strategy while returning $1.3 billion to shareholders and we are maintaining our commitment to shareholders in 2016 with a 10.3% dividend increase and a $400 million share repurchase target.

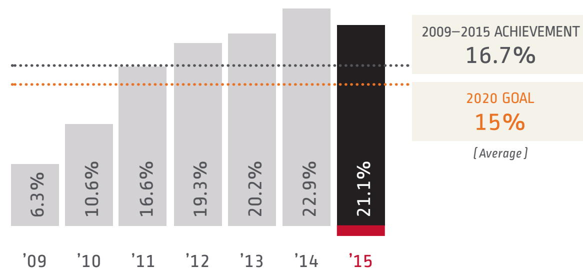
INVESTING IN INNOVATION

Innovation is a cornerstone of our brand, our value proposition and long-term growth prospects. In 2015, we increased our R&D investment 9% and launched over 100 new products worldwide—increasing our new product vitality index of total sales to 34%, and achieved a 44% index in equipment solutions. We continued to expand solutions in key strategic areas of education, automation, alloys/aluminum and equipment. In education, we launched our U/Linc™ welding education curriculum package for welding instructors and expanded our training solutions with the VRTEX® Engage™ system and the REALWELD® educational trainer. In automation, we launched the next-generation robotic 3-D plasma cutting solution, PythonX® II, which replaces multiple fabrication machines with one solution for structural steel applications. We also

AVERAGE OPERATING WORKING CAPITAL RATIO



RETURN ON INVESTED CAPITAL[1]



expanded automation's reach into low-volume, general fabrication applications with our turnkey Auto-Mate® and System 5 robotic cells. For customers requiring advanced fabrication, tooling, part holding, manipulation and laser welding and cutting solutions, we extended our capabilities and footprint with our Easom Automation and Wolf Robotics® acquisitions. To address the rising use of alloys and aluminum, we launched new aluminum welding equipment systems and the new Autodrive® SA aluminum servo torch for automated applications. Additionally, our recent SWP™ acquisition in Australia provides alloy-based maintenance and repair services for mining and energy applications. As we seek to richen our mix, we have targeted growth in equipment systems and expanded our light industrial/first-time user offering with the new Square Wave® TIG 200. For heavy duty users in construction and ship building, we launched our new Flextec® 350X multi-process power source with our new proprietary CrossLinc™ technology, which uses a communication protocol that enables the user to make voltage adjustments to the power source from a distance using a common welding cable. These are just a few of the innovative products launched in 2015.

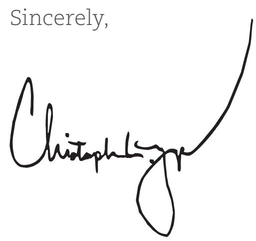
ORGANIZED TO DELIVER

We celebrated our 120th anniversary in 2015—a milestone that reaffirms Lincoln's pioneering and inventive spirit, our commitment to the 'arc,' and our ability to adapt. In early 2016, we adapted again to current conditions by realigning our organizational and leadership structure into three segments. Under this new structure, we will continue to focus on our priorities: our customers, delivering value through innovative solutions, executing on our 2020 strategy, and maintaining a disciplined capital allocation strategy. By leveraging a structure that simplifies our processes, we will not only gain operational efficiencies, but further accelerate innovation and commercialization efforts in our underdeveloped regions and applications. Ultimately, we believe our team will be better positioned to make a difference for our customers and maximize our growth opportunities.

DRIVEN TO WIN

While we anticipate challenging conditions to persist in 2016, the fundamentals of our business are strong, we maintain a solid portfolio of solutions, follow a disciplined capital allocation strategy and maintain a solid balance sheet profile to continue to drive returns for our shareholders. We remain focused and passionate about welding and cutting and are excited about the growth opportunities ahead. On behalf of the board of directors and my colleagues at Lincoln Electric, thank you for your support.

Sincerely,



Christopher L. Mapes
Chairman, President & Chief Executive Officer

NON-GAAP FINANCIAL MEASURES //

NON-GAAP FINANCIAL MEASURES

Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted Net Income, Diluted Earnings per Share excluding special items (Adjusted Diluted Earnings per Share), and Return on Invested Capital 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.

ADJUSTED OPERATING INCOME

The following table presents a reconciliation of Operating income as reported to Adjusted operating income for the years ended December 31, 2009 to 2015:

YEAR ENDED DECEMBER 31, *($ in millions)*	2015	2014	2013	2012	2011	2010	2009
Operating income (as reported)	$181.7	$373.7	$407.0	$362.1	$296.7	$186.4	$ 93.2
Special items (pre-tax):							
Rationalization and asset impairment charges	20.0	30.1	8.5	9.4	0.3	(0.4)	29.9
Venezuela remeasurement losses	27.2	21.1	12.2			3.1	
Pension settlement charges	142.7						(2.1)
Other			0.7	1.4			
Adjusted operating income	$371.6	$424.9	$428.4	$372.8	$297.0	$189.2	$121.0
Adjusted operating income margin	14.7%	15.1%	15.0%	13.1%	11.0%	9.1%	7.0%

ADJUSTED NET INCOME AND ADJUSTED DILUTED EARNINGS PER SHARE

The following table presents reconciliations of Net income and Diluted earnings per share as reported to Adjusted net income and Adjusted diluted earnings per share for the years ended December 31, 2009 to 2015:

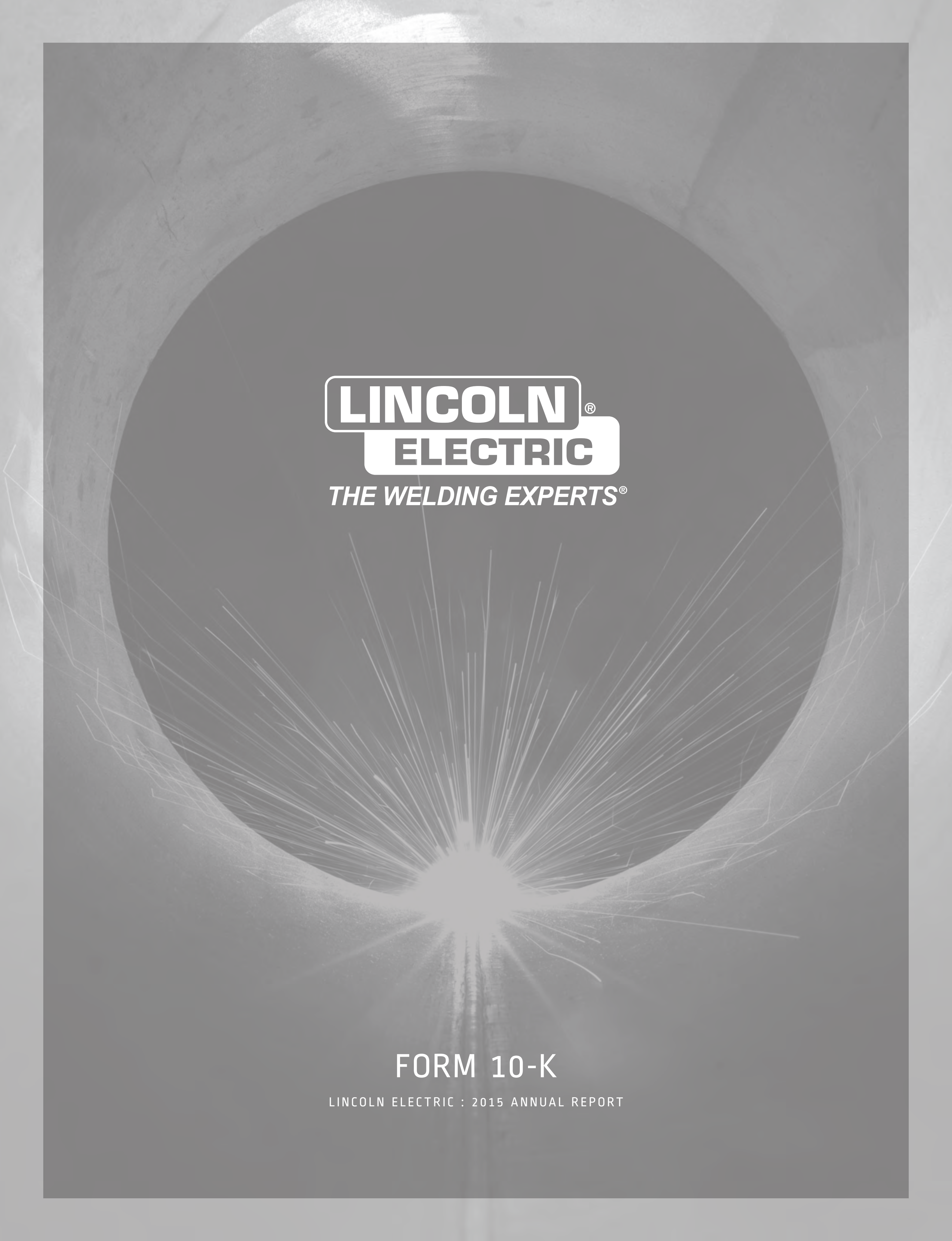
YEAR ENDED DECEMBER 31, *($ in millions except per share amounts)*	2015	2014	2013	2012	2011	2010	2009
Net income (as reported)	$127.5	$254.7	$293.8	$257.4	$217.2	$130.2	$48.6
Special items (after-tax):							
Rationalization and asset impairment charges	18.2	30.9	7.6	7.4	0.2	(0.9)	23.8
Venezuela remeasurement losses	27.2	21.1	12.2			3.6	
Pension settlement charges	87.3						(2.1)
Income tax impact from change in tax regulations and audit settlements					(4.8)	(5.1)	
Other		(0.8)	(0.4)	0.9		1.8	2.9
Adjusted net income	$260.2	$305.9	$313.2	$265.8	$212.6	$129.6	$73.1
Diluted earnings per share as reported	$ 1.70	$ 3.18	$ 3.54	$ 3.06	$ 2.56	$ 1.53	$0.57
Special items per share	1.78	0.64	0.23	0.10	(0.05)	(0.01)	0.29
Adjusted diluted earnings per share	$ 3.48	$ 3.82	$ 3.77	$ 3.16	$ 2.51	$ 1.52	$0.86

RETURN ON INVESTED CAPITAL (ROIC)

The following table presents calculations of ROIC for the years ended December 31, 2009 to 2015:

YEAR ENDED DECEMBER 31, *($ in millions)*	2015	2014	2013	2012	2011	2010	2009
Adjusted net income	$ 260.2	$ 305.9	$ 313.2	$ 265.8	$ 212.6	$ 129.6	$ 73.1
Plus: Interest expense (after-tax)	13.5	6.4	1.8	2.6	4.2	4.2	5.3
Less: Interest income (after-tax)	1.7	1.9	2.0	2.5	1.9	1.5	2.2
Net operating profit after taxes	272.0	310.5	312.9	265.9	214.8	132.3	76.2
Invested capital	1,287.1	1,356.4	1,549.8	1,378.6	1,296.6	1,247.2	1,209.4
Return on invested capital	21.1%	22.9%	20.2%	19.3%	16.6%	10.6%	6.3%

Invested capital is defined as total debt plus total equity.



LINCOLN ELECTRIC

THE WELDING EXPERTS®

FORM 10-K

LINCOLN ELECTRIC : 2015 ANNUAL REPORT

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, 2015 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:

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

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K ☑

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

☑ Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer (Do not check if a smaller reporting company) ☐ Smaller reporting company

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 30, 2015 was $4,448,640,206 (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 December 31, 2015 was 70,693,389.

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 2016 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. Welding 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. 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. In addition, the Company has a leading global position in the brazing and soldering alloys market.

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 or joint ventures, manufacturing facilities located in the United States, Australia, Brazil, Canada, China, Colombia, France, Germany, India, Indonesia, Italy, Mexico, the Netherlands, Poland, Portugal, Russia, Turkey, the United Kingdom and Venezuela.

As of December 31, 2015, the Company's business units were aligned into five operating segments. The operating segments consist of North America Welding, Europe Welding, Asia Pacific Welding, South America Welding and The Harris Products Group. The North America Welding segment primarily includes welding operations in the United States, Canada and Mexico. The Europe Welding segment includes welding operations in Europe, Russia, Africa and the Middle East. The Asia Pacific Welding segment primarily includes welding operations in China and Australia. The South America Welding segment primarily includes welding operations in Brazil, Colombia and Venezuela. The Harris Products Group includes the Company's global cutting, soldering and brazing businesses as well as the retail business in the United States. See Note 5 to the Company's consolidated financial statements for segment and geographic area information, which is incorporated herein by reference.

During the first quarter of 2016, the Company realigned its organizational and leadership structure. The new structure will allow for further integration of operational and product development processes across regions and support growth strategies. In accordance with this organizational change, beginning with quarterly reporting for the three months ended March 31, 2016, the Company will report three operating segments as follows: Americas Welding, International Welding, and The Harris Products Group.

Customers

The Company's products are sold in both domestic and international markets. In North America, products are sold principally through industrial distributors, retailers and also directly to users of welding products. Outside of North America, 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 metal fabrication,
- power generation and process industry,
- structural steel construction (buildings and bridges),
- heavy equipment fabrication (farming, mining and rail),
- shipbuilding,
- automotive,
- pipe mills and pipelines, and
- offshore oil and gas exploration and extraction.

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 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 has increased the application process 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 38 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.

Research and Development

Research activities, which the Company believes provide a competitive advantage, relate to the development of new products and the improvement of existing products. Research activities are Company-sponsored. Refer to Note 1 to the Company's consolidated financial statements with respect to total costs of research and development, which is incorporated herein by reference.

Employees

The number of persons employed by the Company worldwide at December 31, 2015 was approximately 10,000. 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 distribution 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 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. Any forward-looking statements made in this report or otherwise 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 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. Further recessionary 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 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.

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, speculative action, world supply and demand balances, inventory levels, availability of substitute materials, currency exchange rates, our competitors' production costs, anticipated or perceived shortages 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, 2015, we were a co-defendant in cases alleging asbestos induced illness involving claims by approximately 8,415 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: 49,677 of those claims were dismissed, 22 were tried to defense verdicts, seven were tried to plaintiff verdicts (one of which was vacated on appeal), one was resolved by agreement for an immaterial amount and 748 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.

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.

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.

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, our revenues and our 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. For example, we have completed and continue to pursue acquisitions in emerging markets in order to strategically position resources to increase our presence in growing markets. 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 any acquired business with our existing businesses or recognize the expected benefits from any completed acquisition.

Depending on the nature, size and timing of future acquisitions, we may be required to raise additional financing, which may not be available to us on acceptable terms. Our current operational cash flow is sufficient to fund our current 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. 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 also 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. 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.

Our long-term strategy is to continue to increase our market share in growing international markets. 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. Many developing countries have a significant degree of political and economic uncertainty and social turmoil that may impede our ability to implement and achieve our international growth objectives. Conducting business internationally subjects us to 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, anti-boycott provisions and anti-bribery laws (such as the Foreign Corrupt Practices Act and the Organization for Economic Cooperation and Development Convention). Failure by the Company or its sales representatives, agents or distributors to comply with these laws and regulations could result in administrative, civil or criminal liabilities, all or any of which could negatively impact our business and reputation. Our foreign operations also subject us to the risks of international terrorism and hostilities.

In particular, the economic and political environment in Venezuela exposes us to various risks. Currency exchange restrictions limit our ability to convert bolivars to U.S. dollars, which impacts our ability to repatriate earnings and to purchase goods and services necessary to operate our Venezuelan business. The restrictions could cause a slowdown, temporary shutdown or complete shutdown of operations at our Venezuelan subsidiary, which could negatively affect our earnings and cash flows.

In the future, the Company may need to deconsolidate its Venezuelan operations as a result of an inability to exchange bolivar-denominated cash coupled with an acute degradation in the ability to make key operational decisions due to government regulations in Venezuela. The Company monitors factors such as its ability to access various exchange mechanisms; the impact of government regulations on the Company's ability to manage its Venezuelan operation's capital structure, purchasing, product pricing, and labor relations; and the current political and economic situation within Venezuela. Based upon such factors as of December 31, 2015, the Company continues to consolidate its Venezuelan subsidiary. As of December 31, 2015, the Company's total investment in Venezuela was approximately $35,000, which includes intercompany payables.

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 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. For a discussion regarding how the financial statements have been affected by significant changes in 2015, refer to the pension related disclosure under "Part II, Item 7 – Critical Accounting Policies" and Note 11 to the Company's consolidated financial statements.

We are subject to changes in the global regulatory environment, which could adversely affect our results of operations, cash flows and financial condition.

Our businesses, results of operations or financial condition could be adversely affected if laws, regulations or standards relating to us, our products or the markets in which we operate are newly implemented or changed. New or revised laws, regulations or standards could increase our cost of doing business or restrict our ability to operate our business and execute our strategies.

A significant fluctuation between the U.S. dollar and other currencies could adversely impact our operating income.

Although our financial results are reported in U.S. dollars, a significant portion of our sales and operating costs are realized in other currencies. Our profitability is affected by movements of the U.S. dollar against other foreign currencies in which we generate revenues and incur expenses. 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.

We also face risks arising from the imposition of exchange controls and currency devaluations. Exchange controls may limit our ability to convert currencies into U.S. dollars or to remit dividend and other payments by our foreign subsidiaries within a country imposing controls. Currency devaluations result in diminished value of funds denominated in the currency of the country instituting the devaluation.

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. If these systems are 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. Furthermore, a security breach could result in 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 enjoined from entering certain jurisdictions, if we were to violate or become liable under environmental laws or if our products become non-compliant with environmental laws.

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.

Throughout 2015, we implemented rationalization plans and incurred employee severance and other related costs totaling $13,719. For more information regarding our rationalization plans, refer to the rationalization and asset impairment related disclosure under Note 6 to the Company's consolidated financial statements. 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.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. EXECUTIVE OFFICERS OF THE REGISTRANT

EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Age	Position
Christopher L. Mapes	54	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	55	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.
Frederick G. Stueber	62	Executive Vice President, General Counsel and Secretary since February 19, 2014; Senior Vice President, General Counsel and Secretary from 1996 to February 19, 2014.
George D. Blankenship	53	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	48	Executive Vice President, Chief Human Resources Officer & Interim Chief Information Officer since February 18, 2016; Executive Vice President, Chief Information Officer & Interim Chief Human Resources Officer from March 7, 2015 to February 18, 2016; Executive Vice President, Chief Information Officer since February 19, 2014; Vice President, Chief Information Officer from May 1, 2012 to February 19, 2014; Vice President, Corporate Controller from 2005 to May 1, 2012.
Geoffrey P. Allman	45	Senior Vice President, Corporate Controller since January 14, 2014; 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	55	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 January 14, 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.
Mathias Hallmann	53	Senior Vice President, President, International Welding since February 9, 2016; Senior Vice President, President, LE Europe from February 19, 2014 to February 9, 2016; Vice President; President, Lincoln Electric Europe from November 4, 2013 to February 19, 2014. Prior to his service with the Company, Mr. Hallmann was Chief Executive Officer of Bohler Welding Holding GmbH (a leading manufacturer and provider of auxiliary materials and consumables for industrial welding and soldering applications) from December 2008 to March 2012, and its Chief Operating Officer from April 2008 to November 2008.
Steven B. Hedlund	49	Senior Vice President and President, Global Automation since January 22, 2015; 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.
David J. Nangle	59	Senior Vice President, President, Harris Products Group since February 19, 2014; Vice President, Group President of Brazing, Cutting and Retail Subsidiaries from January 12, 2006 to February 19, 2014.

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 233 acres, of which present manufacturing facilities comprise an area of approximately 2,940,000 square feet.

