LINCOLN ELECTRIC HOLDINGS INC
Form 10-K
February 22, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

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

For the fiscal year ended December 31, 2006 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
(Registrants Telephone Number, Including Area Code)

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

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)

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

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 o No þ

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 þ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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 þ

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

þ Large accelerated filer o Accelerated filer o Non-accelerated filer

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

The aggregate market value of the common shares held by non-affiliates as of June 30, 2006 was $2,507,448,280 (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, 2006 was 42,806,429.

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 to be filed on or about March 30, 2007 with respect to the registrant s 2007 Annual Meeting of Shareholders.

PART I

Item 1. Business

General

As used in Item 1 of this report, the term Company, except as otherwise indicated by the context, means Lincoln Electric Holdings, Inc., the publicly-held parent of The Lincoln Electric Company, and other Lincoln Electric Holdings, Inc. subsidiaries. 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 a full-line manufacturer and reseller of welding and cutting products. Welding products include arc welding power sources, wire feeding systems, robotic welding packages, fume extraction equipment, consumable electrodes and fluxes. The Company s welding product offering also includes regulators and torches used in oxy-fuel welding and cutting. 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 machine applications for high 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 wholly-owned subsidiaries or joint venture manufacturing facilities located in the United States, Australia, Brazil, Canada, Colombia, United Kingdom, France, Germany, Indonesia, Ireland, Italy, Mexico, the Netherlands, People s Republic of China, Poland, Spain, Taiwan, Turkey and Venezuela. The Company manages its operations by geographic location and has two reportable segments, North America and Europe, and combines all other operating segments as Other Countries. Other Countries includes results of operations for the Company s businesses in Argentina, Australia, Brazil, Colombia, Indonesia, Mexico, People s Republic of China, Taiwan and Venezuela. See Note J to the consolidated financial statements with respect to segment and geographic area information. Nearly all of the above facilities are ISO 9001 certified.

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, agents, dealers and product users.

The Company s major end user markets include:

- general metal fabrication,
- infrastructure including oil and gas pipelines and platforms, buildings, bridges and power generation,
- transportation and defense industries (automotive, trucks, rail, ships and aerospace),

- equipment manufacturers in construction, farming and mining,
- retail resellers, and
- rental market.

The Company is not dependent on a single customer or a few customers. The loss of any one customer would not have a material adverse effect on its business. The Company s business is not seasonal.

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 in a field of three or four major competitors and numerous smaller competitors. The Company continues to pursue appropriate 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 on the basis of 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.

Virtually all 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, which allow it to assist the consumers of its products in optimizing their welding applications. The Company utilizes this technical expertise to present its Guaranteed Cost Reduction Program to end users through which the Company guarantees that the user will achieve cost savings in its manufacturing process when it utilizes the Company s products. This allows the Company to introduce its products to new users and to establish and maintain close relationships with its consumers. This close relationship between the technical sales force and the direct consumers, 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 various chemicals, electronics, steel, engines, brass, copper and aluminum alloys, 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 effect on the Company s earnings. The Company is ISO 9001 certified at nearly all facilities worldwide. In addition, the Company is ISO 14001 certified at most significant manufacturing facilities in the United States and is working to gain certification at its remaining United States facilities, as well as the remainder of its 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. The Company believes risks related to its foreign operations are mitigated due to the political and economic stability of the countries in which its largest foreign operations are located.

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 A to the consolidated financial statements with respect to total costs of research and development.

Employees

The number of persons employed by the Company worldwide at December 31, 2006 was 8,430. See Item 10 of Part III for information regarding the Company s executive officers, which is incorporated herein by reference.

Website Access

The Company s internet address is www.lincolnelectric.com. The Company makes available free of charge on its website at www.lincolnelectric.com its annual, quarterly and current reports, as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the SEC. The Company also posts its Code of Corporate Conduct and Ethics on its website. However, the information found on the Company s website is not part of this or any other report.

Item 1A. Risk Factors

From time to time, information we provide, statements by our employees or information included in our filings with the Securities and Exchange Commission 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, and our future performance, operating results, financial position and liquidity, are subject to a variety of factors that could materially affect results, including those 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.

The risks and uncertainties described below and all of the other information in this report should be carefully considered. These risks and uncertainties are not the only ones we face. Additional risks and uncertainties of which we are currently unaware or that we currently believe to be immaterial may also adversely affect our business.

If energy costs or the prices of our raw materials increase, our operating expenses could increase significantly.

In the normal course of business, we are exposed to market risk and price fluctuations related to the purchase of energy and commodities used in the manufacture of our products (primarily steel, brass, copper and aluminum alloys). The availability and prices for raw materials 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. Since 2003, the price of the type of steel used to manufacture our products has increased significantly and has been subject to periodic shortages due to global economic factors, including increased demand for construction materials in developing nations such as China and India. Since 2003, we have also experienced substantial inflation in prices for other raw materials, including metals, chemicals and energy costs. Energy costs could continue to rise, which would result in higher transportation, freight and other operating costs. Our future operating expenses and margins will be dependent on our ability to manage the impact of cost increases. Our results of operations may be harmed by shortages of supply and by increases in prices to the extent those increases can not be passed on to customers.