The Company has 48 manufacturing facilities, including operations and joint ventures in 19 countries, the significant locations (grouped by operating segment) of which are as follows:

North America Welding:	
United States	Cleveland and Fort Loramie, Ohio; San Diego and Anaheim, California; Reno, Nevada; Ladson, South Carolina; Chattanooga, Tennessee; Detroit, Michigan; Fort Collins, Colorado.
Canada	Toronto; Mississauga; Hamilton.
Mexico	Mexico City; Torreon.
Europe Welding:	
France	Grand-Quevilly.
Germany	Essen.
Italy	Corsalone.
Netherlands	Nijmegen.
Poland	Bielawa; Dzierzoniow.
Portugal	Lisbon.
Russia	Mtsensk.
Turkey	Istanbul.
United Kingdom	Sheffield and Chertsey, England.
Asia Pacific Welding:	
China	Shanghai; Jinzhou; Nanjing; Zhengzhou; Luan County.
India	Chennai.
Indonesia	Cikarang.
South America Welding:	
Brazil	Guarulhos.
Colombia	Bogota.
Venezuela	Maracay.
The Harris Products Group:	
United States	Mason, Ohio; Gainesville, Georgia; Santa Fe Springs, California.
Brazil	Sao Paulo.
Mexico	Tijuana.
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. See Note 16 to the Company's 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, 2015, the Company was a co-defendant in cases alleging asbestos induced illness involving claims by approximately 8,415 plaintiffs, which is a net decrease of 486 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: 49,677 of those claims were dismissed, 22 were tried to defense verdicts, seven were tried to plaintiff verdicts (one of which was vacated on appeal), one was resolved by agreement for an immaterial amount and 748 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, 2015 was 1,741.

The total amount of dividends paid in 2015 was $87.0 million. During 2015, dividends were paid on January 15, April 15, July 15 and October 15.

Quarterly high and low stock prices and dividends declared per share for the last two years were:

	2015			2014		
	Stock Price		Dividends Declared	Stock Price		Dividends Declared
	High	Low		High	Low	
First quarter	$ 72.50	$ 63.90	$ 0.29	$ 76.26	$ 66.68	$ 0.23
Second quarter	71.15	60.85	0.29	72.88	63.23	0.23
Third quarter	62.94	51.74	0.29	73.75	65.44	0.23
Fourth quarter	62.95	49.71	0.32	75.49	61.12	0.29

Issuer purchases of equity securities for the fourth quarter 2015 were:

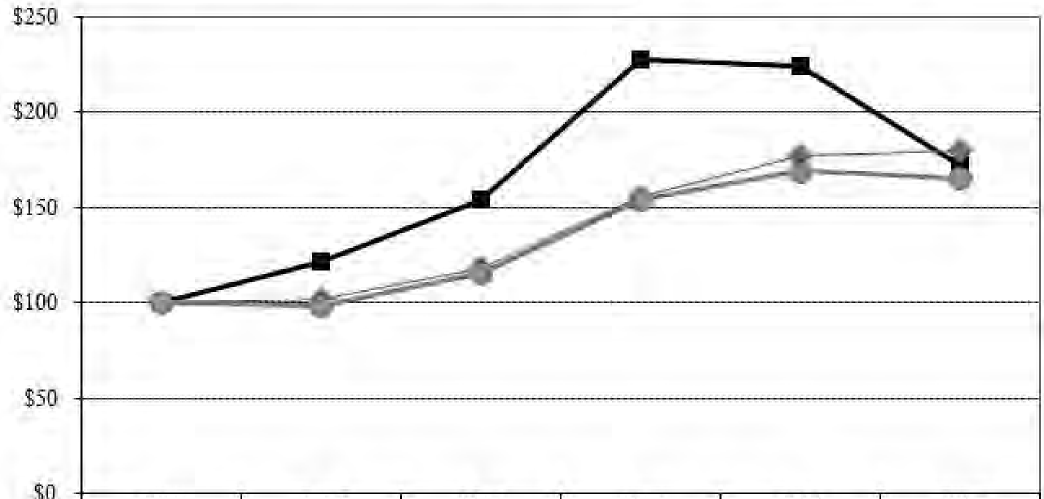
Period	Total Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs (2)
October 1-31, 2015	821,060 (1)	$ 55.30	820,904	5,769,776
November 1-30, 2015	414,672	57.00	414,672	5,355,104
December 1-31, 2015	608,088 (1)	53.70	607,183	4,747,921
Total	1,843,820	55.15	1,842,759	

(1) The above share repurchases include the surrender of 156 and 905 shares in October and December, respectively, of the Company's common shares in connection with the vesting of restricted awards.

(2) In 2013, the Company's 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 45 million shares. Total shares purchased through the share repurchase program were 40,252,079 shares at a cost of $1.3 billion for a weighted average cost of $32.24 per share through December 31, 2015.

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, 2011 and ending December 31, 2015. This graph assumes that $100 was invested on December 31, 2010 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



	2010	2011	2012	2013	2014	2015
The Company	100	122	154	228	224	172
S&P 500	100	102	118	156	177	180
S&P 400	100	98	116	154	169	166

ITEM 6. SELECTED FINANCIAL DATA

(Dollars in thousands, except per share amounts)

	Year Ended December 31,				
	2015 (1)	2014 (2)	2013 (3)	2012 (4)	2011 (5)
Net sales	$ 2,535,791	$ 2,813,324	$ 2,852,671	$ 2,853,367	$ 2,694,609
Net income	127,478	254,686	293,780	257,411	217,186
Basic earnings per share	1.72	3.22	3.58	3.10	2.60
Diluted earnings per share	1.70	3.18	3.54	3.06	2.56
Cash dividends declared per share	1.190	0.980	0.830	0.710	0.635
Total assets	1,784,171	1,939,215	2,151,867	2,089,863	1,976,776
Long-term debt	350,347	2,488	3,791	1,599	1,960

(1) Results for 2015 include $13,719 ($11,943 after-tax) of rationalization charges and non-cash net impairment charges of $6,239 ($6,239 after-tax). Results also include pension settlement charges of $142,738 ($87,310 after-tax) and charges of $27,214 ($27,214 after-tax) related to Venezuelan remeasurement losses. Long-term debt in 2015 includes the issuance of Senior Unsecured Notes in the aggregate principal amount of $350,000 through a private placement.

(2) Results for 2014 include $32,742 ($32,706 after-tax) of non-cash asset impairment charges partially offset by gains of $3,930 ($2,754 after-tax) related to the sale of assets. Associated with the impairment of long-lived assets is an offsetting special item of $805 representing portions attributable to non-controlling interests. Results also include charges of $21,133 ($21,133 after-tax) related to Venezuelan remeasurement losses.

(3) Results for 2013 include $3,658 ($2,965 after-tax) of rationalization charges and impairment charges net of gains on disposals of $4,805 ($4,608 after-tax). Results also include a charge of $12,198 ($12,198 after-tax) related to the devaluation of the Venezuelan currency and a loss of $705 ($705 after-tax) related to 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 $1,068 representing portions attributable to non-controlling interests.

(4) Results for 2012 include $7,512 ($6,153 after-tax) of rationalization charges and asset disposal and impairment charges of $1,842 ($1,289 after-tax). Results also include a charge of $1,381 ($906 after-tax) related to a change in Venezuelan labor law, which provides for increased employee severance obligations.

(5) Results for 2011 include net rationalization and asset impairment charges of $282 ($237 after-tax) resulting from rationalization activities primarily initiated in 2009 and a gain of $4,844 related to a favorable adjustment for tax audit settlements.

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. Welding 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. 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. In addition, the Company has a leading global position in the brazing and soldering alloys market.

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 continues to actively increase its patent application process in order to secure its technology advantage in 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 North America, products are sold principally through industrial distributors, retailers and also directly to users of welding products. Outside of North America, 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 metal fabrication,
- power generation and process industry,
- structural steel construction (buildings and bridges),
- heavy equipment fabrication (farming, mining and rail),
- shipbuilding,
- automotive,
- pipe mills and pipelines, and
- offshore oil and gas exploration and extraction.

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

As of December 31, 2015, the Company's business units were aligned into five operating segments. The operating segments consist of North America Welding, Europe Welding, Asia Pacific Welding, South America Welding and The Harris Products Group. The North America Welding segment primarily includes welding operations in the United States, Canada and Mexico. The Europe Welding segment includes welding operations in Europe, Russia, Africa and the Middle East. The Asia Pacific Welding segment primarily includes welding operations in China and Australia. The South America Welding segment primarily includes welding operations in Brazil, Colombia and Venezuela. The Harris Products Group includes the Company's global cutting, soldering and brazing businesses as well as the retail business in the United States. See Note 5 to the Company's consolidated financial statements for segment and geographic area information.

During the first quarter of 2016, the Company realigned its organizational and leadership structure. The new structure will allow for further integration of operational and product development processes across regions and support growth strategies. In accordance with this organizational change, beginning with quarterly reporting for the three months ended March 31, 2016, the Company will report three operating segments as follows: Americas Welding, International Welding, and The Harris Products Group.

The principal raw materials essential to the Company's business are steel, electronic components, engines, brass, copper, silver, aluminum alloys 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 38 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 net income; adjusted diluted earnings per share; operating cash flows; and capital expenditures, including 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.

Results of Operations

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

	Year Ended December 31,					
	2015		2014		2013	
	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
Net sales	$ 2,535,791	100.0%	$ 2,813,324	100.0%	$ 2,852,671	100.0%
Cost of goods sold	1,694,647	66.8%	1,864,027	66.3%	1,910,017	67.0%
Gross profit	841,144	33.2%	949,297	33.7%	942,654	33.0%
Selling, general & administrative expenses	496,748	19.6%	545,497	19.4%	527,206	18.5%
Rationalization and asset impairment charges	19,958	0.8%	30,053	1.1%	8,463	0.3%
Pension settlement charges	142,738	5.6%	—	—	—	—
Operating income	181,700	7.2%	373,747	13.3%	406,985	14.3%
Interest income	2,714	0.1%	3,093	0.1%	3,320	0.1%
Equity earnings in affiliates	3,015	0.1%	5,412	0.2%	4,806	0.2%
Other income	4,182	0.2%	3,995	0.1%	4,194	0.1%
Interest expense	(21,824)	(0.9%)	(10,434)	(0.4%)	(2,864)	(0.1%)
Income before income taxes	169,787	6.7%	375,813	13.4%	416,441	14.6%
Income taxes	42,375	1.7%	121,933	4.3%	124,754	4.4%
Net income including non-controlling interests	127,412	5.0%	253,880	9.0%	291,687	10.2%
Non-controlling interests in subsidiaries' loss	(66)	—	(806)	—	(2,093)	(0.1%)
Net income	$ 127,478	5.0%	$ 254,686	9.1%	$ 293,780	10.3%

2015 Compared with 2014

Net Sales: Net sales for 2015 decreased 9.9% from 2014. The sales decrease reflects volume decreases of 8.0%, price increases of 4.0%, increases from acquisitions of 2.2% and unfavorable impacts from foreign exchange of 8.1%. Sales volumes decreased as a result of softer demand associated with the current economic environment and weakness in oil & gas and U.S. export markets. Product pricing increased from prior year levels, reflecting the highly inflationary environment in Venezuela partially offset by pricing declines in The Harris Products Group due to decreases in the costs of silver and copper. Net sales for 2015 include $84,662 in sales from the Company's Venezuelan operations compared with $71,793 in sales from the Company's Venezuelan operations in 2014.

Gross Profit: Gross profit decreased 11.4% to $841,144 during 2015 compared with $949,297 in 2014. As a percentage of Net sales, Gross profit decreased to 33.2% in 2015 compared with 33.7% in 2014. The year ended December 31, 2015 includes $22,880, or 0.9% of sales, of inventory charges reflecting remeasurement losses in Venezuela related to the adoption of a new foreign exchange mechanism and higher warranty costs of $5,934. The year ended December 31, 2015 also includes a LIFO credit of $11,545 compared with a charge of $429 in the prior year period. The prior year period also includes a gain of $3,946 from an insurance settlement. Foreign currency exchange rates had a $62,330 unfavorable translation impact in 2015.

Selling, General & Administrative ("SG&A") Expenses: SG&A expenses decreased 8.9% to $496,748 during 2015 compared with $545,497 in 2014. The decrease was primarily due to lower bonus expense of $28,705 and lower foreign exchange transaction losses of $17,030, partially offset by higher general and administrative spending of $24,720 and incremental SG&A expenses from acquisitions of $8,780. Foreign exchange transaction losses in 2015 include a charge of $4,334, compared with a charge of $17,665 in 2014, relating to Venezuelan foreign exchange remeasurement losses as a result of the adoption of a new foreign exchange mechanism. Foreign currency exchange rates had a $33,229 favorable translation impact on SG&A expenses in 2015.

Rationalization and Asset Impairment Charges: In 2015, the Company recorded $19,958 in charges primarily related to employee severance and other related costs and non-cash goodwill and asset impairment charges. See "Rationalization and Asset Impairments" for additional information.

Pension Settlement Charges: In 2015, the Company recorded non-cash pension settlement charges of $142,738, $87,310 after-tax, primarily related to the purchase of a group annuity contract. See Note 11, "Retirement Annuity and Guaranteed Continuous Employment Plans" for additional information.

Equity Earnings in Affiliates: Equity earnings in affiliates were $3,015 in 2015 compared with earnings of $5,412 in 2014. The decrease was primarily due to a decrease in earnings in Turkey.

Interest Expense: Interest expense increased to $21,824 in 2015 from $10,434 in 2014. The increase was due to an adjustment to the consideration expected to be paid to acquire additional ownership interests of a majority-owned subsidiary and interest accrued on higher borrowings.

Income Taxes: The Company recorded $42,375 of tax expense on pre-tax income of $169,787, resulting in an effective tax rate of 25.0% for 2015 compared with an effective income tax rate of 32.4% for 2014. The effective income tax rate is lower in 2015 as compared to 2014 primarily due to higher U.S. tax credits in 2015 and changes in the mix of earnings between tax rate jurisdictions.

Net Income: Net income for 2015 was $127,478 compared with $254,686 in the prior year. Diluted earnings per share for 2015 were $1.70 compared with diluted earnings of $3.18 per share in 2014. Net income for 2015 includes non-cash pension settlement charges of $87,310, non-cash Venezuelan remeasurement losses of $27,214 related to the adoption of a new foreign exchange mechanism and net rationalization and asset impairment charges of $18,182. Foreign currency exchange rate movements had an unfavorable translation effect of $11,390 on Net income for 2015.

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, 2015:

	Net Sales 2014	Change in Net Sales due to: Volume	Acquisitions	Price	Foreign Exchange	Net Sales 2015
Operating Segments						
North America Welding	$ 1,700,924	$(129,921)	$ 57,333	$ 14,944	$ (32,923)	$1,610,357
Europe Welding	425,775	(18,179)	—	(2,285)	(68,487)	336,824
Asia Pacific Welding	243,800	(49,501)	5,295	(2,511)	(10,468)	186,615
South America Welding	148,595	(24,240)	—	116,765	(103,106)	138,014
The Harris Products Group	294,230	(2,168)	—	(15,746)	(12,335)	263,981
Consolidated	**$ 2,813,324**	**$(224,009)**	**$ 62,628**	**$ 111,167**	**$(227,319)**	**$2,535,791**
Consolidated (excluding Venezuela)	$ 2,741,531	$(211,098)	$ 62,628	$ (2,598)	$(139,334)	$2,451,129
% Change						
North America Welding		(7.6%)	3.4%	0.9%	(1.9%)	(5.3%)
Europe Welding		(4.3%)	—	(0.5%)	(16.1%)	(20.9%)
Asia Pacific Welding		(20.3%)	2.2%	(1.0%)	(4.3%)	(23.5%)
South America Welding		(16.3%)	—	78.6%	(69.4%)	(7.1%)
The Harris Products Group		(0.7%)	—	(5.4%)	(4.2%)	(10.3%)
Consolidated		**(8.0%)**	**2.2%**	**4.0%**	**(8.1%)**	**(9.9%)**
Consolidated (excluding Venezuela)		(7.7%)	2.3%	(0.1%)	(5.1%)	(10.6%)

Net sales volumes for 2015 decreased for all operating segments due to softer demand associated with the current economic environment and weakness in oil & gas and U.S. export markets. The decrease in net sales volumes in Asia Pacific Welding is also due to continued strategic repositioning in the market. Product pricing in South America Welding reflects a highly inflationary environment, particularly in Venezuela. Product pricing decreased for The Harris Products Group because of decreases in the costs of silver and copper as compared to the prior year period. The increase in Net sales from acquisitions was due to the acquisition of Rimrock Holdings Corporation and Easom Automation Systems, Inc. ("Easom") within North America Welding (see Note 3 to the consolidated financial statements for a discussion of the Company's recent acquisitions). With respect to changes in Net sales due to foreign exchange, all segments decreased due to a stronger U.S. dollar.

Earnings Before Interest and Income Taxes ("EBIT"), as Adjusted: Segment performance is measured and resources are allocated based on a number of factors, the primary profit measure being EBIT, as adjusted. The following table presents EBIT, as adjusted for 2015 by segment compared with 2014:

	Twelve Months Ended December 31, 2015	Twelve Months Ended December 31, 2014	$ Change	% Change
North America Welding:				
Net sales	$ 1,610,357	$ 1,700,924	(90,567)	(5.3%)
Inter-segment sales	100,770	124,732	(23,962)	(19.2%)
Total Sales	$ 1,711,127	$ 1,825,656	(114,529)	(6.3%)
EBIT, as adjusted	$ 306,746	$ 335,465	(28,719)	(8.6%)
As a percent of total sales	17.9%	18.4%		(0.5%)
Europe Welding:				
Net sales	$ 336,824	$ 425,775	(88,951)	(20.9%)
Inter-segment sales	15,922	19,586	(3,664)	(18.7%)
Total Sales	$ 352,746	$ 445,361	(92,615)	(20.8%)
EBIT, as adjusted	$ 31,317	$ 48,822	(17,505)	(35.9%)
As a percent of total sales	8.9%	11.0%		(2.1%)
Asia Pacific Welding:				
Net sales	$ 186,615	$ 243,800	(57,185)	(23.5%)
Inter-segment sales	10,510	14,820	(4,310)	(29.1%)
Total Sales	$ 197,125	$ 258,620	(61,495)	(23.8%)
EBIT, as adjusted	$ 7,392	$ 1,321	6,071	459.6%
As a percent of total sales	3.7%	0.5%		3.2%
South America Welding:				
Net sales	$ 138,014	$ 148,595	(10,581)	(7.1%)
Inter-segment sales	174	144	30	20.8%
Total Sales	$ 138,188	$ 148,739	(10,551)	(7.1%)
EBIT, as adjusted	$ 5,569	$ 15,953	(10,384)	(65.1%)
As a percent of total sales	4.0%	10.7%		(6.7%)
The Harris Products Group:				
Net sales	$ 263,981	$ 294,230	(30,249)	(10.3%)
Inter-segment sales	9,312	8,210	1,102	13.4%
Total Sales	$ 273,293	$ 302,440	(29,147)	(9.6%)
EBIT, as adjusted	$ 27,882	$ 28,563	(681)	(2.4%)
As a percent of total sales	10.2%	9.4%		0.8%

EBIT, as adjusted as a percent of total sales decreased for North America Welding in 2015 as compared with 2014 due to volume decreases. The decrease in Europe Welding is primarily due to unfavorable foreign exchange translation. The Asia Pacific Welding increase was due to lower raw material costs and operational efficiencies partially offset by volume decreases. The South America Welding decrease was a result of lower margins in Venezuela, as well as lower volumes and unfavorable foreign exchange translation in the segment.

In 2015, EBIT, as adjusted, excluded net charges of $3,298 and $1,507 in North America Welding and Europe Welding, respectively, primarily related to employee severance and other related costs. North America Welding special items also include non-cash charges of $6,315 related to the impairment of goodwill and non-cash charges of $3,417 related to the impairment of long-lived assets. Asia Pacific Welding special items reflect net charges of $5,432 primarily related to employee severance and other costs and adjustments to reclassify a potential divestiture that was previously held-for-sale. South America Welding special items reflect Venezuelan foreign exchange remeasurement losses of $27,214 related to the adoption of a new foreign exchange mechanism. In addition to special items listed above, 2015 EBIT, as adjusted excludes non-cash pension settlement charges of $142,738 primarily related to the purchase of a group annuity contract.

In 2014, EBIT, as adjusted, excluded net charges primarily related to employee severance and other costs associated with the consolidation of manufacturing operations. Asia Pacific Welding EBIT, as adjusted, also excluded charges of $32,742 related to impairment of long-lived assets and a gain of $3,930 related to the sale of assets. South America Welding EBIT, as adjusted, excluded special item charges of $21,133, related to the adoption of a new foreign exchange mechanism.

2014 Compared with 2013

Net Sales: Net sales for 2014 decreased 1.4% from 2013. The sales decrease reflects volume decreases of 2.0%, price increases of 1.8%, increases from acquisitions of 1.5% and unfavorable impacts from foreign exchange of 2.6%. Sales volumes decreased primarily as a result of softer volumes in South America Welding. Product pricing increased from prior year levels, reflecting the highly inflationary environment in Venezuela partially offset by pricing declines in The Harris Products Group due to decreases in the costs of silver and copper. Net sales for 2014 include $71,793 in sales from the Company's Venezuelan operations compared with $109,139 in sales from the Company's Venezuelan operations in 2013.

Gross Profit: Gross profit increased 0.7% to $949,297 during 2014 compared with $942,654 in 2013. As a percentage of Net sales, Gross profit increased to 33.7% in 2014 compared with 33.0% in 2013. The increase was the result of geographic mix and operations improvements. Foreign currency exchange rates had a $28,377 unfavorable translation impact in 2014, which includes $3,468 related to the liquidation of Venezuelan inventory valued at a historical exchange rate.

SG&A Expenses: SG&A expenses increased 3.5% to $545,497 during 2014 compared with $527,206 in 2013. The increase was primarily due to higher foreign exchange transaction losses of $16,472, incremental SG&A expenses from acquisition of $8,051 and higher bonus expense of $5,511. Foreign exchange transaction losses in 2014 include a charge of $17,665 relating to a Venezuelan remeasurement loss compared with a charge of $8,081 in 2013 due to a devaluation of the Venezuelan currency. Foreign currency exchange rates had a $14,627 favorable translation impact on SG&A expenses in 2014.

Rationalization and Asset Impairment Charges: In 2014, the Company recorded $30,053 in charges primarily related to non-cash long-lived asset impairment charges partially offset by gains on the sales of assets. See "Rationalization and Asset Impairments" for additional information.

Equity Earnings in Affiliates: Equity earnings in affiliates were $5,412 in 2014 compared with earnings of $4,806 in 2013. The increase was primarily due to an increase in earnings in Turkey.

Interest Expense: Interest expense increased to $10,434 in 2014 from $2,864 in 2013. The increase was due to an adjustment to the consideration expected to be paid to acquire additional ownership interests of a majority-owned subsidiary.

Income Taxes: The Company recorded $121,933 of tax expense on pre-tax income of $375,813, resulting in an effective tax rate of 32.4% for 2014 compared with an effective tax rate of 30.0% for 2013. The effective income tax rate is lower in 2013 as compared with 2014 primarily due to income earned in lower tax rate jurisdictions.

Net Income: Net income for 2014 was $254,686 compared with $293,780 in the prior year. Diluted earnings per share for 2014 were $3.18 compared with diluted earnings of $3.54 per share in 2013. Net income for 2014 included a loss of $8,238, or $0.10 per diluted share, from the Company's Venezuelan operations compared with Net income of $25,614, or $0.31 per diluted share, from the Company's Venezuelan operations in 2013. Foreign currency exchange rate movements had an unfavorable translation effect of $8,258 for 2014.

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, 2014:

	Net Sales 2013	Change in Net Sales due to: Volume	Acquisitions	Price	Foreign Exchange	Net Sales 2014
Operating Segments						
North America Welding	$ 1,652,769	$ 4,335	$ 42,184	$ 13,247	$ (11,611)	$1,700,924
Europe Welding	429,548	8,107	—	(3,722)	(8,158)	425,775
Asia Pacific Welding	266,282	(17,516)	—	1,351	(6,317)	243,800
South America Welding	195,895	(59,554)	—	57,461	(45,207)	148,595
The Harris Products Group	308,177	6,722	—	(18,411)	(2,258)	294,230
Consolidated	**$ 2,852,671**	**$ (57,906)**	**$ 42,184**	**$ 49,926**	**$ (73,551)**	**$2,813,324**
Consolidated (excluding Venezuela)	$ 2,743,532	$ (3,840)	$ 42,184	$ (3,997)	$ (36,348)	$2,741,531
% Change						
North America Welding		0.3%	2.6%	0.8%	(0.7%)	2.9%
Europe Welding		1.9%	—	(0.9%)	(1.9%)	(0.9%)
Asia Pacific Welding		(6.6%)	—	0.5%	(2.4%)	(8.4%)
South America Welding		(30.4%)	—	29.3%	(23.1%)	(24.1%)
The Harris Products Group		2.2%	—	(6.0%)	(0.7%)	(4.5%)
Consolidated		**(2.0%)**	**1.5%**	**1.8%**	**(2.6%)**	**(1.4%)**
Consolidated (excluding Venezuela)		(0.1%)	1.5%	(0.1%)	(1.3%)	(0.1%)

Net sales volumes for 2014 decreased for South America Welding due to the lack of available raw materials in Venezuela and Asia Pacific Welding due to lower demand and strategic repositioning in the market. North America Welding, Europe Welding and The Harris Products Group increased as a result of stronger end market demand in those geographies. Product pricing in South America Welding reflects a highly inflationary environment, particularly in Venezuela. Product pricing decreased for The Harris Products Group because of decreases in the costs of silver and copper. The increase in Net sales from acquisitions was due to the acquisitions of Easom, Robolution GmbH ("Robolution") and Burlington Automation Corporation ("Burlington") within North America Welding (see Note 3 to the consolidated financial statements for additional information regarding the acquisitions). With respect to changes in Net sales due to foreign exchange, all segments decreased due to a stronger U.S. dollar.

EBIT, as Adjusted: Segment performance is measured and resources are allocated based on a number of factors, the primary profit measure being EBIT, as adjusted. The following table presents EBIT, as adjusted for 2014 by segment compared with 2013:

	Twelve Months Ended December 31, 2014	Twelve Months Ended December 31, 2013	$ Change	% Change
North America Welding:				
Net sales	$ 1,700,924	$ 1,652,769	48,155	2.9%
Inter-segment sales	124,732	127,254	(2,522)	(2.0%)
Total Sales	$ 1,825,656	$ 1,780,023	45,633	2.6%
EBIT, as adjusted	$ 335,465	$ 318,507	16,958	5.3%
As a percent of total sales	18.4%	17.9%		0.5%
Europe Welding:				
Net sales	$ 425,775	$ 429,548	(3,773)	(0.9%)
Inter-segment sales	19,586	19,911	(325)	(1.6%)
Total Sales	$ 445,361	$ 449,459	(4,098)	(0.9%)
EBIT, as adjusted	$ 48,822	$ 36,247	12,575	34.7%
As a percent of total sales	11.0%	8.1%		2.9%
Asia Pacific Welding:				
Net sales	$ 243,800	$ 266,282	(22,482)	(8.4%)
Inter-segment sales	14,820	14,906	(86)	(0.6%)
Total Sales	$ 258,620	$ 281,188	(22,568)	(8.0%)
EBIT, as adjusted	$ 1,321	$ 1,815	(494)	(27.2%)
As a percent of total sales	0.5%	0.6%		(0.1%)
South America Welding:				
Net sales	$ 148,595	$ 195,895	(47,300)	(24.1%)
Inter-segment sales	144	233	(89)	(38.2%)
Total Sales	$ 148,739	$ 196,128	(47,389)	(24.2%)
EBIT, as adjusted	$ 15,953	$ 57,306	(41,353)	(72.2%)
As a percent of total sales	10.7%	29.2%		(18.5%)
The Harris Products Group:				
Net sales	$ 294,230	$ 308,177	(13,947)	(4.5%)
Inter-segment sales	8,210	9,605	(1,395)	(14.5%)
Total Sales	$ 302,440	$ 317,782	(15,342)	(4.8%)
EBIT, as adjusted	$ 28,563	$ 27,826	737	2.6%
As a percent of total sales	9.4%	8.8%		0.6%

EBIT, as adjusted as a percent of total sales increased for North America Welding in 2014 as compared with 2013 due to operational improvements and lower pension expense, partially offset by higher SG&A expenses. The increase for Europe Welding is primarily due to volume increases, lower manufacturing costs and improved product mix, partially offset by higher SG&A expenses. The South America Welding decrease was a result of lower volumes related to disruptions of manufacturing operations due to the lack of available raw materials in Venezuela and higher SG&A expenses due to foreign exchange losses in Venezuela. The South America Welding 2013 results include the effect of the highly inflationary environment in Venezuela.

In 2014, EBIT, as adjusted, excluded net charges primarily related to employee severance and other costs associated with the consolidation of manufacturing operations. Asia Pacific Welding EBIT, as adjusted, also excluded charges of $32,742 related to impairment of long-lived assets and a gain of $3,930 related to the sale of assets. South America Welding EBIT, as adjusted, excluded special item charges of $21,133 related to the adoption of a new foreign exchange mechanism.

In 2013, EBIT, as adjusted, excluded special items charges primarily related to employee severance and other costs associated with the consolidation of manufacturing operations. Asia Pacific Welding EBIT, as adjusted, also excluded charges of $4,444 related to impairment of long-lived assets and a charge of $705 related to a loss on the sale of land. South America Welding EBIT, as adjusted, excluded special item charges of $12,198 related to the devaluation of the Venezuelan currency.

Non-GAAP Financial Measures

The Company reviews Adjusted operating income, Adjusted net income, 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 non-GAAP measure Free cash flow ("FCF"). FCF is defined as Net cash provided by operating activities less Capital expenditures.

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

	Year Ended December 31,		
	2015	2014	2013
Operating income as reported	$ 181,700	$ 373,747	$ 406,985
Special items (pre-tax):			
Rationalization and asset impairment charges	19,958	30,053	8,463
Venezuela remeasurement losses	27,214	21,133	12,198
Pension settlement charges	142,738	—	—
Loss on the sale of land	—	—	705
Adjusted operating income	$ 371,610	$ 424,933	$ 427,646

Special items included in Operating income during 2015 include net rationalization and asset impairment charges which primarily consist of employee severance and other related costs of $13,719, a non-cash goodwill impairment charge of $6,315 and net non-cash asset impairment charges. Special items for 2015 also include pension settlement charges and Venezuelan foreign exchange remeasurement losses related to the adoption of a new foreign exchange mechanism.

Special items included in Operating income during 2014 include net rationalization and asset impairment charges primarily consisting of non-cash asset impairment charges of $32,742 offset by gains of $3,930 related to the sale of assets. Special items for 2014 also include Venezuelan remeasurement losses related to the adoption of a new foreign exchange mechanism.

Special items included in Operating income during 2013 include net rationalization and asset impairment charges primarily related to employee severance and other costs associated with the consolidation of manufacturing operations and impairment of long-lived assets. Special items for 2013 also include charges related to the devaluation of the Venezuelan currency and a loss on the sale of land.

The following table presents reconciliations of Net income and Diluted earnings per share as reported to Adjusted net income and Adjusted diluted earnings per share:

	Year Ended December 31,		
	2015	2014	2013
Net income as reported	$ 127,478	$ 254,686	$ 293,780
Special items (after-tax):			
Rationalization and asset impairment charges	18,182	30,914	7,573
Venezuela remeasurement losses	27,214	21,133	12,198
Pension settlement charges	87,310	—	—
Loss on the sale of land	—	—	705
Special items attributable to non-controlling interests	—	(805)	(1,068)
Adjusted net income	$ 260,184	$ 305,928	$ 313,188
Diluted earnings per share as reported	$ 1.70	$ 3.18	$ 3.54
Special items per share	1.78	0.64	0.23
Adjusted diluted earnings per share	$ 3.48	$ 3.82	$ 3.77

Net income for 2015 includes net rationalization and asset impairment which primarily consist of employee severance and other related costs of $11,943, a non-cash goodwill impairment charge of $6,315 and net non-cash asset impairment charges. Special items for 2015 also include pension settlement charges and Venezuelan remeasurement losses related to the adoption of a new foreign exchange mechanism. Adjusted net income for 2015 includes $3,209, or $0.05 per diluted share, from the Company's Venezuelan operations.

Net income for 2014 includes net rationalization and asset impairment charges primarily consisting of non-cash asset impairment charges of $32,706 partially offset by gains of $2,754 related to the sale of assets. Associated with the impairment of long-lived assets is an offsetting special item of $805 attributable to non-controlling interests. Special items for 2014 also include Venezuelan remeasurement losses related to the adoption of a new foreign exchange mechanism. Adjusted net income for 2014 includes $13,279, or $0.17 per diluted share, from the Company's Venezuelan operations.

Net income for 2013 includes net rationalization and asset impairment charges primarily related to employee severance and other costs associated with the consolidation of manufacturing operations and impairment of long-lived assets and 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 $1,068 attributable to non-controlling interests. Special items for 2013 also include charges related to the devaluation of the Venezuelan currency. Adjusted net income for 2013 includes $37,812, or $0.46 per diluted share, from the Company's Venezuelan operations.

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	
	2015	2014	2013	2015 vs. 2014	2014 vs. 2013
Cash provided by operating activities	$ 310,858	$ 401,702	$ 338,894	$ (90,844)	$ 62,808
Cash used by investing activities:	(85,352)	(78,985)	(129,500)	(6,367)	50,515
Capital expenditures	(50,507)	(72,990)	(76,015)	22,483	3,025
Acquisition of businesses, net of cash acquired	(37,076)	(24,230)	(53,161)	(12,846)	28,931
Cash used by financing activities:	(169,908)	(314,355)	(194,184)	144,447	(120,171)
Proceeds from (payments on) short-term borrowings, net	(34,229)	47,876	(1,451)	(82,105)	49,327
Proceeds from (payments on) long-term borrowings, net	350,835	5,455	(389)	345,380	5,844
Proceeds from exercise of stock options	5,996	9,116	20,297	(3,120)	(11,181)
Excess tax benefit from stock-based compensation	1,974	5,967	10,602	(3,993)	(4,635)
Purchase of shares for treasury	(399,494)	(307,178)	(167,879)	(92,316)	(139,299)
Cash dividends paid to shareholders	(86,968)	(73,261)	(49,277)	(13,707)	(23,984)
Increase (decrease) in Cash and cash equivalents	25,804	(21,446)	13,361		

Cash and cash equivalents increased 9.3%, or $25,804, to $304,183 during the twelve months ended December 31, 2015, from $278,379 as of December 31, 2014. This increase was predominantly due to the cash provided from operating activities and proceeds from the issuance of Senior Unsecured Notes (the "Notes") of $350,000 (see the "Debt" section below for additional information) partially offset by purchases of common shares for treasury of $399,494. At December 31, 2015, $223,567 of Cash and cash equivalents was held by international subsidiaries and may be subject to U.S. income taxes and foreign withholding taxes if repatriated to the U.S.

Cash provided by operating activities decreased $90,844 for the twelve months ended December 31, 2015 compared with the twelve months ended December 31, 2014. The decrease was predominantly due to higher contributions to U.S. pension plans of $25,949, lower cash refunds from a Canadian tax deposit of $25,306 and lower earnings offset by less investment in net operating working capital of $63,604. Net operating working capital is defined as the sum of Accounts receivable and Total inventory less Trade accounts payable. Net operating working capital to sales, defined as net operating working capital divided by annualized rolling three months of Net sales, remained consistent at 17.1% at December 31, 2015 compared with 17.1% at December 31, 2014. Days sales in inventory decreased to 89.2 days at December 31, 2015 from 94.7 days at December 31, 2014. Accounts receivable days decreased to 46.9 days at December 31, 2015 from 47.8 days at December 31, 2014. Average days in accounts payable decreased to 38.7 days at December 31, 2015 from 46.6 days at December 31, 2014.

Cash used by investing activities increased by $6,367 in the twelve months ended December 31, 2015 compared with the twelve months ended December 31, 2014. The increase was predominantly due to an increase in the acquisition of businesses of $12,846 and a decrease in proceeds from the sale of property, plant and equipment of $15,147 offset by a decrease in capital expenditures of $22,483. The Company anticipates capital expenditures of $65,000 to $75,000 in 2016. Anticipated capital expenditures reflect investments for capital maintenance to improve operational effectiveness and the Company's continuing international expansion. Management critically evaluates all proposed capital expenditures and requires each project to increase efficiency, reduce costs, promote business growth, or to improve the overall safety and environmental conditions of the Company's facilities.

Cash used by financing activities decreased $144,447 in the twelve months ended December 31, 2015 compared with the twelve months ended December 31, 2014. The decrease was predominantly due to proceeds from the Notes of $350,000 offset by increased net payments of short-term borrowings of $82,105, higher purchases of common shares for treasury of $92,316 and higher cash dividends paid to shareholders of $13,707.

The Company's debt levels increased from $70,654 at December 31, 2014 to $354,625 at December 31, 2015 due to the issuance of the Notes. Debt to total invested capital increased to 27.6% at December 31, 2015 from 5.2% at December 31, 2014.

The Company paid $86,968 and $73,261 in cash dividends to its shareholders in the twelve months ended December 31, 2015 and 2014, respectively.

The Company has a share repurchase program for up to 45 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 twelve months ended December 31, 2015, the Company purchased a total of 6.6 million shares at a cost of $399,494. As of December 31, 2015, 4.7 million shares remained available for repurchase under the stock repurchase program. The Company currently anticipates share repurchases of approximately $400,000 in 2016.

The Company made voluntary contributions to its U.S. defined benefit plans of $47,124, $21,175 and $75,216 in 2015, 2014 and 2013, respectively. The Company expects to voluntarily contribute $20,000 to U.S. plans in 2016. Based on current pension funding rules, the Company does not anticipate that contributions to the plans would be required in 2016.

Canada - Notice of Reassessment

In July 2012, the Company received a Notice of Reassessment (the "Reassessments") from the Canada Revenue Agency in respect to its 2004 to 2010 taxation years to disallow the deductibility of inter-company dividends. The Company appealed the Reassessments to the Tax Court of Canada. As part of the appeals process to the Tax Court of Canada, the Company had elected to deposit the entire amount of the dispute in order to suspend continuing interest charges.

In September 2014, the Department of Justice Canada consented to a judgment, wholly in the Company's favor. In vacating the reassessment, this tax litigation is concluded. In December 2014, the Company received a partial refund of the cash deposit. In the first quarter of 2015, the Company received a refund of $24,976 which was substantially all of the remaining cash deposit. The Company also received interest on the deposit of $1,596.

Rationalization and Asset Impairments

In 2015, the Company recorded net rationalization and asset impairment charges of $19,958 resulting from rationalization activities. The 2015 net charges include $13,719 primarily related to employee severance and other related costs and $6,315 in an impairment charge to the carrying value of goodwill

In 2014, the Company recorded net rationalization and asset impairment charges of $30,053 resulting from rationalization activities. The 2014 net charges include $1,241 primarily related to employee severance and other related costs and $32,742 in asset impairment charges, partially offset by gains from sales of assets of $3,930.

In 2013, the Company recorded net rationalization and asset impairment charges of $8,463 resulting from rationalization activities. The 2013 net charges include $3,658 primarily related to employee severance and other related costs and $4,961 in asset impairment charges, partially offset by gains from sales of assets $156.

Fair values of impaired assets were determined using projected discounted cash flows.

Acquisitions

Refer to Note 3 to the consolidated financial statements for a discussion of the Company's recent acquisitions.

Debt

At December 31, 2015 and 2014, the fair value of long-term debt, including the current portion, was approximately $342,602 and $9,323, respectively, which was determined using available market information and methodologies requiring judgment. Since considerable 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 agreed to issue the Notes in the aggregate principal amount of $350,000 through a private placement. At December 31, 2015, $349,147, net of debt issuance costs of $853, was outstanding and recorded in Long-term debt, less current portion. The proceeds are being used for general corporate purposes. The Notes have maturities ranging from 10 to 30 years with a weighted average effective interest rate of 3.5%, excluding accretion of original issuance costs, and an average tenure of 19 years. Interest is payable semi-annually. The Notes contain certain affirmative and negative covenants. As of December 31, 2015, the Company was in compliance with all of its debt covenants.

Revolving Credit Agreement

The Company has a line of credit totaling $400,000 through the Amended and Restated Credit Agreement (the "Credit Agreement"), which was entered into on September 12, 2014. 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 and a fixed charges coverage ratio and total leverage ratio. As of December 31, 2015, the Company was in compliance with all of its covenants and had no outstanding borrowings under 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 LIBOR or the prime rate, plus a spread based on the Company's leverage ratio, at the Company's election.

Short-term Borrowings

The Company's short-term borrowings included in Amounts due banks were $2,822 and $61,155 at December 31, 2015 and 2014, respectively. Amounts due banks included the outstanding borrowings under the Credit Agreement and the borrowings of foreign subsidiaries at weighted average interest rates of 24.1% and 3.1% at December 31, 2015 and 2014, respectively.