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

At December 31, 2006, we were a co-defendant in cases alleging manganese induced illness involving claims by approximately 6,458 plaintiffs and a co-defendant in cases alleging asbestos induced illness involving claims by approximately 31,417 plaintiffs. In each instance, we are one of a large number of defendants. In the manganese cases, the claimants allege that exposure to manganese contained in welding consumables caused the plaintiff to develop adverse neurological conditions, including a condition known as manganism. In the asbestos cases, the

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 manganese cases that have been resolved as follows: 8,613 of those claims were dismissed, 14 were tried to defense verdicts in favor of us, 2 were tried to hung juries, 1 of which resulted in a plaintiff s verdict upon retrial and 1 of which resulted in a defense verdict upon retrial, and 12 were settled for immaterial amounts. Since January 1, 1995, we have been a co-defendant in asbestos cases that have been resolved as follows: 23,635 of those claims were dismissed, 10 were tried to defense verdicts, 4 were tried to plaintiff verdicts and 391 were decided in favor of us following summary judgment motions.

Defense costs have been increasing. The long-term impact of the manganese and asbestos loss contingencies, in each case in the aggregate, on operating cash flows and 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 have applicable insurance relating to these claims, there are several risks and uncertainties that may affect our liability for personal claims relating to exposure to manganese and asbestos, including the future impact of changing cost sharing arrangements or a change in our overall trial experience.

Manganese is an essential element of steel and cannot be eliminated from welding consumables. 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 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 or 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 welding products are designed for use in specific applications, and if a product is used inappropriately, personal injury or property damage may result. For example, in the period between 1994 and 2000, we were a defendant or co-defendant in 21 lawsuits filed by building owners or insurers in Los Angeles County, California. The plaintiffs in those cases alleged that certain buildings affected by the 1994 Northridge earthquake sustained property damage in part because a particular electrode used in the construction of those buildings was unsuitable for that use. In the Northridge cases, one case was tried to a defense verdict in favor of us, 12 were voluntarily dismissed, 7 were settled and we received summary judgment in our favor in another.

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 it will continue to be available on terms acceptable to us.

The cyclicality and maturity of the United States arc welding and cutting industry may adversely affect our performance.

The United States arc welding and cutting industry is a mature industry that is cyclical in nature. The growth of the domestic arc welding and cutting industry has been and continues to be constrained by factors such as the increased cost of steel and increased offshore production of fabricated steel structures. 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 strategy or successfully integrate acquired businesses.

Part of our business strategy is to pursue targeted business acquisition opportunities, including foreign investment opportunities. We cannot be certain that we will be successful in pursuing potential acquisition candidates or that the consequences of any acquisition would be beneficial to us. Future acquisitions may involve the expenditure of significant funds and management time. 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 would require access to the capital markets. Further, we may not be able to successfully integrate any acquired business with our existing businesses or recognize expected benefits from any completed acquisition.

If we cannot continue to develop, manufacture and market products that meet customer demands, our revenues and gross margins may suffer.

Our continued success depends, in part, on our ability to continue to meet our customers needs for welding 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. Accordingly, we may spend a proportionately greater amount on research and development than some of our competitors. 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.

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. If our products, services, support and cost structure do not enable us to compete successfully based on any of those criteria, our operations, results and prospects could suffer.

Further, in the past decade, the United States arc welding industry has been subject to increased levels of foreign competition as low cost imports have become more readily available. This foreign competition intensifies as the value of the U.S. dollar falls in relation to other currencies.

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 have begun to manufacture selected consumable arc welding products. Our sales and results of operations, as well as our plans to expand in some foreign countries, could be harmed by this practice as well.

We conduct our sales and distribution operations on a worldwide basis and are subject to the risks associated with doing business outside the United States.

Our long-term strategy is to continue to increase our share in growing international markets, particularly Asia (with emphasis in China and India), Latin America, Eastern Europe and other developing markets. There are a number of risks in doing business abroad, which may impede our ability to achieve our strategic objectives relating to our foreign operations. Many developing countries, like Venezuela, have a significant degree of political and economic

uncertainty that may impede our ability to implement and achieve our foreign growth objectives. In addition, compliance with multiple and potentially conflicting foreign laws and regulations, import and export limitations and exchange controls is burdensome and expensive.

Moreover, social unrest, the absence of trained labor pools and the uncertainties associated with entering into joint ventures or similar arrangements in foreign countries have slowed our business expansion into some developing economies. Our presence in China has been facilitated largely through joint venture agreements with local

organizations. While this strategy has allowed us to gain a footprint in China while leveraging the experience of local organizations, it also presents corporate governance and management challenges.

Our foreign operations also subject us to the risks of international terrorism and hostilities and to foreign currency risks, including exchange rate fluctuations and limits on the repatriation of funds.