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 for the years ended December 31, 2015, 2014 and 2013 were as follows:

Return on Invested Capital	2015	2014	2013
Adjusted net income [1]	$ 260,184	$ 305,928	$ 313,188
Plus: Interest expense (after-tax)	13,469	6,439	1,767
Less: Interest income (after-tax)	1,675	1,909	2,049
Net operating profit after taxes	271,978	310,458	312,906
Invested capital	1,287,073	1,356,435	1,549,775
Return on invested capital	21.1%	22.9%	20.2%

(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, 2015 are as follows:

	Payments Due By Period				
	Total	2016	2017 to 2018	2019 to 2020	2021 and Beyond
Long-term debt, including current portion	$ 352,545	$ 1,400	$ 630	$ 200	$ 350,315
Interest on long-term debt	235,968	12,649	24,733	24,679	173,907
Capital lease obligations	111	62	44	5	—
Short-term debt	2,822	2,822	—	—	—
Interest on short-term debt	341	341	—	—	—
Operating leases	41,683	12,160	15,357	8,582	5,584
Purchase commitments[1]	125,332	124,228	909	195	—
Total	$ 758,802	$ 153,662	$ 41,673	$ 33,661	$ 529,806

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

As of December 31, 2015, there was $14,332 of tax liabilities related to unrecognized tax benefits and a $23,201 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. See Note 12 and Note 14 to the Company's consolidated financial statements for further discussion. Additionally, in connection with prior acquisitions, there were liabilities with fair values as of December 31, 2015 of $9,184 for a contingent consideration arrangement and $26,484 for a forward contract to acquire an additional ownership interest in a majority owned subsidiary. The amount of future cash flows associated with these liabilities will be contingent upon actual results of the acquired entities. See Note 14 to the Company's consolidated financial statements for further discussion.

The Company expects to voluntarily contribute $20,000 to the U.S. defined benefit plans in 2016.

Stock-Based Compensation

On April 23, 2015, the shareholders of the Company approved the 2015 Equity and Incentive Compensation Plan ("Employee Plan"), which replaced the 2006 Equity and Performance Incentive Plan, as amended ("EPI 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"), which replaced the 2006 Stock Plan for Non-Employee Directors ("2006 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, 2015, there were 5,600,763 common shares available for future grant under all plans.

Under these plans, options, restricted shares and restricted stock units granted were 411,406 in 2015, 22,909 in 2014 and 357,494 in 2013. The Company issued common shares from treasury upon all exercises of stock options and the granting of restricted stock awards in 2015, 2014 and 2013.

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 recipients fail to meet vesting requirements. Total stock-based compensation expense recognized in the Consolidated Statements of Income for 2015, 2014 and 2013 was $7,932, $8,416 and $9,734, respectively, with a related tax benefit of $3,037, $3,222 and $3,727, respectively. As of December 31, 2015, total unrecognized stock-based compensation expense related to non-vested stock options, restricted shares and restricted stock units was $15,371, which is expected to be recognized over a weighted average period of approximately 2.9 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, 2015 was $30,121 and $30,121, respectively. The total intrinsic value of options exercised during 2015, 2014 and 2013 was $6,879, $14,647 and $26,288 respectively.

Product Liability Costs

Product liability costs incurred are 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 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 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 2015. 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, 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 reserves for estimated income tax exposures for many jurisdictions. Exposures are settled primarily through the completion of audits within each individual tax jurisdiction or the closing of a statute of limitation. Exposures can also be affected by changes in applicable tax law or 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 income tax exposures; however, actual results may materially differ from these estimates. See Note 12 to the Company's consolidated financial statements for further discussion of tax contingencies.

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 losses are included in Selling, general & administrative expenses and were $6,023, $22,351 and $7,759 in 2015, 2014 and 2013, respectively.

Venezuela – Highly Inflationary Economy

Venezuela is a highly inflationary economy under U.S. GAAP. As a result, the financial statements of the Company's Venezuelan operation are reported under highly inflationary accounting rules as of January 1, 2010. Under highly inflationary accounting, the financial statements of the Company's Venezuelan operation have been remeasured into the Company's reporting currency and exchange gains and losses from the remeasurement of monetary assets and liabilities are reflected in current earnings. On February 8, 2013, the Venezuelan government announced the devaluation of its currency relative to the U.S. dollar. Effective February 13, 2013 the official rate moved from 4.3 to 6.3 bolivars to the U.S. dollar. In 2013, the devaluation of the bolivar resulted in a foreign currency transaction loss of $8,081 in Selling, general & administrative expenses and higher Cost of goods sold of $4,117 due to the liquidation of inventory valued at the historical exchange rate.

In January 2014, the Venezuela government announced the formation of the National Center of Foreign Trade (“CENCOEX”) to replace the Commission for the Administration of Currency Exchange (“CADIVI”). Effective January 24, 2014, the exchange rate applicable to the settlement of certain transactions through CENCOEX, including payments of dividends and royalties, changed to utilize the Complementary System of Foreign Currency Administration ("SICAD") auction-based exchange rate (the "SICAD rate") as opposed to the official rate. Further, in January 2014, the Venezuelan government enacted the "Fair Prices Law" limiting prices and establishing a maximum profit margin on goods and services. In February 2014, the government announced a new market based foreign exchange system, the SICAD II. The exchange rate established through SICAD II fluctuated daily and was significantly higher than both the official rate and the SICAD rate.

As of March 31, 2014, the Company determined that the rate used in remeasuring the Venezuelan operation's financial statements into U.S. dollars would change to the SICAD rate as future remittances for dividend payments could be transacted at the SICAD rate. As of March 31, 2014, the SICAD rate was 10.7 bolivars to the U.S. dollar, which resulted in a remeasurement loss on the bolivar-denominated monetary net asset position of $17,665 which was recorded in Selling, general & administrative expenses in the three months ended March 31, 2014. Additionally, the Company incurred higher Cost of goods sold of $3,468 during the second quarter of 2014 related to the adoption of the SICAD rate.

In February 2015, the Venezuelan government eliminated the SICAD II rate and announced a new exchange market called the Marginal Currency System ("SIMADI"), which allows for trading based on supply and demand. At September 30, 2015, the Company determined that the rate used in remeasuring the Venezuelan operation's financial statements into U.S. dollars would change to the SIMADI rate as it most appropriately approximates the rates used to transact business in its Venezuelan operations. At September 30, 2015, the SIMADI rate was 199.4 bolivars to the U.S. dollar, resulting in a remeasurement charge on the bolivar-denominated monetary net liability position of $4,334. This foreign exchange loss was recorded in Selling, general & administrative expenses during the three months ended September 30, 2015. Additionally, the Company recorded lower of cost or net realizable value inventory adjustments of $22,880 within Cost of goods sold, related to the adoption of the SIMADI rate. As of December 31, 2015, the SIMADI rate was 198.7 bolivars to the U.S dollar. If the Company were to convert bolivars at a rate other than the SIMADI rate, the Company may realize additional losses or gains to earnings.

At December 31, 2015, the amount of bolivar requests awaiting government approval to be paid in U.S. dollars at the SIMADI rate include $1,550 for dividend payments, of which $510 have been outstanding for more than a year, and $7,871 to be paid at the official rate, all of which have been outstanding for more than a year.

In 2015, the Company’s Venezuela operations contributed $84,662 to Net sales for the Company. Net income included a loss of $24,005, or $0.32 per diluted share from Venezuela. Adjusted net income for 2015 included $3,209, or $0.05 per diluted share, from Venezuela. In 2014, the Company’s Venezuela operations contributed $71,793 to Net sales for the Company. Net income included a loss of $8,238, or $0.10 per diluted share, from Venezuela. Adjusted net income for 2014 included $13,279, or $0.17 per diluted share, from Venezuela. Future impacts to earnings of applying highly inflationary accounting for Venezuela on the Company’s consolidated financial statements will be dependent upon the applied currency exchange mechanisms, the movements in the applicable exchange rates between the bolivar and the U.S. dollar and the amount of monetary assets and liabilities included in the Company’s Venezuelan operation’s balance sheet. The bolivar-denominated monetary net asset position was $32 at December 31, 2015, which includes $642 of cash and cash equivalents and the bolivar-denominated monetary net liability position was $1,264 at December 31, 2014, which includes $2,124 of cash and cash equivalents.

The Company’s ability to effectively manage sales and profit levels in Venezuela will be impacted by several factors. In addition to those factors previously mentioned, these include the Company’s ability to mitigate the effect of any potential future devaluation and Venezuelan government price or exchange controls. The various restrictions on the distribution of foreign currency by the Venezuelan government could also affect the Company’s ability to pay obligations and maintain normal production levels in Venezuela.

In the future, the Company may need to deconsolidate its Venezuelan operations as a result of an inability to exchange bolivar-denominated cash coupled with an acute degradation in the ability to make key operational decisions due to government regulations in Venezuela. The Company monitors factors such as its ability to access various exchange mechanisms; the impact of government regulations on the Company's ability to manage its Venezuelan operation's capital structure, purchasing, product pricing and labor relations; and the current political and economic situation within Venezuela. Based upon such factors as of December 31, 2015, the Company continues to consolidate its Venezuelan subsidiary. As of December 31, 2015, the Company's total investment in Venezuela was approximately $35,000, which includes intercompany payables.

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 does not provide deferred income taxes on unremitted earnings of certain non-U.S. subsidiaries, which are deemed permanently reinvested. It is not practicable to calculate the deferred taxes associated with the remittance of these earnings. Deferred income taxes associated with earnings that are not expected to be permanently reinvested were not significant. At December 31, 2015, the Company had approximately $92,537 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, 2015, a valuation allowance of $51,294 was recorded against these 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 substantial portion of the Company's pension amounts relate to its defined benefit plan in the United States. The fair value of plan assets is determined at December 31 of each year.

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 6.3% and 7.3% at December 31, 2015 and 2014, 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 amortized over the average remaining service period of active employees expected to receive benefits under the plan. The amortization of the net deferral of past losses will increase future pension expense. During 2015, investment returns were 0.9% compared with a return of 11.5% in 2014. A 25 basis point change in the expected return on plan assets would increase or decrease pension expense by approximately $2,000.

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 4.5% at December 31, 2015 and 4.1% at December 31, 2014. A 10 basis point change in the discount rate would increase or decrease pension expense by approximately $1,500.

Pension expense relating to the Company's defined benefit plans was $162,815, $12,395 and $29,908 in 2015, 2014 and 2013, respectively. Pension expense in 2015 includes $142,738 in settlement charges. The Company expects 2016 defined benefit pension expense, excluding the effect of settlements, to decrease by a range of approximately $1,000 to $3,000.

The Accumulated other comprehensive loss, excluding tax effects, recognized on the Consolidated Balance Sheet was $154,756 as of December 31, 2015 and $314,411 as of December 31, 2014. The decrease is primarily the result of pension settlement charges recorded in 2015 related to the purchase of a group annuity contract. Refer to Note 11 to the Consolidated Financial Statements for additional information.

The Company made voluntary contributions to its U.S. defined benefit plans of $47,124, $21,175 and $75,216 in 2015, 2014 and 2013, respectively. The Company expects to voluntarily contribute $20,000 to the U.S. plans in 2016. Based on current pension funding rules, the Company does not anticipate that contributions to the plans would be required in 2016.

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. For most domestic inventories, cost is determined principally by the last-in, first-out ("LIFO") method, and for non-U.S. inventories, cost is determined by the first-in, first-out ("FIFO") method. 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 costs and inventory levels may differ from interim LIFO inventory valuations. The excess of current cost over LIFO cost was $59,765 at December 31, 2015 and $71,311 at December 31, 2014.

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.

Due to the presence of impairment indicators during the third quarter of 2015, the Company performed an impairment test of certain long-lived assets of a business unit. The Company determined that for certain long-lived assets the carrying value of the assets exceeded the fair value, resulting in a $3,417 non-cash impairment charge. This result was considered a possible indication of goodwill impairment, therefore, the Company performed an interim goodwill impairment test, using a combination of income and market valuation approaches, resulting in a $6,315 non-cash impairment charge to the carrying value of goodwill.

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. Goodwill is tested by comparing the fair value of each reporting unit with its carrying value. If the carrying value of the reporting unit exceeds its fair value, the implied value of goodwill is compared to its carrying value and impairment is recognized to the extent that the carrying value exceeds the implied fair value.

Fair values are determined using established business valuation techniques and models developed by the Company that incorporate allocations of certain assets and cash flows among reporting units, estimates of market participant assumptions of future cash flows, future growth rates and the applicable discount rates to value estimated cash flows. Changes in economic and operating conditions impacting these assumptions could result in asset impairments in future periods.

The fair value of goodwill for all of the Company's reporting units exceeded its carrying value by at least 20% as of the testing date during the fourth quarter of 2015. Key assumptions in estimating the reporting unit's fair value include assumed market participant assumptions of revenue growth, operating margins and the rate used to discount future cash flows. Actual revenue growth and operating margins below the assumed market participant assumptions or an increase in the discount rate would have a negative impact on the fair value of the reporting unit that could result in a goodwill impairment charge in a future period.

Stock-Based Compensation

The Company uses the Black-Scholes option pricing model for estimating fair values of options. The Black-Scholes model requires assumptions regarding the volatility of the Company's common shares, the expected life of the stock award and the Company's dividend yield. The Company utilizes historical data in determining these assumptions. An increase or decrease in the assumptions or economic events outside of management's control could have an impact on the Black-Scholes model.

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, 2015, a 10% change in commodity prices, and a 100 basis point increase in effective interest rates. The contractual derivative, borrowing and investment arrangements in effect at December 31, 2015 were compared to the hypothetical foreign exchange, commodity price, or interest rates in the sensitivity analysis to determine the effect on income before taxes, interest expense, or accumulated other comprehensive loss. The analysis takes into consideration any offset that would result from changes in the value of the hedged asset or liability.

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, 2015, the Company hedged certain third-party and inter-company purchases and sales. At December 31, 2015, the Company had foreign exchange contracts with a notional value of approximately $30,388. At December 31, 2015, a hypothetical 10% weakening of the U.S. dollar would not materially affect the Company's financial statements.

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. A hypothetical 10% adverse change in commodity prices on the Company's open commodity futures at December 31, 2015 would not materially affect the Company's financial statements.

Interest Rate Risk

The Company's debt portfolio contains variable rate debt, inherently exposing the Company to interest rate risk. A hypothetical 1.0% increase in interest rates would not materially affect the Company's financial statements. The Company uses interest rate derivatives to manage interest rate risk. The Company had no interest rate derivatives outstanding during 2015 or 2014.

The Company's return on cash and cash equivalents are also subject to interest rate risk. As of December 31, 2015, the Company had $304,183 in cash and cash equivalents. A hypothetical change of 1.0% in interest rates would not materially affect the Company's financial statements. The fair value of the Company's Cash and cash equivalents at December 31, 2015 approximated carrying value. The Company's 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, 2015 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, 2015.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2015 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 and is incorporated herein by reference.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting that occurred during the fourth quarter of 2015 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 2016 proxy statement pursuant to Regulation 14A of the Exchange Act prior to April 29, 2016.

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 2016 proxy statement.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference from the 2016 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 2016 proxy statement.

For further information on the Company's equity compensation plans, see Note 1 and Note 9 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 2016 proxy statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference from the 2016 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 Balance Sheets – December 31, 2015 and 2014

Consolidated Statements of Income – Years ended December 31, 2015, 2014 and 2013

Consolidated Statements of Comprehensive Income – Years ended December 31, 2015, 2014 and 2013

Consolidated Statements of Equity – Years ended December 31, 2015, 2014 and 2013

Consolidated Statements of Cash Flows – Years ended December 31, 2015, 2014 and 2013

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 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).
3.2	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).
10.1	Amended and Restated Credit Agreement, dated as of September 12, 2014, 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 September 17, 2014, 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*	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).
10.4*	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).
10.5*	Non-Employee Directors' Deferred Compensation Plan (Amended and Restated as of December 31, 2008) (filed as Exhibit 10.3 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 a part hereof).
10.6*	2005 Deferred Compensation Plan for Executives (Amended and Restated as of January 1, 2016) (filed herewith).

Exhibit No.	Description
10.7*	Form of Severance Agreement (as entered into by the Company and its executive officers) (filed as Exhibit 10.1 to Form 10-Q of Lincoln Electric Holdings, Inc. for the three months ended June 30, 2009, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.8*	2006 Equity and Performance Incentive Plan (Restated as of March 3, 2011) (filed as Annex A to the 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).
10.9*	2006 Stock Plan for Non-Employee Directors (filed as Appendix C to the 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).
10.10*	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).
10.11*	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).
10.12*	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).
10.13*	2015 Equity and Incentive Compensation Plan (filed as Appendix B to the 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).
10.14*	2015 Stock Plan for Non-Employee Directors (filed as Appendix C to the 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).
10.15*	Form of Stock Option Agreement for Executive Officers (for awards made before December 2010) (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).
10.16*	Form of Stock Option Agreement for Executive Officers (for awards made on or after December 1, 2010) (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).
10.17*	Form of Restricted Stock Unit Agreement for Executive Officers (for awards made prior to December 2013) (filed as Exhibit 10.2 to Form 8-K of Lincoln Electric Holdings, Inc. filed on August 4, 2011, SEC File No. 0-1402 and incorporated herein by reference and made a part thereof).
10.18*	Form of Amendment to Restricted Stock Unit Agreement for Executive Officers (for awards made prior to December 2013) (filed as Exhibit 10.2 to Form 8-K of Lincoln Electric Holdings, Inc. filed on December 20, 2013, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10.19*	Form of Restricted Stock Unit Agreement for Executive Officers (for awards made on or after December 2013 - October 2015) (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).
10.20*	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).
10.21*	Form of Restricted Stock Unit Agreement for Executive Officers (for awards made on or after October 2015) (filed herewith)
10.22*	Form of Performance Share Award Agreement for Executive Officers (filed herewith)
10.23*	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).
10.24*	Form of Director 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).
21	Subsidiaries of the Registrant.
23	Consent of Independent Registered Public Accounting Firm.
24	Powers of Attorney.

Exhibit No.	Description
31.1	Certification by the Chairman, President and Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
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.
32.1	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

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

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/ GEOFFREY P. ALLMAN

Geoffrey P. Allman
Senior Vice President, Corporate Controller
(principal accounting officer)
February 24, 2016

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 24, 2016

/s/ VINCENT K. PETRELLA

Vincent K. Petrella,
Executive Vice President, Chief Financial Officer and Treasurer
(principal financial officer)
February 24, 2016

/s/ GEOFFREY P. ALLMAN

Geoffrey P. Allman,
Senior Vice President, Corporate Controller
(principal accounting officer)
February 24, 2016

/s/ GEOFFREY P. ALLMAN

Geoffrey P. Allman as
Attorney-in-Fact for
Curtis E. Espeland, Director
February 24, 2016

/s/ GEOFFREY P. ALLMAN

Geoffrey P. Allman as
Attorney-in-Fact for
David H. Gunning, Director
February 24, 2016

/s/ GEOFFREY P. ALLMAN

Geoffrey P. Allman as
Attorney-in-Fact for
Stephen G. Hanks, Director
February 24, 2016

/s/ GEOFFREY P. ALLMAN

Geoffrey P. Allman as
Attorney-in-Fact for
Michael F. Hilton, Director
February 24, 2016

/s/ GEOFFREY P. ALLMAN

Geoffrey P. Allman as
Attorney-in-Fact for
G. Russell Lincoln, Director
February 24, 2016

/s/ GEOFFREY P. ALLMAN

Geoffrey P. Allman as
Attorney-in-Fact for
Kathryn Jo Lincoln, Director
February 24, 2016

/s/ GEOFFREY P. ALLMAN

Geoffrey P. Allman as
Attorney-in-Fact for
William E. MacDonald, III, Director
February 24, 2016

/s/ GEOFFREY P. ALLMAN

Geoffrey P. Allman as
Attorney-in-Fact for
Phillip J. Mason, Director
February 24, 2016

/s/ GEOFFREY P. ALLMAN

Geoffrey P. Allman as
Attorney-in-Fact for
Hellene S. Runtagh, Director
February 24, 2016

/s/ GEOFFREY P. ALLMAN

Geoffrey P. Allman as
Attorney-in-Fact for
George H. Walls, Jr., Director
February 24, 2016

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Lincoln Electric Holdings, Inc.

We have audited the accompanying consolidated balance sheets of Lincoln Electric Holdings, Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedule listed in the Index as Item 15 (a) (2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Lincoln Electric Holdings, Inc. and subsidiaries at December 31, 2015 and 2014, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Lincoln Electric Holdings, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2015, 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 24, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Cleveland, Ohio
February 24, 2016

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Lincoln Electric Holdings, Inc.

We have audited Lincoln Electric Holdings, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2015, 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). Lincoln Electric Holdings, Inc. and subsidiaries' 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 in Item 9A. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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.

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.

In our opinion, Lincoln Electric Holdings, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Lincoln Electric Holdings, Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2015 of Lincoln Electric Holdings, Inc. and subsidiaries and our report dated February 24, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Cleveland, Ohio
February 24, 2016

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

	December 31, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	$ 304,183	$ 278,379
Accounts receivable (less allowance for doubtful accounts of $7,299 in 2015; $7,858 in 2014)	264,715	337,664
Inventories		
Raw materials	87,919	112,408
Work-in-process	39,555	41,156
Finished goods	148,456	187,493
Total inventory	275,930	341,057
Deferred income taxes	—	9,164
Other current assets	91,167	129,938
Total Current Assets	935,995	1,096,202
Property, Plant and Equipment		
Land	45,775	46,553
Buildings	362,325	371,400
Machinery and equipment	696,849	711,737
Property, plant and equipment	1,104,949	1,129,690
Less accumulated depreciation	693,626	690,944
Property, Plant and Equipment, Net	411,323	438,746
Other Assets		
Prepaid pensions	38,201	1,240
Equity investments in affiliates	27,241	27,481
Intangibles, net	120,719	132,689
Goodwill	187,504	180,127
Long-term investments	32,093	31,119
Deferred income taxes	8,683	2,940
Other non-current assets	22,412	28,671
Total Other Assets	436,853	404,267
TOTAL ASSETS	$ 1,784,171	$ 1,939,215

See notes to these consolidated financial statements.

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

	December 31, 2015	December 31, 2014
LIABILITIES AND EQUITY		
Current Liabilities		
Amounts due banks	$ 2,822	$ 61,155
Trade accounts payable	152,620	209,745
Accrued employee compensation and benefits	65,571	66,653
Accrued expenses	33,522	30,126
Accrued taxes, including income taxes	16,599	18,947
Accrued pensions	5,026	2,971
Dividends payable	22,622	22,329
Accrued bonuses	29,011	29,973
Customer advances	16,112	26,517
Other current liabilities	24,761	16,968
Current portion of long-term debt	1,456	7,011
Total Current Liabilities	370,122	492,395
Long-Term Liabilities		
Long-term debt, less current portion	350,347	2,488
Accrued pensions	15,243	32,803
Deferred income taxes	46,662	40,761
Accrued taxes	19,674	25,571
Other long-term liabilities	49,675	59,416
Total Long-Term Liabilities	481,601	161,039
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 2015 and 2014; outstanding – 70,693,389 shares in 2015 and 76,997,161 shares in 2014	9,858	9,858
Additional paid-in capital	272,908	258,816
Retained earnings	2,125,838	2,086,174
Accumulated other comprehensive loss	(296,267)	(288,622)
Treasury shares, at cost – 27,888,045 shares in 2015 and 21,584,273 shares in 2014	(1,180,750)	(783,677)
Total Shareholders' Equity	931,587	1,282,549
Non-controlling interests	861	3,232
Total Equity	932,448	1,285,781
TOTAL LIABILITIES AND EQUITY	$ 1,784,171	$ 1,939,215

See notes to these consolidated financial statements.

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

	Year Ended December 31,		
	2015	**2014**	**2013**
Net sales	$ 2,535,791	$ 2,813,324	$ 2,852,671
Cost of goods sold	1,694,647	1,864,027	1,910,017
Gross profit	841,144	949,297	942,654
Selling, general & administrative expenses	496,748	545,497	527,206
Rationalization and asset impairment charges	19,958	30,053	8,463
Pension settlement charges	142,738	—	—
Operating income	181,700	373,747	406,985
Other income (expense):			
Interest income	2,714	3,093	3,320
Equity earnings in affiliates	3,015	5,412	4,806
Other income	4,182	3,995	4,194
Interest expense	(21,824)	(10,434)	(2,864)
Total other income (expense)	(11,913)	2,066	9,456
Income before income taxes	169,787	375,813	416,441
Income taxes	42,375	121,933	124,754
Net income including non-controlling interests	127,412	253,880	291,687
Non-controlling interests in subsidiaries' loss	(66)	(806)	(2,093)
Net income	$ 127,478	$ 254,686	$ 293,780
Basic earnings per share	$ 1.72	$ 3.22	$ 3.58
Diluted earnings per share	$ 1.70	$ 3.18	$ 3.54
Cash dividends declared per share	$ 1.19	$ 0.98	$ 0.83

See notes to these consolidated financial statements.

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

	Year Ended December 31,		
	2015	2014	2013
Net income including non-controlling interests	$ 127,412	$ 253,880	$ 291,687
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on derivatives designated and qualifying as cash flow hedges, net of tax of $336 in 2015; $(121) in 2014; $(141) in 2013	557	(378)	289
Defined pension plan activity, net of tax of $61,538 in 2015; $(20,951) in 2014; $60,556 in 2013	98,117	(37,200)	101,151
Currency translation adjustment	(106,935)	(98,365)	(19,955)
Transactions with non-controlling interests	(7)	(4)	155
Other comprehensive income (loss)	(8,268)	(135,947)	81,640
Comprehensive income	119,144	117,933	373,327
Comprehensive loss attributable to non-controlling interests	(689)	(72)	(3,912)
Comprehensive income attributable to shareholders	$ 119,833	$ 118,005	$ 377,239

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, 2012	82,945	$ 9,858	$ 205,124	$ 1,682,668	$ (235,400)	$ (319,877)	$ 15,948	$ 1,358,321
Net income				293,780			(2,093)	291,687
Unrecognized amounts from defined benefit pension plans, net of tax					101,151			101,151
Unrealized gain (loss) on derivatives designated and qualifying as cash flow hedges, net of tax					289			289
Currency translation adjustment					(18,136)		(1,819)	(19,955)
Cash dividends declared – $0.83 per share				(67,986)				(67,986)
Issuance of shares under benefit plans	787		33,693			7,460		41,153
Purchase of shares for treasury	(2,722)					(167,879)		(167,879)
Transactions with non-controlling interests			1,702		155		(7,950)	(6,093)
Balance at December 31, 2013	81,010	9,858	240,519	1,908,462	(151,941)	(480,296)	4,086	1,530,688
Net income				254,686			(806)	253,880
Unrecognized amounts from defined benefit pension plans, net of tax					(37,200)			(37,200)
Unrealized gain (loss) on derivatives designated and qualifying as cash flow hedges, net of tax					(378)			(378)
Currency translation adjustment					(99,099)		734	(98,365)
Cash dividends declared – $0.98 per share				(76,974)				(76,974)
Issuance of shares under benefit plans	385		19,781			3,797		23,578
Purchase of shares for treasury	(4,398)					(307,178)		(307,178)
Transactions with non-controlling interests			(1,484)		(4)		(782)	(2,270)
Balance at December 31, 2014	76,997	9,858	258,816	2,086,174	(288,622)	(783,677)	3,232	1,285,781
Net income				127,478			(66)	127,412
Unrecognized amounts from defined benefit pension plans, net of tax					98,117			98,117
Unrealized gain (loss) on derivatives designated and qualifying as cash flow hedges, net of tax					557			557
Currency translation adjustment					(106,312)		(623)	(106,935)
Cash dividends declared – $1.19 per share				(87,814)				(87,814)
Issuance of shares under benefit plans	274		14,092			2,421		16,513
Purchase of shares for treasury	(6,578)					(399,494)		(399,494)
Transactions with non-controlling interests					(7)		(1,682)	(1,689)
Balance at December 31, 2015	70,693	$ 9,858	$ 272,908	$ 2,125,838	$ (296,267)	$ (1,180,750)	$ 861	$ 932,448

See notes to these consolidated financial statements.

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

	Year Ended December 31,		
	2015	**2014**	**2013**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 127,478	$ 254,686	$ 293,780
Non-controlling interests in subsidiaries' loss	(66)	(806)	(2,093)
Net income including non-controlling interests	127,412	253,880	291,687
Adjustments to reconcile Net income including non-controlling interests to Net cash provided by operating activities:			
Rationalization and asset impairment charges	6,269	29,574	5,092
Depreciation and amortization	64,007	69,607	68,883
Equity earnings in affiliates, net	(530)	(1,848)	(1,660)
Deferred income taxes	(55,728)	17,887	17,817
Stock-based compensation	7,932	8,416	9,734
Pension expense and settlement charges	162,815	12,395	29,774
Pension contributions and payments	(53,547)	(36,072)	(87,356)
Other, net	958	18,095	1,910
Changes in operating assets and liabilities, net of effects from acquisitions:			
Decrease (increase) in accounts receivable	56,741	5,876	(5,437)
Decrease (increase) in inventories	56,067	(5,718)	13,310
(Increase) decrease in other current assets	(19,972)	32,081	2,811
(Decrease) increase in accounts payable	(46,911)	2,135	794
Decrease in other current liabilities	(463)	(3,736)	(7,785)
Net change in other long-term assets and liabilities	5,808	(870)	(680)
NET CASH PROVIDED BY OPERATING ACTIVITIES	310,858	401,702	338,894
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(50,507)	(72,990)	(76,015)
Acquisition of businesses, net of cash acquired	(37,076)	(24,230)	(53,161)
Proceeds from sale of property, plant and equipment	2,310	17,457	1,393
Other investing activities	(79)	778	(1,717)
NET CASH USED BY INVESTING ACTIVITIES	(85,352)	(78,985)	(129,500)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	12,505	11,124	1,230
Payments on short-term borrowings	(9,268)	(12,226)	(2,164)
Amounts due banks, net	(37,466)	48,978	(517)
Proceeds from long-term borrowings	357,780	8,754	61
Payments on long-term borrowings	(6,945)	(3,299)	(450)
Proceeds from exercise of stock options	5,996	9,116	20,297
Excess tax benefit from stock-based compensation	1,974	5,967	10,602
Purchase of shares for treasury	(399,494)	(307,178)	(167,879)
Cash dividends paid to shareholders	(86,968)	(73,261)	(49,277)
Other financing activities	(8,022)	(2,330)	(6,087)
NET CASH USED BY FINANCING ACTIVITIES	(169,908)	(314,355)	(194,184)
Effect of exchange rate changes on cash and cash equivalents	(29,794)	(29,808)	(1,849)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	25,804	(21,446)	13,361
Cash and cash equivalents at beginning of year	278,379	299,825	286,464
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 304,183	$ 278,379	$ 299,825

See notes to these consolidated financial statements.

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 a manufacturer of welding, cutting and brazing products. Welding 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. The Company's product offering also includes computer numeric controlled ("CNC") plasma and oxy-fuel cutting systems, regulators and torches used in oxy-fuel welding, cutting and brazing and consumables used in the brazing and soldering alloys market.

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 losses are included in Selling, general & administrative expenses and were $6,023, $22,351 and $7,759 in 2015, 2014 and 2013, respectively.

Venezuela – Highly Inflationary Economy

Venezuela is a highly inflationary economy under U.S. generally accepted accounting principles ("GAAP"). As a result, the financial statements of the Company's Venezuelan operation are reported under highly inflationary accounting rules as of January 1, 2010. Under highly inflationary accounting, the financial statements of the Company's Venezuelan operation have been remeasured into the Company's reporting currency and exchange gains and losses from the remeasurement of monetary assets and liabilities are reflected in current earnings. On February 8, 2013, the Venezuelan government announced the devaluation of its currency relative to the U.S. dollar. Effective February 13, 2013 the official rate moved from 4.3 to 6.3 bolivars to the U.S. dollar. In 2013, the devaluation of the bolivar resulted in a foreign currency transaction loss of $8,081 in Selling, general & administrative expenses and higher Cost of goods sold of $4,117 due to the liquidation of inventory valued at the historical exchange rate.

In January 2014, the Venezuela government announced the formation of the National Center of Foreign Trade (“CENCOEX”) to replace the Commission for the Administration of Currency Exchange (“CADIVI”). Effective January 24, 2014, the exchange rate applicable to the settlement of certain transactions through CENCOEX, including payments of dividends and royalties, changed to utilize the Complementary System of Foreign Currency Administration ("SICAD") auction-based exchange rate (the "SICAD rate") as opposed to the official rate. Further, in January 2014, the Venezuelan government enacted the "Fair Prices Law" limiting prices and establishing a maximum profit margin on goods and services. In February 2014, the government announced a new market based foreign exchange system, the SICAD II. The exchange rate established through SICAD II fluctuated daily and was significantly higher than both the official rate and the SICAD rate.

As of March 31, 2014, the Company determined that the rate used in remeasuring the Venezuelan operation's financial statements into U.S. dollars would change to the SICAD rate as future remittances for dividend payments could be transacted at the SICAD rate. As of March 31, 2014, the SICAD rate was 10.7 bolivars to the U.S. dollar, which resulted in a remeasurement loss on the bolivar-denominated monetary net asset position of $17,665 which was recorded in Selling, general & administrative expenses in the three months ended March 31, 2014. Additionally, the Company incurred higher Cost of goods sold of $3,468 during the second quarter of 2014 related to the adoption of the SICAD rate.

In February 2015, the Venezuelan government eliminated the SICAD II rate and announced a new exchange market called the Marginal Currency System ("SIMADI"), which allows for trading based on supply and demand. At September 30, 2015, the Company determined that the rate used in remeasuring the Venezuelan operation's financial statements into U.S. dollars would change to the SIMADI rate as it most appropriately approximates the rates used to transact business in its Venezuelan operations. At September 30, 2015, the SIMADI rate was 199.4 bolivars to the U.S. dollar, resulting in a remeasurement charge on the bolivar-denominated monetary net liability position of $4,334. This foreign exchange loss was recorded in Selling, general & administrative expenses during the three months ended September 30, 2015. Additionally, the Company recorded a lower of cost or net realizable value inventory adjustments of $22,880 within Cost of goods sold, related to the adoption of the SIMADI rate. As of December 31, 2015, the SIMADI rate was 198.7 bolivars to the U.S dollar. If the Company were to convert bolivars at a rate other than the SIMADI rate, the Company may realize additional losses or gains to earnings.

Future impacts to earnings of applying highly inflationary accounting for Venezuela on the Company's consolidated financial statements will be dependent upon the applied currency exchange mechanisms, the movements in the applicable exchange rates between the bolivar and the U.S. dollar and the amount of monetary assets and liabilities included in the Company's Venezuelan operation's balance sheet. The bolivar-denominated monetary net asset position was $32 at December 31, 2015, including $642 of cash and cash equivalents and the bolivar-denominated monetary net liability position was $1,264 at December 31, 2014, including $2,124 of cash and cash equivalents.

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. For most domestic inventories, cost is determined principally by the last-in, first-out ("LIFO") method, and for non-U.S. inventories, cost is determined by the first-in, first-out ("FIFO") method.

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. Historically, the Company's reserves have approximated actual experience.

Equity Investments

Investments in businesses in which the Company does not have a controlling interest and holds between a 20% and 50% ownership interest are accounted for using the equity method of accounting. The Company's 50% ownership interest in equity investments includes investments in Turkey and Chile. The amount of retained earnings that represents undistributed earnings of 50% or less owned equity investments was $19,072 at December 31, 2015 and $18,542 at December 31, 2014.

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 three 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.

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. 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. Goodwill is tested by comparing the fair value of each reporting unit with its carrying value. If the carrying value of the reporting unit exceeds its fair value, the implied value of goodwill is compared to its carrying value and impairment is recognized to the extent that the carrying value exceeds the implied fair value.

Fair values are determined using established business valuation techniques and models developed by the Company that incorporate allocations of certain assets and cash flows among reporting units, estimates of market participant assumptions of future cash flows, future growth rates and the applicable discount rates to value estimated cash flows. Changes in economic and operating conditions impacting these assumptions could result in asset impairments in future periods.

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.

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 Company uses the market approach to value similar assets and liabilities in active markets and the income approach that consists of discounted cash flow models that take into account the present value of future cash flows under the terms of the contracts using current market information as of the reporting date. The following hierarchy is used to classify the inputs used to 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.

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 three years from the date of sale. The accrual for product warranty claims is included in Accrued expenses.

Revenue Recognition

Substantially all of the Company's revenues are recognized when the risks and rewards of ownership and title to the product have transferred to the customer, which generally occurs at point of shipment. 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.

For contracts accounted for under the percentage of completion method, revenue recognition is 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.

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.

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 two 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 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 (i.e., hedging the exposure to variability in expected future cash flows). 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 non-current assets, Other current liabilities or Other long-term 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 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.

Net investment hedges

For derivative instruments that qualify as a net investment hedge (i.e., hedging the foreign currency exposure of a net investment in a foreign operation), the effective portion of the fair value gains or losses are recognized in AOCI with offsetting amounts recorded as Other current assets, Other non-current assets, Other current liabilities or Other long-term 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 derivative instruments which are not designated as hedging instruments including foreign exchange forward contracts and commodity price contracts. Foreign exchange forward contracts are held as economic hedges of certain balance sheet exposures and qualify as fair value hedges (i.e., hedging the exposure to changes in the fair value of an asset or a liability). 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. Short-term commodity price contracts are not designated as hedges. Realized and unrealized gains and losses on these contracts are recognized in Costs of goods sold.

Research and Development

Research and development costs are charged to Selling, general & administrative expenses as incurred and totaled $47,182, $43,256 and $42,126 in 2015, 2014 and 2013, 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 $98,651 in 2015, $128,478 in 2014 and $123,571 in 2013.

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.

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.

Reclassification

Certain reclassifications have been made to prior year financial statements to conform to current year classifications.

New Accounting Pronouncements

New Accounting Pronouncements Adopted:

In November 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2015-17, *"Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes."* ASU 2015-17 requires deferred tax liabilities and assets to be classified as non-current in a classified statement of financial position. The amendments may be applied prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. ASU 2015-17 is effective for financial statements issued for fiscal years beginning after December 15, 2016 and interim periods within those annual periods. ASU 2015-17 was early adopted by the Company effective October 1, 2015 to improve Company disclosures and was applied prospectively. As such, prior periods have not been retrospectively adjusted.

In July 2015, the FASB issued ASU No. 2015-11, *"Inventory (Topic 330): Simplifying the Measurement of Inventory."* ASU 2015-11 applies to all inventory that is measured using the first-in, first-out and average cost valuation methods. ASU 2015-11 requires entities to measure inventory at lower of cost and net realizable value. Subsequent measurement is unchanged for inventory measured using last-in, first-out or the retail inventory method. The amendments should be applied prospectively and are effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. ASU 2015-11 was early adopted by the Company effective July 1, 2015 and did not have a significant impact on the Company's financial statements.

In April 2015, the FASB issued ASU 2015-03, *"Interest - Imputation of Interest (Subtopic 835-30)."* ASU 2015-03 requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the new amendment. The new guidance will be applied on a retrospective basis to each prior reporting period presented. Upon transition, the Company is required to comply with applicable disclosures for a change in accounting principle. The amendment is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. ASU 2015-03 was early adopted by the Company effective October 1, 2015 resulting in debt issuance costs being presented as a direct deduction to the Company's Long-term debt, less current portion in the Consolidated Balance Sheet as of December 31, 2015. Refer to Note 8 - Debt for additional details. The Company has applied the provisions of ASU 2015-15, *"Interest - Imputation of Interest (Subtopic 835-30)"* and presents costs associated with its line of credit agreements as an asset in the Consolidated Balance Sheet.

New Accounting Pronouncements to be Adopted:

In September 2015, the FASB issued ASU No. 2015-16, *"Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments."* ASU 2015-16 requires an acquiring entity to recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The amendments also require an entity to record the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. An entity must present separately on the face of the statement of operations or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. The amendments should be applied prospectively and are effective for financial statements issued for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years.

In May 2015, the FASB issued ASU No. 2015-07, *"Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share."* ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient and removes the requirement to make certain disclosures for these investments. The amendment should be applied retrospectively and is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of ASU 2015-07 on the Company's financial statement disclosures.