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

We are dependent on our highly trained technical sales force and the support of our welding research and development staff. Any interruption of our workforce, including interruptions due to unionization efforts, changes in labor relations or shortages of appropriately skilled individuals for our research, production and sales forces could impact our results of operations and financial condition.

Our revenues and results of operations may suffer if we cannot continue to enforce the intellectual property rights on which our business depends or if third parties assert that we violate their intellectual property rights.

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 of 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 settlement or license agreements or pay costly damage awards, or face a temporary or permanent injunction prohibiting us from manufacturing, marketing or selling certain of our products.

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 and waste management. Further, it is our policy to apply strict standards for environmental protection to sites inside and outside 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 electrical equipment products that are sold in the European Union. The ultimate costs under environmental laws and the timing of these costs are difficult to predict, and liability under some environmental laws relating to contaminated sites can be imposed retroactively and on a joint and several basis.

Item 1B. Unresolved Staff Comments

None.

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 232 acres, of which present manufacturing facilities comprise an area of approximately 2,831,000 square feet.

In addition to the principal facilities in the Cleveland, Ohio area, the Company operates four other manufacturing locations in the United States and 30 manufacturing locations (including joint ventures) in 18 foreign countries, the locations of which are as follows:

United States:	Mason, Ohio; Cranston, Rhode Island; Gainesville, Georgia; Santa Fe Springs, California.
Australia:	Sydney.
Brazil:	Sao Paulo.
Canada:	Toronto; Mississauga.
Colombia:	Bogota.
United Kingdom:	Sheffield; Chertsey
France:	Grand-Quevilly.
Germany:	Essen.
Indonesia:	Cikarang.
Ireland:	Rathnew.
Italy:	Bologna; Genoa; Corsalone.
Mexico:	Mexico City; Torreon; Culiacan.
Netherlands:	Nijmegen.
People s Republic of China:	Shanghai; Jining, Inner Mongolia; Jinzhou; Jiangyin; Nanjing.
Poland:	Bielawa.
Spain:	Barcelona.
Taiwan:	Tainan.
Turkey:	Istanbul.
Venezuela:	Maracay.

All properties relating to the Company s Cleveland, Ohio headquarters and manufacturing facilities are owned outright by the Company. In addition, the Company maintains operating leases for its distribution centers and many sales offices throughout the world. See Note M to the consolidated financial statements with respect to lease commitments. Most of the Company s foreign subsidiaries own manufacturing facilities in the foreign country where they are located. At December 31, 2006, $3.2 million of indebtedness was secured by property, plant and equipment with a book value of $4.7 million.

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 and health, safety and environmental claims. Among such proceedings are the cases described below.

At December 31, 2006, the Company was a co-defendant in cases alleging asbestos induced illness involving claims by approximately 31,417 plaintiffs, which is a net decrease of 2,174 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: 23,635 of those claims were dismissed, 10 were tried to

defense verdicts, 4 were tried to plaintiff verdicts (2 of which were satisfied and 2 of which are subject to appeal) and 391 were decided in favor of the Company following summary judgment motions.

At December 31, 2006, the Company was a co-defendant in cases alleging manganese induced illness involving claims by approximately 6,458 plaintiffs, which is a net decrease of 14 claims from those previously reported. However, in January 2007, motions to dismiss by 1,043 claimants were filed in federal court, reducing pending claims to 5,415 plaintiffs. In each instance, the Company is one of a large number of defendants. The claimants in cases alleging manganese induced illness seek compensatory and punitive damages, in most cases for unspecified sums. The claimants allege that exposure to manganese contained in welding consumables caused the plaintiffs to develop adverse neurological conditions, including a condition known as manganism. At December 31, 2006, cases involving 3,074 claimants were filed in or transferred to federal court where the Judicial Panel on MultiDistrict Litigation has consolidated these cases for pretrial proceedings in the Northern District of Ohio (the MDL Court). In January 2007, as noted above, motions to dismiss 1,043 of these claims were filed, reducing MDL claimants to 2,031. Plaintiffs have also filed class actions seeking medical monitoring in eight state courts, seven of which have been removed to the MDL Court. Since January 1, 1995, the Company has been a co-defendant in similar cases that have been resolved as follows: 8,613 of those claims were dismissed, 14 were tried to defense verdicts in favor of the Company, 2 were tried to hung juries, 1 of which resulted in a plaintiff s verdict upon retrial and 1 of which resulted in a defense verdict upon retrial (subsequently, however, a motion for a new trial has been granted), and 12 were settled for immaterial amounts.

On December 13, 2006, the Company filed a complaint in U.S. District Court (Northern District of Ohio) against Illinois Tool Works, Inc. seeking a declaratory judgment that 8 patents owned by the defendant relating to certain inverter power sources have not and are not being infringed and that the subject patents are invalid.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the quarter ended December 31, 2006.

PART II

Item 5. Market for the Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company s common shares are traded on The NASDAQ Stock Market under the symbol LECO. The number of record holders of common shares at December 31, 2006 was 1,937.

The total amount of dividends paid in 2006 was $32,274,651. For 2006, dividends were paid quarterly on January 15, April 15, July 15 and October 13.

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

	2006			2005		
	High	Low	Dividends Declared	High	Low	Dividends Declared
March 31	$ 54.66	$ 38.20	$ 0.19	$ 35.01	$ 29.25	$ 0.18
June 30	62.65	48.76	0.19	33.59	28.49	0.18
September 30	62.68	53.95	0.19	40.12	32.48	0.18
December 31	62.91	52.64	0.22	42.44	37.09	0.19

Source: The NASDAQ Stock Market

The following line graph compares the yearly percentage change in the cumulative total shareholder return on Lincoln Electric Holdings, Inc. (Lincoln) common shares against the cumulative total return of the S&P Composite 500 Stock Index (S&P 500) and the Russell 2000 Stock Index (Russell 2000) for the five-year calendar period commencing January 1, 2002 and ending December 31, 2006. This graph assumes that $100 was invested on December 31, 2001 in each of Lincoln common, the S&P 500 companies and the Russell 2000 Stock Index. A compatible peer-group index for the welding industry, in general, was not readily available because the industry is comprised of a relatively small number of competitors, many of whom either are relatively small pieces of large publicly traded companies or are privately held. The Russell 2000, published by the Frank Russell Company, represents a developed index based on a concentration of companies having relatively small market capitalization, similar to the Company.

Five Year Performance Comparison
Lincoln Common, S&P 500, Russell 2000 Composite Indices

	2001	**2002**	**2003**	**2004**	**2005**	**2006**
Lincoln	100	97	107	152	177	274
S&P 500	100	78	100	111	116	134
Russell 2000	100	80	117	138	145	171

Item 6. Selected Financial Data

	Year Ended December 31,				
	2006	2005	2004	2003	2002
	(In thousands of dollars, except per share data)				
Net sales	$ 1,971,915	$ 1,601,190	$ 1,333,675	$ 1,040,589	$ 994,077
Income before the cumulative effect of a change in accounting principle	175,008	122,306	80,596	54,542	66,882
Cumulative effect of a change in accounting principle, net of tax					(37,607)
Net income	$ 175,008	$ 122,306	$ 80,596	$ 54,542	$ 29,275

	Year Ended December 31,				
	2006	2005	2004	2003	2002
	(In thousands of dollars, except per share data)				
Basic earnings per share:					
Basic earnings per share before the cumulative effect of a change in accounting principle	$ 4.11	$ 2.93	$ 1.96	$ 1.32	$ 1.58
Cumulative effect of a change in accounting principle, net of tax					(0.89)
Basic earnings per share	$ 4.11	$ 2.93	$ 1.96	$ 1.32	$ 0.69
Diluted earnings per share:					
Diluted earnings per share before the cumulative effect of a change in accounting principle	$ 4.07	$ 2.90	$ 1.94	$ 1.31	$ 1.56
Cumulative effect of a change in accounting principle, net of tax					(0.88)
Diluted earnings per share	$ 4.07	$ 2.90	$ 1.94	$ 1.31	$ 0.68
Cash dividends declared	$ 0.79	$ 0.73	$ 0.69	$ 0.64	$ 0.61
Total assets	$ 1,394,579	$ 1,161,161	$ 1,059,164	$ 928,866	$ 901,269
Long-term debt	$ 113,965	$ 157,853	$ 163,931	$ 169,030	$ 174,146

2006 includes a pre-tax charge of $3,478 ($3,478 after-tax) relating to the Company s rationalization programs in Europe and a pre-tax gain of $9,006 ($7,204 after-tax) on the sale of a facility in Ireland (See Note F).

2005 includes a pre-tax charge of $1,761 ($1,303 after-tax) relating to the Company s rationalization programs in Europe (See Note F), a one-time state income tax benefit of $1,807 (net of federal benefit) relating to changes in Ohio tax laws, a favorable adjustment of $8,711 related to the resolution of prior years tax liabilities, a net favorable tax benefit of $1,146 associated with the repatriation of foreign earnings and a pre-tax gain of $1,418 ($876 after-tax) on the settlement of legal disputes.

2004 includes a pre-tax charge of $2,440 ($2,061 after-tax) relating to the Company s rationalization programs in Europe (See Note F), and $4,525 ($2,828 after-tax) in pension settlement provisions, accrued base pay, bonus, and stock compensation related to the retirement of the Company s past Chairman and CEO.

2003 included a pre-tax charge of $1,743 ($1,367 after-tax) relating to a Company rationalization program.

2002 included a pre-tax charge of $10,468 ($7,045 after-tax) relating to a Company rationalization program and a pre-tax charge for the cumulative effect of an accounting change of $38,307 ($37,607 after-tax).

Item 7.