In May 2014, the FASB issued ASU No. 2014-09, *"Revenue from Contracts with Customers (Topic 606)."* ASU 2014-09 requires an entity to recognize revenue in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, the amendment provides five steps that an entity should apply when recognizing revenue. The amendment also specifies the accounting of some costs to obtain or fulfill a contract with a customer and expands the disclosure requirements around contracts with customers. An entity can either adopt this amendment retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the update recognized at the date of initial application. In August 2015, the FASB issued ASU 2015-14, "*Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date,"* which deferred the effective date of ASU 2014-09 to annual reporting periods beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted as of annual reporting periods beginning after December 15, 2016. The Company is currently evaluating the impact of the adoption of ASU 2014-09 on the Company's financial statements.

(Dollars in thousands, except share and per share amounts)

NOTE 2 - EARNINGS PER SHARE

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

	Year Ended December 31,		
	2015	2014	2013
Numerator:			
Net income	$ 127,478	$ 254,686	$ 293,780
Denominator:			
Basic weighted average shares outstanding	74,111	79,185	81,978
Effect of dilutive securities - Stock options and awards	743	911	1,064
Diluted weighted average shares outstanding	74,854	80,096	83,042
Basic earnings per share	$ 1.72	$ 3.22	$ 3.58
Diluted earnings per share	$ 1.70	$ 3.18	$ 3.54

For the years ended December 31, 2015, 2014 and 2013, common shares subject to equity-based awards of 522,471, 260,090 and 45,850, respectively, were excluded from the computation of diluted earnings per share because the effect of their exercise would be anti-dilutive.

NOTE 3 – ACQUISITIONS

During August 2015, the Company acquired Specialised Welding Products ("SWP"). SWP, based in Melbourne, Australia, is a provider of specialty welding consumables and fabrication, maintenance and repair services for alloy and wear resistant products commonly used in mining and energy sector applications. The acquisition broadens the Company's presence and specialty alloy offering in Australia and New Zealand.

Also in August 2015, the Company acquired Rimrock Holdings Corporation ("Rimrock"). Rimrock is a manufacturer of industrial automation products and robotic systems with two divisions, Wolf Robotics LLC, based in Fort Collins, Colorado, and Rimrock Corporation, based in Columbus, Ohio. Wolf Robotics integrates robotic welding and cutting systems predominantly for heavy fabrication and transportation OEMs and suppliers. The acquisition advances the Company's leadership position in automated welding and cutting solutions. Rimrock Corporation designs and manufactures automated spray systems and turnkey robotic systems for the die casting, foundry and forging markets. The Company is currently reviewing strategic options for Rimrock Corporation.

Combined annual revenues for SWP and Rimrock at the dates of acquisition were approximately $56,000.

During October 2014, the Company acquired substantially all of the assets of Easom Automation Systems, Inc. ("Easom"). Easom, based in Detroit, Michigan, is an integrator and manufacturer of automation and positioning solutions, serving heavy fabrication, aerospace and automotive OEMs and suppliers. The acquisition advances the Company's leadership position in automated welding and cutting solutions. Easom has annual sales of approximately $30,000. In addition, during 2014, the Company acquired the remaining interest in its majority-owned joint venture, Harris Soldas Especiais S.A.

During November 2013, the Company completed the acquisition of Robolution GmbH ("Robolution"). Robolution, based outside of Frankfurt, Germany, is a leading European provider of robotic arc welding systems. The acquisition added to the Company's growing automation business and enables the Company to better support automation customers across three continents.

Also in November 2013, the Company acquired an ownership interest in Burlington Automation Corporation ("Burlington"). Burlington, based in Hamilton, Ontario, Canada, is a leader in the design and manufacture of 3D robotic plasma cutting systems whose products are sold under the brand name Python X®. The acquisition broadens the Company's portfolio of automated cutting and welding process solutions.

Combined revenues for Robolution and Burlington in 2013 were approximately $35,000. In addition, during 2013, the Company acquired a greater interest in its majority-owned joint venture, Lincoln Electric Heli (Zhengzhou) Welding Materials Company Ltd.

Pro forma information related to these acquisitions 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.

(Dollars in thousands, except share and per share amounts)

NOTE 4 – GOODWILL AND INTANGIBLES

The changes in the carrying amount of goodwill by reportable segments for the years ended December 31, 2015 and 2014 were as follows:

	North America Welding	Europe Welding	Asia Pacific Welding	South America Welding	The Harris Products Group	Consolidated
Balance as of December 31, 2013	$ 130,439	$ 24,430	$ 5,359	$ 562	$ 13,925	$ 174,715
Additions and adjustments	18,014	—	—	—	(381)	17,633
Foreign currency translation	(3,859)	(7,700)	(97)	(106)	(459)	(12,221)
Balance as of December 31, 2014	144,594	16,730	5,262	456	13,085	180,127
Additions and adjustments	19,700	—	3,846	—	(301)	23,245
Impairment charges	(6,315)	—	—	—	—	(6,315)
Foreign currency translation	(5,986)	(2,384)	(109)	(114)	(960)	(9,553)
Balance as of December 31, 2015	$ 151,993	$ 14,346	$ 8,999	$ 342	$ 11,824	$ 187,504

Additions to goodwill primarily reflect goodwill recognized in the acquisitions of Rimrock and SWP in 2015 and Easom in 2014 (see Note 3). During the third quarter of 2015, the Company determined that for certain long-lived assets of a business unit, the carrying value of the assets exceeded the fair value resulting in impairment (see Note 6). This result was considered a possible indication of goodwill impairment, therefore, the Company performed an interim goodwill impairment test, using a combination of income and market valuation approaches resulting in a $6,315 non-cash impairment charge to the carrying value of goodwill. The reductions to goodwill include the tax benefit attributable to the amortization of tax deductible goodwill in excess of goodwill recorded for financial reporting purposes.

Gross carrying values and accumulated amortization of intangible assets other than goodwill by asset class as of December 31, 2015 and 2014 were as follows:

	December 31, 2015		December 31, 2014	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Intangible assets not subject to amortization				
Trademarks and trade names	$ 15,919		$ 16,273	
Intangible assets subject to amortization				
Trademarks and trade names	$ 36,754	$ 18,243	$ 34,064	$ 14,253
Customer relationships	77,590	33,932	77,671	26,935
Patents	24,208	6,884	24,195	6,509
Other	54,586	29,279	54,992	26,809
Total intangible assets subject to amortization	$ 193,138	$ 88,338	$ 190,922	$ 74,506

Increases in gross intangible assets primarily reflect the acquisitions of Rimrock and SWP in 2015. During the third quarter of 2015, the Company recognized non-cash impairment charges of $3,417 related to trademarks and trade names, customer relationships and other definite lived intangible assets (see Note 6). All impairment charges have been recorded within Rationalization and asset impairment charges.

(Dollars in thousands, except share and per share amounts)

During 2015, 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, 2015	
	Purchase Price Allocation	Weighted Average Life
Acquired intangible assets not subject to amortization		
Trademarks and trade names	$ 615	
Acquired intangible assets subject to amortization		
Trademarks and trade names	2,155	10
Customer relationships	4,479	10
Patents	2,377	20
Other	2,694	11
Total acquired intangible assets subject to amortization	$ 11,705	

Aggregate amortization expense was $13,296, $13,869 and $13,342 for 2015, 2014 and 2013, respectively. Estimated annual amortization expense for intangible assets for each of the next five years is $13,950 in 2016, $12,790 in 2017, $11,928 in 2018, $10,788 in 2019 and $10,360 in 2020.

NOTE 5 – SEGMENT INFORMATION

The Company's primary business is the design and manufacture 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 also has a leading global position in the brazing and soldering alloys market. As of December 31, 2015, the Company's business units were aligned into five operating segments. The operating segments consists of North America Welding, Europe Welding, Asia Pacific Welding, South America Welding and The Harris Products Group. The North America Welding segment primarily includes welding operations in the United States, Canada and Mexico. The Europe Welding segment includes welding operations in Europe, Russia, Africa and the Middle East. The Asia Pacific Welding segment primarily includes welding operations in China and Australia. The South America Welding segment primarily includes welding operations in Brazil, Colombia and Venezuela. The Harris Products Group includes the Company's global cutting, soldering and brazing businesses as well as the retail business in the United States.

During the first quarter of 2016, the Company realigned its organizational and leadership structure. The new structure will allow for further integration of operational and product development processes across regions and support growth strategies. In accordance with this organizational change, beginning with quarterly reporting for the three months ended March 31, 2016, the Company will report three operating segments as follows: Americas Welding, International Welding, and The Harris Products Group.

Segment performance is measured and resources are allocated based on a number of factors, the primary profit measure being earnings before interest and income taxes ("EBIT"), as adjusted. 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, 2015, 2014 and 2013, approximately 40%, 40% and 38%, respectively, of total inventories were valued using the LIFO method. LIFO is used for certain domestic inventories included in North America 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.

(Dollars in thousands, except share and per share amounts)

Financial information for the reportable segments follows:

	North America Welding	Europe Welding	Asia Pacific Welding	South America Welding	The Harris Products Group	Corporate / Eliminations	Consolidated
For the Year Ended December 31, 2015							
Net sales	$ 1,610,357	$ 336,824	$ 186,615	$ 138,014	$ 263,981	$ —	$ 2,535,791
Inter-segment sales	100,770	15,922	10,510	174	9,312	(136,688)	$ —
Total	$ 1,711,127	$ 352,746	$ 197,125	$ 138,188	$ 273,293	$ (136,688)	$ 2,535,791
EBIT, as adjusted	$ 306,746	$ 31,317	$ 7,392	$ 5,569	$ 27,882	$ (99)	$ 378,807
Special items charge (gain)	155,757	1,507	5,432	27,214	—	—	$ 189,910
EBIT	$ 150,989	$ 29,810	$ 1,960	$ (21,645)	$ 27,882	$ (99)	$ 188,897
Interest income							2,714
Interest expense							(21,824)
Income before income taxes							$ 169,787
Total assets	$ 1,101,056	$ 298,825	$ 239,382	$ 82,575	$ 143,905	$ (81,572)	$ 1,784,171
Equity investments in affiliates	—	23,450	—	3,791	—	—	$ 27,241
Capital expenditures	31,578	6,508	5,480	4,214	2,727	—	$ 50,507
Depreciation and amortization	44,344	8,296	7,026	1,765	2,596	(20)	$ 64,007
For the Year Ended December 31, 2014							
Net sales	$ 1,700,924	$ 425,775	$ 243,800	$ 148,595	$ 294,230	$ —	$ 2,813,324
Inter-segment sales	124,732	19,586	14,820	144	8,210	(167,492)	$ —
Total	$ 1,825,656	$ 445,361	$ 258,620	$ 148,739	$ 302,440	$ (167,492)	$ 2,813,324
EBIT, as adjusted	$ 335,465	$ 48,822	$ 1,321	$ 15,953	$ 28,563	$ 4,216	$ 434,340
Special items charge (gain)	(68)	904	28,635	21,715	—	—	$ 51,186
EBIT	$ 335,533	$ 47,918	$ (27,314)	$ (5,762)	$ 28,563	$ 4,216	$ 383,154
Interest income							3,093
Interest expense							(10,434)
Income before income taxes							$ 375,813
Total assets	$ 1,111,065	$ 359,337	$ 284,573	$ 138,114	$ 147,990	$ (101,864)	$ 1,939,215
Equity investments in affiliates	—	23,902	—	3,579	—	—	$ 27,481
Capital expenditures	51,691	5,619	3,959	10,896	825	—	$ 72,990
Depreciation and amortization	43,659	10,823	9,799	2,085	3,512	(271)	$ 69,607
For the Year Ended December 31, 2013							
Net sales	$ 1,652,769	$ 429,548	$ 266,282	$ 195,895	$ 308,177	$ —	$ 2,852,671
Inter-segment sales	127,254	19,911	14,906	233	9,605	(171,909)	$ —
Total	$ 1,780,023	$ 449,459	$ 281,188	$ 196,128	$ 317,782	$ (171,909)	$ 2,852,671
EBIT, as adjusted	$ 318,507	$ 36,247	$ 1,815	$ 57,306	$ 27,826	$ (4,350)	$ 437,351
Special items charge (gain)	1,052	2,045	6,071	12,198	—	—	$ 21,366
EBIT	$ 317,455	$ 34,202	$ (4,256)	$ 45,108	$ 27,826	$ (4,350)	$ 415,985
Interest income							3,320
Interest expense							(2,864)
Income before income taxes							$ 416,441
Total assets	$ 1,048,412	$ 403,094	$ 325,656	$ 169,027	$ 162,496	$ 43,182	$ 2,151,867
Equity investments in affiliates	—	23,315	—	3,303	—	—	$ 26,618
Capital expenditures	41,181	10,305	2,073	20,840	3,931	(2,315)	$ 76,015
Depreciation and amortization	39,086	10,933	13,559	1,893	3,636	(224)	$ 68,883

(Dollars in thousands, except share and per share amounts)

In 2015, special items in North America Welding, Europe Welding and Asia Pacific Welding include rationalization charges primarily related to employee severance and other related costs. North America Welding special items also include charges of $3,417 related to the impairment of long-lived assets and $6,315 related to the impairment to the carrying value of goodwill. Special items in 2015 also include pension settlement charges of $142,738, primarily related to the purchase of a group annuity contract. South America Welding special items reflect Venezuelan foreign exchange remeasurement losses related to the adoption of a new foreign exchange mechanism.

In 2014, special items include net rationalization charges primarily related to employee severance and other costs associated with the consolidation of manufacturing operations. Asia Pacific Welding special items also include net charges of $32,742 related to the impairment of long-lived assets partially offset by gains of $3,293 related to the sale of assets. South America Welding special items also include Venezuelan foreign exchange remeasurement losses of $21,133 related to the adoption of a new foreign exchange mechanism.

In 2013, special items in North America Welding, Europe Welding and Asia Pacific Welding reflect rationalization charges primarily related to employee severance and other costs associated with the consolidation of manufacturing operations. Asia Pacific Welding special items also include charges of $4,444 related to the impairment of long-lived assets and a charge of $705 related to a loss on the sale of land. South America Welding special items represent a charge related to the devaluation of the Venezuelan foreign currency.

Export sales (excluding inter-company sales) from the United States were $175,049 in 2015, $210,325 in 2014 and $260,195 in 2013. No individual customer comprised more than 10% of the Company's total revenues for any of the three years ended December 31, 2015.

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,		
	2015	2014	2013
Net sales:			
United States	$ 1,387,882	$ 1,417,750	$ 1,350,309
China	137,101	190,035	219,490
Other foreign countries	1,010,808	1,205,539	1,282,872
Total	$ 2,535,791	$ 2,813,324	$ 2,852,671

	December 31,		
	2015	2014	2013
Property, plant and equipment, net:			
United States	$ 173,974	$ 171,746	$ 162,357
China	53,673	57,783	83,416
Other foreign countries	184,045	209,640	238,685
Eliminations	(369)	(423)	(453)
Total	$ 411,323	$ 438,746	$ 484,005

NOTE 6 – RATIONALIZATION AND ASSET IMPAIRMENTS

The Company recorded rationalization net charges of $19,958, $30,053 and $8,463 for the years ended December 31, 2015, 2014 and 2013, respectively. The 2015 net charges include $13,719 primarily related to employee severance and other related costs and $6,239 in asset impairment charges. A description of each restructuring plan and the related costs follows:

North America Welding Plans:

During 2015, the Company initiated a rationalization plan within North America Welding that includes a voluntary separation incentive program covering certain U.S.-based employees. The Company recorded rationalization charges of $3,298 for the year ended December 31, 2015 related to the program, which represent employee severance and other related costs. The Company does not expect further costs associated with these actions to be material as they were substantially completed and paid during 2015.

(Dollars in thousands, except share and per share amounts)

Due to the presence of impairment indicators during 2015, the Company performed an impairment test of certain long-lived assets of a business unit. The Company determined that for certain long-lived assets the carrying value of the assets exceeded the fair value, resulting in a $3,417 non-cash impairment charge. This result was considered a possible indication of goodwill impairment, therefore, the Company performed an interim goodwill impairment test, using a combination of income and market valuation approaches, resulting in a $6,315 non-cash impairment charge to the carrying value of goodwill.

Europe Welding Plans:

During 2015, the Company initiated a rationalization plan within Europe Welding. The plan includes headcount restructuring to better align the cost structures with economic conditions and operating needs. During the year ended December 31, 2015, the Company recorded charges relating to the Europe Welding plans of $1,507, which represent employee severance and other related costs. The Company does not expect further costs associated with these actions to be material as they were substantially completed and paid during 2015.

Asia Pacific Welding Plans:

During 2014, the Company identified net assets within the segment for planned divestiture which were classified as held for sale. During 2015, the Company initiated a rationalization plan to restructure headcount and better align the cost structures with economic conditions and operating needs. As part of this plan, the net assets held for sale were reclassified as held for use as the sale was no longer deemed probable. During the year ended December 31, 2015, the Company recorded net charges relating to these actions of $5,421, which primarily represent employee severance and other related costs partially offset by costs and adjustments to reclassify a potential divestiture that was previously held-for-sale. The Company does not expect additional charges related to the completion of these actions to be material. At December 31, 2015, liabilities relating to the Asia Pacific Welding plan of $7,440 were recognized in Other current liabilities.

The following tables summarize the activity related to the rationalization liabilities by segment for the year ended December 31, 2015:

	North America Welding	Europe Welding	Asia Pacific Welding	South America Welding	Consolidated
Balance at December 31, 2013	$ 466	$ 2,435	$ 375	$ —	$ 3,276
Payments and other adjustments	(398)	(3,041)	(191)	(582)	(4,212)
Charged (credited) to expense	(68)	911	(184)	582	1,241
Balance at December 31, 2014	$ —	$ 305	$ —	$ —	$ 305
Payments and other adjustments	(3,231)	(1,654)	(1,474)	—	(6,359)
Charged (credited) to expense	3,298	1,507	8,914	—	13,719
Balance at December 31, 2015	$ 67	$ 158	$ 7,440	$ —	$ 7,665

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 evaluating its cost structure and additional rationalization actions may result in charges in future periods.

(Dollars in thousands, except share and per share amounts)

NOTE 7 – 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, 2015 and 2014:

	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, 2013	$ 369	$ (160,693)	$ 8,383	$ (151,941)
Other comprehensive income (loss) before reclassification	(720)	(48,803) [2]	(99,103) [3]	(148,626)
Amounts reclassified from AOCI	342 [1]	11,603 [2]	—	11,945
Net current-period other comprehensive income (loss)	(378)	(37,200)	(99,103)	(136,681)
Balance at December 31, 2014	$ (9)	$ (197,893)	$ (90,720)	$ (288,622)
Other comprehensive income (loss) before reclassification	979	(1,632) [2]	(106,319) [3]	(106,972)
Amounts reclassified from AOCI	(422) [1]	99,749 [2]	—	99,327
Net current-period other comprehensive income (loss)	557	98,117	(106,319)	(7,645)
Balance at December 31, 2015	$ 548	$ (99,776)	$ (197,039)	$ (296,267)

1 During 2015, this AOCI reclassification is a component of Net sales of $(1,191) (net of tax of $(547)) and Cost of goods sold of $771 (net of tax of $549); during 2014, the reclassification is a component of Net sales of $(80) (net of tax of $(65)), Cost of goods sold of $422 (net of tax of $205). (See Note 13 - Derivatives for additional details.)

2 This AOCI component is included in the computation of net periodic pension costs (net of tax of $61,538 and $(20,951) during the years ended December 31, 2015 and 2014, respectively). (See Note 11 - Retirement and Postretirement Benefit Plans for additional details.)

3 The Other comprehensive income before reclassifications excludes $(623) and $734 attributable to Non-controlling interests in the years ended December 31, 2015 and 2014, respectively. The reclassified AOCI component is included in the computation of Non-controlling interests. (See Consolidated Statements of Equity for additional details.)