Management s Discussion and Analysis of Financial Condition and Results of Operations
(In thousands of dollars, except share and per share data)

The following discussions 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 report. This report contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those indicated in the forward-looking statements. See Risk Factors in Item 1A 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 full 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 both arc welding equipment and consumable products. Welding products include arc welding power sources, wire feeding systems, robotic welding packages, fume extraction equipment, consumable electrodes and fluxes. The Company s welding product offering also includes regulators and torches used in oxy-fuel welding and cutting. 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 equipment and consumable 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 provides 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, agents, dealers and product users.

The Company s major end user markets include:

general metal fabrication,

infrastructure including oil and gas pipelines and platforms, buildings, bridges and power generation,

transportation and defense industries (automotive, trucks, rail, ships and aerospace),

equipment manufacturers in construction, farming and mining,

retail resellers, and

rental market.

The Company has, through wholly-owned subsidiaries or joint ventures, manufacturing facilities located in the United States, Australia, Brazil, Canada, Colombia, United Kingdom, France, Germany, Indonesia, Ireland, Italy, Mexico, the Netherlands, People s Republic of China, Poland, Spain, Taiwan, Turkey and Venezuela.

The Company s sales and distribution network, coupled with its manufacturing facilities are reported as two separate reportable segments, North America and Europe, and combines all other operating segments as Other Countries.

The principal raw materials essential to the Company s business are various chemicals, electronics, steel, engines, brass, copper and aluminum alloys, 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 effect on the Company s earnings. The Company is ISO 9001 certified at nearly all facilities worldwide. In addition, the Company is ISO 14001 certified at most significant manufacturing facilities in the United States and is working to gain certification at its remaining United States facilities, as well as the remainder of its 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 farm machinery and equipment, construction and transportation, fabricated metals, electrical equipment, ship and boat building, defense, truck manufacturing 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, earnings before interest, taxes and bonus, operating cash flows and capital expenditures, including applicable ratios such as return on investment 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,					
	2006		2005		2004	
(Dollars in thousands)	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
Net sales	$ 1,971,915	100.0%	$ 1,601,190	100.0%	$ 1,333,675	100.0%
Cost of goods sold	1,419,638	72.0%	1,164,275	72.7%	971,317	72.8%
Gross profit	552,277	28.0%	436,915	27.3%	362,358	27.2%
Selling, general & administrative expenses	315,829	16.0%	285,309	17.8%	256,616	19.2%
Rationalization charges	3,478	0.2%	1,761	0.1%	2,440	0.2%
Operating income	232,970	11.8%	149,845	9.4%	103,302	7.8%
Interest income	5,876	0.3%	4,000	0.2%	3,071	0.2%
Equity earnings in affiliates	7,640	0.4%	3,312	0.2%	4,005	0.3%
Other income	1,839	0.1%	4,689	0.3%	3,542	0.3%
Interest expense	(10,153)	(0.5)%	(7,947)	(0.5)%	(6,143)	(0.5)%
Income before income taxes	238,172	12.1%	153,899	9.6%	107,777	8.1%
Income taxes	63,164	3.2%	31,593	2.0%	27,181	2.1%
Net income	$ 175,008	8.9%	$ 122,306	7.6%	$ 80,596	6.0%

2006 COMPARED TO 2005

Net Sales. Net sales for 2006 increased 23.2% to $1,971,915 from $1,601,190 in 2005. The increase in net sales reflects a 15.5%, or $248,048, increase due to volume, a 3.4%, or $54,496 increase from acquisitions, an increase of 2.9%, or $46,868 in price increases, and a 1.3%, or $21,313 favorable impact as a result of changes in foreign

currency exchange rates. Net sales for the North American operations increased 23.6% to $1,305,472 for 2006 compared to $1,056,134 in 2005. This increase reflects an increase of 15.2% or $161,038 due to volume, an increase of 4.4%, or $46,784 from the acquisition of J.W. Harris, Inc. (J.W. Harris) an increase of $33,714, or 3.2% in price increases and a 0.7%, or $7,802 favorable impact as a result of changes in foreign currency exchange rates. European sales have increased 21.7% to $372,308 in 2006 from $305,846 in the prior year. This increase is a result of a 15.9%, or $48,607 increase in volume, an increase of 2.5%, or $7,690, relating to the acquisitions of Metrode Products Limited (Metrode) and J.W. Harris, and a 3.6% or $11,101 favorable impact as a result of changes in foreign currency exchange rates. Other Countries sales increased 23.0% to $294,135 in 2006 from $239,210 in the prior year. This increase reflects an increase of $38,403 or 16.1% due to volume, an increase of 5.9%, or $14,090 in price increases and an increase of $2,410, or 1.0% as a result of changes in foreign currency exchange rates.

Gross Profit. Gross profit increased 26.4% to $552,277 during 2006 compared to $436,915 in 2005. As a percentage of net sales, Gross profit increased to 28.0% in 2006 from 27.3% in 2005. This increase was primarily a result of favorable leverage on increased volumes. In addition, foreign currency exchange rates had a $3,968

favorable impact in 2006. This increase was partially offset by a shift in sales mix to traditionally lower margin geographies and businesses, including the effects of acquisitions, as well as an increase in product liability defense costs of $7,585.

Since 2003, the Company has experienced a higher level of increases in raw material prices, including metals and chemicals. In addition, energy costs trended higher resulting in higher operating costs including transportation and freight. As worldwide demand remains high, the Company expects these costs to remain at relatively elevated levels. Although the Company believes a number of factors, including price increases, product mix, overhead absorption, and its continuing restructuring efforts will offset increased costs, future margin levels will be dependent on the Company s ability to manage these cost increases.

Selling, General & Administrative (SG&A) Expenses. SG&A expenses increased $30,520, or 10.7%, in 2006, compared with 2005. The increase was primarily for higher bonus expense of $18,010, incremental selling, general and administrative expenses from acquisitions totaling $4,224 and higher selling expenses of $6,821 resulting from increased sales activity. Foreign currency exchange rates had a $1,783 unfavorable impact. SG&A expenses include a gain of $9,006 ($7,204 after-tax) on sale of the Company s facility in Ireland.

Rationalization Charges. In 2006, the Company recorded rationalization charges of $3,478 ($3,478 after-tax) primarily related to severance costs covering 66 employees at the Company s facility in Ireland. During 2005, the Company recorded rationalization charges of $1,761 ($1,303 after-tax) primarily for employee severance costs related to rationalization efforts in France and Ireland.

Interest Income. Interest income increased to $5,876 in 2006 from $4,000 in 2005. The increase was a result of increases in interest rates and higher cash balances in 2006 when compared to 2005.

Equity Earnings in Affiliates. Equity earnings in affiliates increased to $7,640 in 2006 from $3,312 in 2005 primarily a result of increased earnings at the Company s joint venture investments in Turkey and Taiwan.

Other Income. Other income decreased $2,850 to $1,839 in 2006 from $4,689 in 2005. The decrease was primarily due to the favorable settlement of legal disputes in 2005 totaling $1,418.

Interest Expense. Interest expense increased to $10,153 in 2006 from $7,947 in 2005 as a result of higher interest rates.

Income Taxes. Income taxes for 2006 were $63,164 on income before income taxes of $238,172, an effective rate of 26.5%, compared with income taxes of $31,593 on income before income taxes of $153,899, or an effective rate of 20.5% for 2005. The effective rate for 2006 was lower than the Company s statutory rate primarily because of the utilization of foreign tax credits, lower taxes on non-U.S. earnings and the utilization of foreign tax loss carry forwards, for which valuation allowances have been previously provided. 2005 included favorable tax benefits of $9,857 related to the resolution of prior years tax liabilities and the repatriation of foreign earnings and an adjustment to state deferred income taxes totaling $1,807. The deferred tax adjustment reflected the impact of a one-time state income tax benefit related to changes in Ohio tax laws, including the effect of lower tax rates. The decrease in the effective tax rate from 2005, excluding these items, reflects an increase in earnings in lower tax rate jurisdictions, including the gain on the sale of the Company s facility in Ireland.

Net Income. Net income for 2006 was $175,008 compared to $122,306 last year. Diluted earnings per share for 2006 were $4.07 compared to $2.90 per share in 2005. Foreign currency exchange rate movements had a $1,783 favorable effect on net income for 2006 and an immaterial impact in 2005.

2005 COMPARED TO 2004

Net Sales. Net sales for 2005 increased 20.1% to $1,601,190 from $1,333,675 in 2004. The increase in net sales reflects an 8.0%, or $106,376 increase due to price increases, a 7.0%, or $93,033 increase due to acquisitions, an increase of 4.2%, or $56,325 due to volume, as well as a 0.9%, or $11,781 favorable impact of foreign currency exchange rates. Net sales for North American operations increased 20.5% to $1,056,134 for 2005 compared to $875,422 in 2004. This increase reflects an increase of 8.3% or $72,996 due to price increases, an increase of 8.2%, or $72,222 due to newly acquired companies, a $28,387, or 3.2% increase in volume from last year and a 0.8%, or $7,107 favorable impact of foreign currency exchange rates. European sales increased 8.9% to $305,846 in 2005

from $281,133 in the prior year. This increase is due to a 5.2%, or $14,503 increase due to price increases, an increase of 2.0%, or $5,628 due to volume, a 1.6% or $4,390 increase in newly acquired companies, as well as a 0.1%, or $192 favorable impact of foreign currency exchange rates. Other Countries sales increased 35.1% to $239,210 in 2005 from $177,120 in the prior year. This increase reflects an increase of $22,310 or 12.6% due to volume, an increase of 10.7%, or $18,877 due to price increases, an increase of 9.3%, or $16,421 from newly acquired companies, and a 2.5%, or $4,482 favorable impact of foreign currency exchange rates.