(Dollars in thousands, except share and per share amounts)

NOTE 8 – DEBT

At December 31, 2015 and 2014, debt consisted of the following:

	December 31, 2015	December 31, 2014
Long-term debt		
Senior Unsecured Notes due through 2045, interest at 3.2% to 4.0% (net of debt issuance costs of $853 at December 31, 2015)	$ 349,147	$ —
Capital leases due through 2019, interest at 0.3% to 8.0%	111	198
Other borrowings due through 2023, interest up to 18.0%	2,545	9,301
	351,803	9,499
Less current portion	1,456	7,011
Long-term debt, less current portion	350,347	2,488
Short-term debt		
Amounts due banks, interest at 24.1% (3.1% in 2014)	2,822	61,155
Current portion long-term debt	1,456	7,011
Total short-term debt	4,278	68,166
Total debt	$ 354,625	$ 70,654

At December 31, 2015 and 2014, the fair value of long-term debt, including the current portion, was approximately $342,602 and $9,323, respectively, which was determined using available market information and methodologies requiring judgment. Since considerable 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 agreed to issue Senior Unsecured Notes (the "Notes") in the aggregate principal amount of $350,000 through a private placement. At December 31, 2015, $349,147, net of debt issuance costs of $853, was outstanding and recorded in Long-term debt, less current portion. The proceeds are being used for general corporate purposes. The Notes, as shown in the table below, have maturities ranging from 10 to 30 years with a weighted average effective interest rate of 3.5%, excluding accretion of original issuance costs, and an average tenure of 19 years. Interest is payable semi-annually. The Notes contain certain affirmative and negative covenants. As of December 31, 2015, the Company was in compliance with all of its debt covenants.

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

	Amount	Maturity Date	Interest Rate
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, 2045	4.02%

Revolving Credit Agreement

The Company has a line of credit totaling $400,000 through the Amended and Restated Credit Agreement (the "Credit Agreement"), which was entered into on September 12, 2014. 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 and a fixed charges coverage ratio and total leverage ratio. As of December 31, 2015, the Company was in compliance with all of its covenants and had no outstanding borrowings under 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 LIBOR or the prime rate, plus a spread based on the Company's leverage ratio, at the Company's election.

(Dollars in thousands, except share and per share amounts)

Short-term Borrowings

The Company's short-term borrowings included in Amounts due banks were $2,822 and $61,155 at December 31, 2015 and 2014, respectively. Amounts due banks included the outstanding borrowings under the Credit Agreement and the borrowings of foreign subsidiaries at weighted average interest rates of 24.1% and 3.1% at December 31, 2015 and 2014, respectively.

Capital Leases

At December 31, 2015 and 2014, $111 and $198 of capital lease indebtedness was secured by property, plant and equipment, respectively.

Other

Maturities of long-term debt, including payments under capital leases and amounts due banks, for the five years succeeding December 31, 2015 are $4,284 in 2016, $569 in 2017, $105 in 2018, $104 in 2019, $101 in 2020 and $350,315 thereafter. Total interest paid was $5,631 in 2015, $2,190 in 2014 and $2,864 in 2013. The differences between interest expense and interest paid in 2015 and 2014 is due to an adjustment to the consideration expected to be paid to acquire additional ownership interests of a majority-owned subsidiary and the accretion of the related liability, and the accrual of interest associated with the Notes in 2015.

NOTE 9 – STOCK PLANS

On April 23, 2015, the shareholders of the Company approved the 2015 Equity and Incentive Compensation Plan ("Employee Plan"), which replaced the 2006 Equity and Performance Incentive Plan, as amended ("EPI 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"), which replaced the 2006 Stock Plan for Non-Employee Directors ("2006 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, 2015, there were 5,600,763 common shares available for future grant under all plans.

Stock Options

The following table summarizes stock option activity for the years ended December 31, 2015, 2014 and 2013, under all Plans:

	Year Ended December 31,					
	2015		2014		2013	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Balance at beginning of year	2,087,193	$ 37.80	2,452,648	$ 36.52	3,060,944	$ 30.98
Options granted	323,130	69.14	5,121	69.61	273,105	70.88
Options exercised	(197,582)	30.35	(329,986)	27.63	(774,783)	26.20
Options canceled	(18,092)	66.51	(40,590)	47.21	(106,618)	40.54
Balance at end of year	2,194,649	42.85	2,087,193	37.80	2,452,648	36.52
Exercisable at end of year	1,807,427	37.15	1,818,218	33.89	1,837,014	29.93

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 three 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 2015, 2014 and 2013. In 2015, 16,970 options were issued under the Employee Plan, 306,160 options were issued under the EPI Plan and all options issued in 2014 and 2013 were under the EPI Plan.

(Dollars in thousands, except share and per share amounts)

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 historical volatility. The weighted average assumptions for each of the three years ended December 31, 2015 were as follows:

	Year Ended December 31,		
	2015	2014	2013
Expected volatility	30.73%	32.21%	32.97%
Dividend yield	1.48%	1.41%	1.40%
Risk-free interest rate	1.32%	1.61%	1.52%
Expected option life (years)	4.5	4.4	4.4
Weighted average fair value per option granted during the year	$ 16.35	$ 17.52	$ 18.14

The following table summarizes non-vested stock options for the year ended December 31, 2015:

	Year Ended December 31, 2015	
	Number of Options	Weighted Average Fair Value at Grant Date
Balance at beginning of year	268,975	$ 17.48
Granted	323,130	16.35
Vested	(189,681)	17.26
Forfeited	(15,202)	17.15
Balance at end of year	387,222	16.66

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, 2015 was $30,121 and $30,121, respectively. The total intrinsic value of awards exercised during 2015, 2014 and 2013 was $6,879, $14,647 and $26,288, respectively. The total fair value of options that vested during 2015, 2014 and 2013 was $3,273, $5,104 and $5,131, respectively.

The following table summarizes information about awards outstanding as of December 31, 2015:

	Outstanding			Exercisable		
Exercise Price Range	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 $29.99	491,072	$ 24.56	3.5	491,072	$ 24.56	3.5
$30.00 - $39.99	825,161	33.18	4.4	825,161	33.18	4.4
Over $40.00	878,416	62.15	8.0	491,194	56.40	7.3
	2,194,649		5.7	1,807,427		5.0

(Dollars in thousands, except share and per share amounts)

Restricted Share Awards ("RSAs")

The following table summarizes restricted share award activity for the years ended December 31, 2015, 2014 and 2013, under all Plans:

	Year Ended December 31,					
	2015		2014		2013	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Balance at beginning of year	49,490	$ 60.14	115,316	$ 39.55	336,808	$ 28.49
Shares granted	20,476	53.94	14,927	66.32	14,464	70.88
Shares vested	(20,745)	49.37	(80,753)	31.88	(224,021)	25.68
Shares forfeited	(4,592)	64.61	—	—	(11,935)	25.76
Balance at end of year	44,629	61.84	49,490	60.14	115,316	39.55

RSAs are valued at the quoted market price on the grant date. The majority of RSAs vest over a period of three to five years. The Company issued common shares from treasury upon the granting of RSAs in 2015, 2014 and 2013. Restricted shares issued in 2015 were under the 2015 Director Plan and all restricted shares issued in 2014 and 2013 were under the the 2006 Director Plan. The remaining weighted average vesting period of all non-vested RSAs is 2.1 years as of December 31, 2015.

Restricted Stock Units ("RSUs")

The following table summarizes restricted stock unit activity for the years ended December 31, 2015, 2014 and 2013, under all Plans:

	Year Ended December 31,					
	2015		2014		2013	
	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value
Balance at beginning of year	241,496	$ 49.34	283,944	$ 47.38	288,669	$ 40.83
Units granted	67,800	68.82	2,861	70.71	69,925	67.17
Units vested	(76,996)	37.21	(40,035)	36.59	(33,698)	39.20
Units forfeited	(10,768)	57.98	(5,274)	52.19	(40,952)	41.70
Balance at end of year	221,532	59.10	241,496	49.34	283,944	47.38

RSUs are valued at the quoted market price on the grant date. The majority of RSUs vest over a period of three to five years. The Company will issue shares of common stock from treasury upon the vesting of RSUs and any earned dividend equivalents. Conversion of 18,022 RSUs to common shares in 2015 were deferred as part of the 2005 Deferred Compensation Plan for Executives (the "2005 Plan"). As of December 31, 2015, 66,024 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 2015, 4,915 RSUs were issued under the Employee Plan, 62,885 RSUs were issued under the EPI plan and all RSUs issued in 2014 and 2013 were under the the EPI Plan. The remaining weighted average vesting period of all non-vested RSUs is 3.2 years as of December 31, 2015.

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 or restricted stock units ultimately forfeited because recipients fail to meet vesting requirements. Total stock-based compensation expense recognized in the Consolidated Statements of Income for 2015, 2014 and 2013 was $7,932, $8,416 and $9,734, respectively. The related tax benefit for 2015, 2014 and 2013 was $3,037, $3,222 and $3,727, respectively. As of December 31, 2015, total unrecognized stock-based compensation expense related to non-vested stock options, restricted shares and restricted stock units was $15,371, which is expected to be recognized over a weighted average period of approximately 2.9 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 16,012 in 2015, 5,511 in 2014 and 4,653 in 2013.

NOTE 10 – COMMON STOCK REPURCHASE PROGRAM

The Company has a share repurchase program for up to 45 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, 2015, the Company purchased a total of 6.6 million shares at an average cost per share of $60.70. As of December 31, 2015, 4.7 million shares remained available for repurchase under the stock repurchase program. The treasury shares have not been retired.

NOTE 11 – 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.

(Dollars in thousands, except share and per share amounts)

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, 2015	December 31, 2014
Change in benefit obligations		
Benefit obligations at beginning of year	$ 1,045,471	$ 941,442
Service cost	19,933	19,062
Interest cost	36,002	42,485
Plan participants' contributions	185	215
Plan amendments	—	45
Acquisitions	6,170	—
Actuarial (gain) loss	(42,640)	117,881
Benefits paid	(32,217)	(60,582)
Settlements/curtailments	(463,943)	(7,172)
Currency translation	(10,792)	(7,905)
Benefit obligations at end of year	558,169	1,045,471
Change in plan assets		
Fair value of plan assets at beginning of year	1,010,937	939,995
Actual return on plan assets	9,298	108,060
Employer contributions	50,468	27,550
Plan participants' contributions	185	215
Acquisitions	5,995	—
Benefits paid	(30,358)	(59,196)
Settlement	(462,601)	—
Currency translation	(7,823)	(5,687)
Fair value of plan assets at end of year	576,101	1,010,937
Funded status at end of year	17,932	(34,534)
Unrecognized actuarial net loss	156,019	316,296
Unrecognized prior service cost	(1,304)	(1,930)
Unrecognized transition assets, net	41	45
Net amount recognized	$ 172,688	$ 279,877

The actuarial gain arising during 2015 was primarily attributable to a higher discount rate. The actuarial loss during 2014 was primarily attributable to a lower discount rate.

In August 2015, the Lincoln Electric Company, plan sponsor of the Lincoln Electric Retirement Annuity Program ("RAP") and subsidiary of the Company, entered into an agreement to purchase a group annuity contract from The Principal Financial Group ("Principal"). Under the agreement, Principal assumed the obligation to pay future pension benefits for specified U.S. retirees and surviving beneficiaries who retired on or before June 1, 2015 and are currently receiving payments from the RAP. The transaction will not change the amount of the monthly pension benefit received by affected retirees and surviving beneficiaries. The purchase was funded by existing plan assets and required no additional cash contribution. The Company recorded pension settlement charges of $142,738 for the year ended December 31, 2015, primarily related to the purchase of the group annuity contract.

(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, 2015 were $101,288, $(1,548) and $36, 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 2016 are $10,367, $(398) and $3, respectively.

Amounts Recognized in Consolidated Balance Sheets

	December 31, 2015	December 31, 2014
Prepaid pensions	$ 38,201	$ 1,240
Accrued pension liability, current	(5,026)	(2,971)
Accrued pension liability, long-term	(15,243)	(32,803)
Accumulated other comprehensive loss, excluding tax effects	154,756	314,411
Net amount recognized in the balance sheets	$ 172,688	$ 279,877

Components of Pension Cost for Defined Benefit Plans

	Year Ended December 31, 2015	2014	2013
Service cost	$ 19,933	$ 19,062	$ 23,188
Interest cost	36,002	42,485	37,225
Expected return on plan assets	(54,638)	(67,953)	(61,244)
Amortization of prior service cost	(626)	(616)	(613)
Amortization of net loss	19,406	17,644	30,929
Settlement/curtailment loss	142,738	1,773	423
Pension cost for defined benefit plans	$ 162,815	$ 12,395	$ 29,908

The Company's defined benefit plans costs increased in 2015 primarily as a result of pension settlement charges related to the purchase of the group annuity contract.

Pension Plans with Accumulated Benefit Obligations in Excess of Plan Assets

	December 31, 2015	December 31, 2014
U.S. pension plans		
Projected benefit obligation	$ 16,822	$ 34,066
Accumulated benefit obligation	15,223	30,202
Fair value of plan assets	—	11,638
Non-U.S. pension plans		
Projected benefit obligation	$ 3,393	$ 5,573
Accumulated benefit obligation	2,831	3,372

The total accumulated benefit obligation for all plans was $523,728 as of December 31, 2015 and $1,003,296 as of December 31, 2014.

Contributions to Plans

The Company expects to contribute $20,000 to the defined benefit plans in the United States in 2016. The actual amounts to be contributed in 2016 will be determined at the Company's discretion.

(Dollars in thousands, except share and per share amounts)

Benefit Payments for Plans

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

Estimated Payments	
2016	$ 31,461
2017	31,195
2018	25,629
2019	30,671
2020	27,385
2021 through 2025	164,307

Assumptions

Weighted average assumptions used to measure the benefit obligation for the Company's significant defined benefit plans as of December 31, 2015 and 2014 were as follows:

	December 31,	
	2015	2014
Discount Rate	4.5%	4.1%
Rate of increase in compensation	2.7%	2.8%

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, 2015 were as follows:

	December 31,		
	2015	2014	2013
Discount rate	4.0%	4.7%	3.8%
Rate of increase in compensation	2.7%	4.1%	4.1%
Expected return on plan assets	6.3%	7.3%	7.4%

To develop the discount rate assumption to be used for U.S. plans, 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 45% to 55% equity securities and 45% to 55% debt securities.

(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, 2015:

	Pension Plans' Assets at Fair Value as of December 31, 2015			
	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	$ 5,740	$ —	$ —	$ 5,740
Equity securities (1)	3,569	—	—	3,569
Fixed income securities (2)				
U.S. government bonds	11,603	—	—	11,603
Corporate debt and other obligations	—	120,470	—	120,470
Common trusts and 103-12 investments (3)				
Cash and cash equivalents	—	5,841	—	5,841
Common trusts and 103-12 investments	—	388,477	—	388,477
Private equity funds (4)	—	—	40,401	40,401
Total assets at fair value	$ 20,912	$ 514,788	$ 40,401	$ 576,101

The following table sets forth, by level within the fair value hierarchy, the pension plans' assets as of December 31, 2014:

	Pension Plans' Assets at Fair Value as of December 31, 2014			
	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	$ 4,873	$ —	$ —	$ 4,873
Fixed income securities (2)				
U.S. government bonds	27,305	—	—	27,305
Corporate debt and other obligations	—	212,326	—	212,326
Common trusts and 103-12 investments (3)				
Cash and cash equivalents	—	7,499	—	7,499
Common trusts and 103-12 investments	—	720,919	—	720,919
Private equity funds (4)	—	—	38,015	38,015
Total assets at fair value	$ 32,178	$ 940,744	$ 38,015	$ 1,010,937

(1) 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.

(2) 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.

(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 net asset value ("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. 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.

(Dollars in thousands, except share and per share amounts)

The table below sets forth a summary of changes in the fair value of the Level 3 pension plans' assets for the year ended December 31, 2015:

	Private Equity Funds
Balance at the beginning of year	$ 38,015
Purchases, sales, issuances and settlements	(2,253)
Realized and unrealized gains	4,639
Balance at the end of year	$ 40,401
The amount of total gains during the period attributable to the change in unrealized gains relating to Level 3 net assets still held at the reporting date	$ 1,111

Supplemental Executive Retirement Plan

The Company maintains 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 $1,703, $3,012 and $2,329 in 2015, 2014 and 2013, respectively. The projected benefit obligation associated with this plan is also included in the pension disclosure shown above and was $14,643, $17,953 and $22,877 at December 31, 2015, 2014 and 2013, respectively.

Defined Contribution Plans

Substantially all U.S. employees are covered under defined contribution plans. The Lincoln Electric Employee Savings Plan, a 401(k) savings plan which represents a majority of defined contribution plan expense, allows employees to invest 1% or more of eligible compensation, limited to maximum amounts as determined by the IRS. For most participants the plan provides for Company matching contributions of 35% of the first 6% of employee compensation contributed to the plan. During the third quarter 2015, the Company suspended the 401(k) match provision as part of the Company's actions to reduce costs in light of existing market conditions.

The plan also includes a feature in which all participants hired after November 1, 1997 receive an annual Company contribution of 2% of their base pay. The plan allowed employees hired before November 1, 1997, at their election, to receive this contribution in exchange for forfeiting certain benefits under the pension plan. In 2006, the plan was amended to include a feature in which all participants receive an annual Company contribution ranging from 4% to 10% of base pay based on years of service.

The annual costs recognized for defined contribution plans were $10,082, $11,088 and $10,812 in 2015, 2014 and 2013, respectively.

Multi-Employer Plans

The Company participates in multi-employer plans for several of its operations in Europe. Costs for these plans are recognized as contributions are funded. The Company's risk of participating in these plans is limited to the annual premium as determined by the plan. The annual costs of these programs were $830, $1,068 and $1,048 in 2015, 2014 and 2013, 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.

(Dollars in thousands, except share and per share amounts)

NOTE 12 – INCOME TAXES

The components of income before income taxes for the three years ended December 31, 2015 were as follows:

	Year Ended December 31,		
	2015	2014	2013
U.S.	$ 118,037	$ 303,933	$ 281,724
Non-U.S.	51,750	71,880	134,717
Total	$ 169,787	$ 375,813	$ 416,441

The components of income tax expense (benefit) for the three years ended December 31, 2015 were as follows:

	Year Ended December 31,		
	2015	2014	2013
Current:			
Federal	$ 60,500	$ 71,601	$ 58,099
Non-U.S.	28,046	24,210	40,348
State and local	9,557	8,235	8,490
	98,103	104,046	106,937
Deferred:			
Federal	(47,902)	15,175	21,946
Non-U.S.	(3,362)	1,370	(5,734)
State and local	(4,464)	1,342	1,605
	(55,728)	17,887	17,817
Total	$ 42,375	$ 121,933	$ 124,754

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, 2015 were as follows:

	Year Ended December 31,		
	2015	2014	2013
Statutory rate of 35% applied to pre-tax income	$ 59,426	$ 131,534	$ 145,754
Effect of state and local income taxes, net of federal tax benefit	1,868	6,694	7,124
Asset impairments	2,184	11,674	1,735
Taxes less than the U.S. tax rate on non-U.S. earnings, including utilization of tax loss carry-forwards, losses with no benefit and changes in non-U.S. valuation allowance	(8,499)	(16,950)	(20,214)
Venezuela devaluation	11,396	5,603	1,126
Manufacturing deduction	(9,207)	(7,316)	(6,386)
U.S. tax cost (benefit) of foreign source income	(8,754)	(514)	745
Other	(6,039)	(8,792)	(5,130)
Total	$ 42,375	$ 121,933	$ 124,754
Effective tax rate	24.96%	32.45%	29.96%

The 2015 effective tax rate is impacted by impairment charges, the geographic mix of earnings and taxes at lower rates in foreign jurisdictions, including Canada, Mexico, Poland and the United Kingdom, as well as loss utilization in other foreign jurisdictions. Total income tax payments, net of refunds, were $101,939 in 2015, $119,102 in 2014 and $84,567 in 2013.

(Dollars in thousands, except share and per share amounts)

Deferred Taxes

Significant components of deferred tax assets and liabilities at December 31, 2015 and 2014, were as follows:

	December 31,	
	2015	2014
Deferred tax assets:		
Tax loss and credit carry-forwards	$ 44,925	$ 46,112
Inventory	1,607	1,931
Other accruals	17,874	15,427
Employee benefits	21,859	20,750
Pension obligations	2,477	4,969
Other	3,795	5,608
Deferred tax assets, gross	92,537	94,797
Valuation allowance	(51,294)	(48,840)
Deferred tax assets, net	41,243	45,957
Deferred tax liabilities:		
Property, plant and equipment	33,627	37,352
Intangible assets	16,105	18,642
Inventory	10,770	9,623
Pension obligations	9,897	1,731
Other	8,800	10,018
Deferred tax liabilities	79,199	77,366
Total deferred taxes	$ (37,956)	$ (31,409)

At December 31, 2015, certain subsidiaries had tax loss carry-forwards of approximately $78,237 that will expire in various years from 2016 through 2032, plus $82,049 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, 2015, a valuation allowance of $51,294 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 does not provide deferred income taxes on unremitted earnings of certain non-U.S. subsidiaries which are deemed permanently reinvested. It is not practicable to calculate the deferred taxes associated with the remittance of these earnings. Deferred income taxes associated with earnings that are not expected to be permanently reinvested were not significant.