Gross Profit. Gross profit increased 20.6% to $436,915 during 2005 compared to $362,358 in 2004. As a percentage of net sales, Gross profit of 27.3% increased slightly in 2005 from 27.2% in 2004. In comparison to 2004 as a percent of sales, Gross profit reflects price increases implemented in the fourth quarter of 2004 to offset significant increases in raw material costs which accelerated in the third quarter of 2004 in North America. A $3,525 favorable impact of foreign currency exchange rates in 2005 also contributed to the increase in gross profit. Offsetting this increase was a shift in sales mix to traditionally lower margin geographies and businesses, including the effects of recent acquisitions and declining margins due to increased material costs and unfavorable production variances in Europe. In addition, gross profit in North America was negatively impacted by an increase in product liability defense costs of approximately $5,000.

Selling, General & Administrative (SG&A) Expenses. SG&A expenses increased $28,693, or 11.2%, for 2005, compared with 2004. The increase was primarily due to higher bonus expense of $16,445, higher selling expenses of $7,829 due to increased sales levels, incremental selling, general and administrative expenses from recently acquired businesses totaling $6,232, settlement losses of $2,138 incurred on the termination of a European pension plan and the loss on the sale of a business totaling $1,942. The prior year included $4,525 of pension settlement provisions, accrued base pay, bonus and stock compensation related to the retirement in 2004 of the Company s past Chairman and CEO.

Rationalization Charges. In 2005, the Company recorded charges of $1,761 ($1,303 after tax) related to rationalization efforts in Europe. These charges related to employee severance costs covering 40 employees in France, 64 in Ireland, 7 employees in Norway and 6 employees in Sweden.

In 2004, the Company recorded rationalization charges of $2,440 ($2,061 after-tax). The rationalization charges were related to employee severance, contract termination, warehouse relocation and professional fees. Employee severance costs covering 40 employees in France, 7 employees in Norway and 6 employees in Sweden were $1,624 ($1,268 after-tax). Costs not related to employee severance amounted to $816 ($816 after-tax).

Equity Earnings in Affiliates. Equity earnings in affiliates decreased $693 from $4,005 in 2004 to $3,312 in 2005, due to decreased earnings at the Company s joint venture investments in Taiwan and China.

Other Income. Other income increased to $4,689 in 2005 from $3,542 in 2004. The increase was primarily due to the settlement of legal disputes totaling $1,418 in 2005.

Interest Expense. Interest expense increased to $7,947 in 2005 from $6,143 in 2004 because of higher interest rates.

Income Taxes. Income taxes for 2005 were $31,593 on income before income taxes of $153,899, an effective rate of 20.5%, as compared with income taxes of $27,181 on income before income taxes of $107,777 or an effective rate of 25.2% for 2004. The effective rates for 2005 and 2004 are lower than the Company s statutory rate primarily because of the utilization of foreign and domestic tax credits, lower taxes on non-U.S. earnings, and non-recurring items in 2005 including the resolution of prior years tax liabilities of $8,711, an adjustment to state deferred income taxes totaling $1,807, and a net favorable tax benefit of $1,146 associated with repatriation of foreign earnings. The deferred tax adjustment reflects the impact of a one-time state income tax benefit relating to changes in Ohio tax laws,

including the effect of lower tax rates. Excluding these items the Company s effective tax rate for 2005 was 28.1%. The increase in the effective tax rate, excluding these items, is primarily related to an increase in pre-tax income.

Net Income. Net income for 2005 was $122,306 compared to $80,596 in 2004. Diluted earnings per share for 2005 were $2.90 compared to $1.94 per share in 2004. Foreign currency exchange rate movements did not have a material effect on net income in 2005 or 2004.

LIQUIDITY AND CAPITAL RESOURCES

The Company s cash flow from operations, while cyclical, has been reliable and consistent. The Company has relatively unrestricted access to capital markets. 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 of 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 and, if necessary, borrowings under its existing credit facilities.

The following table reflects changes in key cash flow measures:

	Year Ended December 31,			Change	
(Dollars in thousands)	2006	2005	2004	2006 vs. 2005	2005 vs. 2004
Cash provided by operating activities:	$ 118,680	$ 117,024	$ 51,260	$ 1,656	$ 65,764
Cash used by investing activities:	(89,715)	(69,473)	(58,490)	(20,242)	(10,983)
Capital expenditures	(76,002)	(50,415)	(56,441)	(25,587)	6,026
Acquisitions of businesses, net of cash acquired	(25,504)	(78,174)	(11,815)	52,670	(66,359)
Cash used by financing activities:	(17,729)	(31,992)	(16,921)	14,263	(15,071)
Payments on long-term borrowings	(3,147)	(15,471)	(5,178)	12,324	(10,293)
Proceeds from exercise of stock options	13,618	21,230	22,555	(7,612)	(1,325)
Purchase of shares for treasury	(126)	(12,803)	(4,368)	12,677	(8,435)
Cash dividends paid to shareholders	(32,275)	(30,037)	(27,485)	(2,238)	(2,552)
Increase (decrease) in Cash and cash equivalents	12,205	15,188	(21,066)	(2,983)	36,254

2006 COMPARED TO 2005

Cash and cash equivalents increased 11.3%, or $12,205, to $120,212 as of December 31, 2006, from $108,007 as of December 31, 2005. This compares to a $15,188 increase in cash and cash equivalents during 2005.