Unrecognized Tax Benefits

Liabilities for unrecognized tax benefits are classified as Accrued taxes non-current unless expected to be paid in one year. The Company recognizes interest and penalties related to unrecognized tax benefits in Income taxes. Current income tax expense included income of $940 for the year ended December 31, 2015 and $1,406 for the year ended December 31, 2014 for interest and penalties. For those same years, the Company's accrual for interest and penalties related to unrecognized tax benefits totaled $6,080 and $8,019, respectively.

(Dollars in thousands, except share and per share amounts)

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

	2015	2014
Balance at beginning of year	$ 18,389	$ 25,907
Increase related to current year tax provisions	1,021	700
Increase (decrease) related to prior years' tax positions	317	(848)
Decrease related to settlements with taxing authorities	(157)	(1,216)
Resolution of and other decreases in prior years' tax liabilities	(3,323)	(3,727)
Other	(1,915)	(2,427)
Balance at end of year	$ 14,332	$ 18,389

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was $8,369 at December 31, 2015 and $9,132 at December 31, 2014.

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 2011. The Company is currently subject to various U.S. 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 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 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 $2,312 in prior years' unrecognized tax benefits in 2016.

In July 2012, the Company received a Notice of Reassessment (the "Reassessments") from the Canada Revenue Agency in respect to its 2004 to 2010 taxation years to disallow the deductibility of inter-company dividends. The Company appealed the Reassessments to the Tax Court of Canada. As part of the appeals process to the Tax Court of Canada, the Company had elected to deposit the entire amount of the dispute in order to suspend continuing interest charges.

In September 2014, the Department of Justice Canada consented to a judgment, wholly in the Company's favor. In vacating the reassessment, this tax litigation is concluded. In December 2014 the Company received a partial refund of the cash deposit. In the first quarter of 2015, the Company received a refund of $24,976 which was substantially all of the remaining cash deposit. The Company also received interest on the deposit of $1,596.

NOTE 13 – DERIVATIVES

The Company uses derivative investments 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 the three years ended December 31, 2015.

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, 2015. 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 $30,388 at December 31, 2015 and $27,265 at December 31, 2014.

Net investment hedges

The Company had foreign currency forward contracts that were qualified and designated as net investment hedges. The dollar equivalent gross notional amount of these short-term contracts was $60,734 at December 31, 2014.

(Dollars in thousands, except share and per share amounts)

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 economic hedges of certain balance sheet exposures. The dollar equivalent gross notional amount of these contracts was $267,626 at December 31, 2015 and $280,949 at December 31, 2014.

The Company had short-term silver forward contracts with notional amounts of $2,804 at December 31, 2015. At December 31, 2014, the Company had short-term silver and copper forward contracts with notional amounts of $4,467 and $1,066, respectively.

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

	December 31, 2015		December 31, 2014	
Derivatives by hedge designation	**Other Current Assets**	**Other Current Liabilities**	**Other Current Assets**	**Other Current Liabilities**
Designated as hedging instruments:				
Foreign exchange contracts	$ 178	$ 731	$ 468	$ 935
Net investment contracts	—	—	1,091	469
Not designated as hedging instruments:				
Foreign exchange contracts	625	2,303	482	3,638
Commodity contracts	40	8	47	69
Total derivatives	$ 843	$ 3,042	$ 2,088	$ 5,111

The effects of undesignated derivative instruments on the Company's Consolidated Statements of Income for the years ended December 31, 2015 and 2014 consisted of the following:

		Year Ended December 31,	
Derivatives by hedge designation	**Classification of gains (losses)**	**2015**	**2014**
Not designated as hedges:			
Foreign exchange contracts	Selling, general & administrative expenses	$ 18,875	$ (10,427)
Commodity contracts	Cost of goods sold	440	702

The effects of designated cash flow hedges on AOCI and the Company's Consolidated Statements of Income for the years ended December 31, 2015 and 2014 consisted of the following:

	December 31,	
Total gain (loss) recognized in AOCI, net of tax	**2015**	**2014**
Foreign exchange contracts	$ (551)	$ (9)
Net investment contracts	$ 1,099	$ —

The Company expects a loss of $551 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.

		Year Ended December 31,	
Derivative type	**Gain (loss) reclassified from AOCI to:**	**2015**	**2014**
Foreign exchange contracts	Sales	$ (1,191)	$ (80)
	Cost of goods sold	771	422

(Dollars in thousands, except share and per share amounts)

NOTE 14 – FAIR VALUE

The following table provides a summary of fair value assets and liabilities as of December 31, 2015 measured at fair value on a recurring basis:

Description	Balance as of December 31, 2015	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	$ 803	$ —	$ 803	$ —
Commodity contracts	40	—	40	—
Total assets	$ 843	$ —	$ 843	$ —
Liabilities:				
Foreign exchange contracts	$ 3,034	$ —	$ 3,034	$ —
Commodity contracts	8	—	8	—
Contingent consideration	9,184	—	—	9,184
Forward contract	26,484	—	—	26,484
Deferred compensation	23,201	—	23,201	—
Total liabilities	$ 61,911	$ —	$ 26,243	$ 35,668

The following table provides a summary of fair value assets and liabilities as of December 31, 2014 measured at fair value on a recurring basis:

Description	Balance as of December 31, 2014	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	$ 950	$ —	$ 950	$ —
Commodity contracts	47	—	47	—
Net investment contracts	1,091	—	$ 1,091	—
Total assets	$ 2,088	$ —	$ 2,088	$ —
Liabilities:				
Foreign exchange contracts	$ 4,573	$ —	$ 4,573	$ —
Commodity contracts	69	—	69	—
Net investment contracts	469	—	469	—
Contingent consideration	6,912	—	—	6,912
Forward contract	25,268	—	—	25,268
Deferred compensation	21,839	—	21,839	—
Total liabilities	$ 59,130	$ —	$ 26,950	$ 32,180

The Company's derivative contracts are valued at fair value using the market approach. The Company measures the fair value of foreign exchange contracts using Level 2 inputs based on observable spot and forward rates in active markets. The Company measures the fair value of commodity contracts using Level 2 inputs through observable market transactions in active markets provided by financial institutions. During the year ended December 31, 2015, there were no transfers between Levels 1, 2 or 3.

In connection with acquisitions, the Company recorded contingent considerations fair valued at $9,184 as of December 31, 2015. Under the contingent consideration agreements the amounts to be paid are based upon actual financial results of the acquired entity for specified future periods. The fair value of the contingent considerations are a Level 3 valuation and fair valued using a probability weighted discounted cash flow analysis.

In connection with an acquisition, the Company obtained a controlling financial interest in the acquired entity and at the same time entered into a contract to obtain the remaining financial interest in the entity over a three-year period. The amount to be paid to obtain the remaining financial interest will be based upon actual financial results of the acquired entity. A liability was recorded for the Canadian dollar denominated forward contract at a fair value of $26,484 as of December 31, 2015. The change in the liability from December 31, 2014 was primarily the result of a $7,140 payment to acquire an additional financial interest in the entity offset by additional accruals of $12,142 for the twelve months ended December 31, 2015. The fair value of the contract is a Level 3 valuation and is based on the present value of the expected future payments. The expected future payments are based on a multiple of forecast earnings and cash flows over the three-year period ending December 31, 2016, present valued utilizing a risk based discount rates of 3.5% reflective of the Company's cost of debt and 14.1% as a risk adjusted cost of capital.

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.

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, 2015 and December 31, 2014. See Note 8 for the fair value estimate of debt.

NOTE 15 – INVENTORY

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 costs and inventory levels may differ from interim LIFO inventory valuations. At December 31, 2015 and 2014, approximately 40% of total inventories were valued using the LIFO method. The excess of current cost over LIFO cost was $59,765 at December 31, 2015 and $71,311 at December 31, 2014.

NOTE 16 – LEASES

The Company leases sales offices, manufacturing facilities, warehouses and distribution centers, transportation equipment, office equipment and information technology equipment. Such leases, some of which are noncancelable and, in many cases, include renewals, expire at various dates. The Company pays most insurance, maintenance and taxes relating to leased assets. Rental expense was $16,703 in 2015, $18,103 in 2014 and $18,642 in 2013.

At December 31, 2015, total future minimum lease payments for noncancelable operating leases were $12,160 in 2016, $8,735 in 2017, $6,623 in 2018, $5,025 in 2019, $3,557 in 2020 and $5,584 thereafter. Assets held under capital leases are included in property, plant and equipment and are immaterial.

NOTE 17 – 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 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. 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.

(Dollars in thousands, except share and per share amounts)

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 18 – PRODUCT WARRANTY COSTS

The changes in product warranty accruals for 2015, 2014 and 2013 were as follows:

	December 31,		
	2015	2014	2013
Balance at beginning of year	$ 15,579	$ 15,180	$ 15,304
Accruals for warranties	19,824	12,368	12,786
Settlements	(15,458)	(11,495)	(12,794)
Foreign currency translation	(476)	(474)	(116)
Balance at end of year	$ 19,469	$ 15,579	$ 15,180

NOTE 19 – QUARTERLY FINANCIAL DATA (UNAUDITED)

	First	Second	Third	Fourth
2015				
Net sales	$ 657,900	$ 664,740	$ 645,166	$ 567,985
Gross profit	220,390	225,781	198,894	196,079
Income (loss) before income taxes	92,707	94,434	(88,526)	71,172
Net income (loss)	68,354	70,898	(60,466)	48,692
Basic earnings (loss) per share	$ 0.90	$ 0.95	$ (0.82)	$ 0.68
Diluted earnings (loss) per share	$ 0.89	$ 0.94	$ (0.82)	$ 0.68
2014				
Net sales	$ 685,062	$ 728,531	$ 715,777	$ 683,954
Gross profit	226,336	250,267	241,609	231,085
Income before income taxes	82,426	114,866	77,785	100,736
Net income	56,453	77,332	45,689	75,212
Basic earnings per share	$ 0.70	$ 0.97	$ 0.58	$ 0.97
Diluted earnings per share	$ 0.69	$ 0.96	$ 0.57	$ 0.96

The quarter ended December 31, 2015 includes net rationalization charges of $434 ($450 after-tax) primarily related to employee severance and other related costs. Special items also include pension settlement charges of $6,407 ($3,969 after-tax) and Venezuelan foreign exchange remeasurement losses of $708 related to the adoption of a new foreign exchange mechanism.

The quarter ended September 30, 2015 includes net rationalization and asset impairment charges of $18,285 ($16,832 after-tax) primarily related to employee severance and other costs. Impairment charges include a non-cash charge to the carrying value of goodwill of $6,315 and non-cash long-lived asset impairment charges of $3,417. Special items also include pension settlement charges of $136,331 ($83,341 after-tax) primarily related to the purchase of a group annuity contract and Venezuelan foreign exchange remeasurement losses of $26,506 related to the adoption of a new foreign exchange mechanism.

The quarter ended June 30, 2015 includes net rationalization charges of $1,239 ($900 after-tax) primarily related to employee severance and other costs.

The quarter ended December 31, 2014 includes net rationalization and asset impairment charges of $166 ($167 after-tax) primarily related to employee severance and other costs associated with the consolidation of manufacturing operations.

The quarter ended September 30, 2014 includes net rationalization and asset impairment charges of $29,068 ($30,056 after-tax). The net impairment charges during the quarter primarily consist of non-cash asset impairment charges of $32,448 partially offset by a gain of $3,911 related to the sale of real estate at a rationalized operation. Associated with the impairment of long-lived assets is an offsetting special item of $805 attributable to non-controlling interests.

The quarter ended June 30, 2014 includes net rationalization and asset impairment charges of $836 ($698 after-tax) primarily related to employee severance and other costs associated with the consolidation of manufacturing operations and charges of $3,468 related to a Venezuelan remeasurement loss.

The quarter ended March 31, 2014 includes net rationalization and asset impairment charges of $17 ($7 after-tax) primarily related to employee severance and other costs associated with the consolidation of manufacturing operations and charges of $17,665 related to a Venezuelan remeasurement loss.

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: Charged to Costs and Expenses	Additions: (1) Charged (Credited) to Other Accounts	(2) Deductions	Balance at End of Period
Allowance for doubtful accounts:					
Year Ended December 31, 2015	$ 7,858	$ 1,969	$ (1,046)	$ 1,482	$ 7,299
Year Ended December 31, 2014	8,398	2,064	(867)	1,737	7,858
Year Ended December 31, 2013	8,654	2,671	49	2,976	8,398

(1) Currency translation adjustment.

(2) Uncollectible accounts written-off, net of recoveries.

Exhibit 21

LINCOLN ELECTRIC HOLDINGS, INC.
SUBSIDIARIES OF THE REGISTRANT

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

Name	Country of Incorporation
A. B. Arriendos S.A.	Chile
Arc Products, Inc.	United States
Burlington Automation Corporation	Canada
Easom Automation Systems, Inc.	United States
Electro-Arco S.A.	Portugal
Harris Calorific GmbH	Germany
Harris Calorific International Sp. z o.o.	Poland
Harris Calorific S.r.l.	Italy
Harris Euro S.L.	Spain
Harris Soldas Especiais S.A.	Brazil
Inversiones LyL S.A.	Chile
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
Lincoln Canada Finance ULC	Canada
Lincoln Canada Holdings ULC	Canada
Lincoln Electric Bester Sp. z o.o.	Poland
Lincoln Electric Company of Canada LP	Canada
Lincoln Electric Company (India) Private Limited	India
Lincoln Electric Cutting Systems, Inc.	United States
Lincoln Electric do Brasil Industria e Comercio Ltda.	Brazil
Lincoln Electric Europe B.V.	The Netherlands
Lincoln Electric Europe, S.L.	Spain
Lincoln Electric France S.A.S.	France
Lincoln Electric Heli (Zhengzhou) Welding Materials Company Ltd.	China
Lincoln Electric Holdings S.ar.l.	Luxembourg
Lincoln Electric Iberia, S.L.	Spain
Lincoln Electric International Holding Company	United States
Lincoln Electric Italia S.r.l.	Italy
Lincoln Electric Japan K.K.	Japan
Lincoln Electric (Jinzhou) Welding Materials Co., Ltd.	China
Lincoln Electric Luxembourg S.ar.l.	Luxembourg
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

Name	Country of Incorporation
Lincoln Electric Middle East FZE	United Arab Emirates
Lincoln Electric North America, Inc.	United States
Lincoln Electric S.A.	Argentina
Lincoln Electric (Tangshan) Welding Materials Co., Ltd.	China
Lincoln Electric (U.K.) Ltd.	United Kingdom
Lincoln Global Holdings LLC	United States
Lincoln Global, Inc.	United States
Lincoln Smitweld B.V.	The Netherlands
Lincoln Soldaduras de Colombia Ltda.	Colombia
Lincoln Soldaduras de Venezuela C.A.	Venezuela
Metrode Products Limited	United Kingdom
OAO Mezhgosmetiz – Mtsensk	Russia
OOO Torgovyi Dom Mezhgosmetiz	Russia
OOO Severstal – metiz: Welding Consumables	Russia
PT Lincoln Electric Indonesia	Indonesia
Rimrock Corporation	United States
Rimrock Holdings Corporation	United States
Robolution GmbH	Germany
Smart Force, LLC	United States
Specialised Welding Products Pty. Ltd.	Australia
SWP N.Z. Limited	New Zealand
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 Nanjing Lincoln Electric Co., Ltd.	China
The Shanghai Lincoln Electric Co., Ltd.	China
Uhrhan & Schwill Schweisstechnik GmbH	Germany
Wayne Trail Technologies, Inc.	United States
Weartech International, Inc.	United States
Weartech International Limited	United Kingdom
Welding, Cutting, Tools & Accessories, LLC	United States
Wolf Robotics, LLC	United States
Wolf Robotics do Brasil Sistemas Ltda.	Brazil

Exhibit 23

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), and

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);

of our reports dated February 24, 2016, with respect to the consolidated financial statements and schedule of Lincoln Electric Holdings, Inc. and subsidiaries, and the effectiveness of internal control over financial reporting of Lincoln Electric Holdings, Inc. and subsidiaries, included in this Annual Report (Form 10-K) of Lincoln Electric Holdings, Inc. for the year ended December 31, 2015.

/s/ Ernst & Young LLP

Cleveland, Ohio

February 24, 2016

Exhibit 24

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, Frederick G. Stueber and Geoffrey P. Allman, 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, 2015 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	/s/ Curtis E. Espeland	/s/ David H. Gunning
Christopher L. Mapes, Director	Curtis E. Espeland, Director	David H. Gunning, Director
February 17, 2016	February 17, 2016	February 17, 2016
/s/ Stephen G. Hanks	/s/ Michael F. Hilton	/s/ G. Russell Lincoln
Stephen G. Hanks, Director	Michael F. Hilton, Director	G. Russell Lincoln, Director
February 17, 2016	February 17, 2016	February 17, 2016
/s/ Kathryn Jo Lincoln	/s/ William E. MacDonald, III	/s/ Phillip J. Mason
Kathryn Jo Lincoln, Director	William E. MacDonald, III, Director	Phillip J. Mason, Director
February 17, 2016	February 17, 2016	February 17, 2016
/s/ Hellene S. Runtagh	/s/ George H. Walls, Jr.	
Hellene S. Runtagh, Director	George H. Walls, Jr., Director	
February 17, 2016	February 17, 2016	

Exhibit 31.1

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 24, 2016

/s/ Christopher L. Mapes

Christopher L. Mapes
Chairman, President and Chief Executive Officer

Exhibit 31.2

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 24, 2016

/s/ Vincent K. Petrella

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

Exhibit 32.1

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, 2015, 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 24, 2016

/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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Curtis E. Espeland
Executive Vice President and
Chief Financial Officer,
Eastman Chemical Company

David H. Gunning
Lead Director
Former Vice Chairman,
Cliffs Natural Resources, Inc.

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

Michael F. Hilton
President and Chief Executive Officer,
Nordson Corporation

G. Russell Lincoln
President, N.A.S.T. Inc.

Kathryn Jo Lincoln
Chair and Chief Investment Officer,
Lincoln Institute of Land Policy

William E. MacDonald, III
Former Vice Chairman,
National City Corporation

Christopher L. Mapes
Chairman, President and
Chief Executive Officer,
Lincoln Electric

Phillip J. Mason
Former President,
Ecolab EMEA sector

Hellene S. Runtagh
Former President and
Chief Executive Officer,
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
and Chief Compliance Officer

George D. Blankenship*
Executive Vice President
President, Americas Welding

Gabriel Bruno*
Executive Vice President
Chief Human Resources Officer and
Interim Chief Information Officer

Thomas A. Flohn*
Senior Vice President
President, Asia Pacific Region

Mathias Hallmann*
Senior Vice President
President, International Welding

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 S. Stueber*
Executive Vice President
General Counsel and Secretary

**Member of the Management Committee*

CORPORATE INFORMATION

For additional corporate information and copies of Lincoln Electric's 2015 Annual Report and Form 10-K, please contact Amanda Butler in Investor Relations at (216) 383-2534, email: Amanda_Butler@lincolnelectric.com, 22801 St. Clair Avenue, Cleveland, Ohio 44117-1199 USA, or visit www.lincolnelectric.com.

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

Mail
Wells Fargo Shareowner Services
PO Box 64854
St. Paul, Minnesota 55164-0856

Courier
Wells Fargo Shareowner Services
1110 Centre Point Curve, Suite 101
Mendota Heights, Minnesota
55120-4100

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

Independent Registered Public Accounting Firm
Ernest & Young LLP

Annual Meeting
Thursday, April 21, 2016
11:00 a.m. Eastern Time
Marriott Cleveland East
26300 Harvard Road
Warrensville Heights, Ohio 44122

Stock Information
The Company's stock is traded on the NASDAQ Stock Market ("NASDAQ") under the symbol LECO.

Number of record holders of common shares at December 31, 2015: 1,741.

LINCOLN ELECTRIC

THE WELDING EXPERTS®

LINCOLN ELECTRIC HOLDINGS, INC.
22801 ST. CLAIR AVENUE
CLEVELAND, OHIO 44117-1199 U.S.A.
WWW.LINCOLNELECTRIC.COM