Cash provided by operating activities increased by $1,656 for 2006 compared to 2005. The increase was primarily related to an increase in net income partially offset by an increase in working capital levels when compared to 2005. Average working capital to sales was 25.8% at December 31, 2006 compared to 24.7% at December 31, 2005. Days sales in inventory increased from 114.8 days at December 31, 2005 to 117.3 days at December 31, 2006. Accounts receivable days increased from 56.1 days at December 31, 2005 to 57.7 days at December 31, 2006. Average days in accounts payable decreased to 38.9 days at December 31, 2006 from 40.2 days at December 31, 2005.

Cash used by investing activities for 2006 compared to 2005 reflects a decrease in cash used in the acquisition of businesses of $52,670, and a decrease in net proceeds received from the sale of marketable securities of $55,441 in 2005. In addition, capital expenditures during 2006 were $76,002, a $25,587 increase from 2005. The Company anticipates capital expenditures in 2007 of approximately $75,000. Anticipated capital expenditures reflect plans to expand the Company s manufacturing capacity due to an increase in customer demand 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. Management does not currently anticipate any unusual future cash outlays relating to capital expenditures.

Cash used by financing activities decreased $14,263 in 2006 compared to 2005. The decrease was primarily due to a decrease in treasury share purchases of $12,677, less of a reduction in debt in 2006 of $6,193 and tax benefits from the exercise of stock options of $5,243. This decrease was partially offset by a decrease in proceeds received from stock option exercises of $7,612.

The Company s debt levels decreased from $166,016 at December 31, 2005, to $161,099 at December 31, 2006. Debt to total capitalization decreased to 15.9% at December 31, 2006 from 20.3% at December 31, 2005.

The Company s Board of Directors authorized share repurchase programs for up to 15 million shares of the Company s common stock. Total shares purchased through the share repurchase programs were 10,243,988 shares at a cost of $216,392 through December 31, 2006.

In January 2007, the Company paid a quarterly cash dividend of 22 cents per share, or $9,403 to shareholders of record on December 31, 2006.

2005 COMPARED TO 2004

Cash and cash equivalents increased 16.3%, or $15,188 to $108,007 as of December 31, 2005, from $92,819 as of December 31, 2004. This compares to a $21,066 decrease in cash and cash equivalents during 2004.

Cash provided by operating activities increased by $65,764 for 2005 compared to 2004. The increase was primarily related to an increase in Net income and less of an increase in working capital when compared to 2004. Accounts receivable and Inventories increased less in the current year as the Company did not experience a growth in sales during 2005 as significant as 2004. Days sales in inventory decreased from 120.6 days at December 31, 2004 to 114.8 days at December 31, 2005, and accounts receivable days decreased from 60.7 days at December 31, 2004 to 56.1 days at December 31, 2005. Average days in accounts payable decreased to 40.2 days at December 31, 2005 from 43.1 days at December 31, 2004.

Cash used by investing activities increased $10,983 for 2005 compared to 2004. The increase was primarily due to the acquisition of J.W. Harris for approximately $71,000, net of cash acquired. This was partially offset by a net increase in the proceeds from the sale of marketable securities of $49,263. Capital expenditures during 2005 were $50,415, a $6,026 decrease from 2004.

Cash used by financing activities increased $11,206 in 2005 compared to 2004. The increase was primarily due to an increase in payments on long-term borrowings of $10,293 and an increase in treasury share purchases during 2005 of $8,435, partially offset by an increase in short-term borrowings of $11,399.

The Company s debt levels decreased from $167,374 at December 31, 2004, to $166,016 at December 31, 2005. Debt to total capitalization decreased to 20.3% at December 31, 2005, from 22.5% at December 31, 2004.

During 2005, the Company purchased 429,890 shares of its common stock on the open market at a cost of $12,803. Total shares purchased through the share repurchase programs were 10,241,673 shares at a cost of $216,266 through December 31, 2005.

A total of $30,037 in dividends was paid during 2005. In January 2006, the Company paid a quarterly cash dividend of 19 cents per share to shareholders of record on December 31, 2005.

Rationalization

In 2005, the Company committed to a plan to rationalize manufacturing operations (the Ireland Rationalization) at Harris Calorific Limited (Harris Ireland). In connection with the Ireland Rationalization, the Company is transferring all manufacturing currently taking place at Harris Ireland to a lower cost facility in Eastern Europe and has sold the facility in Ireland for $10,352. A total of 66 employees will be impacted by the Ireland Rationalization.

The Company expects to incur a charge of approximately $4,000 (pre-tax) associated with employee severance costs, equipment relocation, employee retention and professional services. In addition, the Company recorded a gain of

$9,006 (pre-tax) on the sale of the facility in Ireland which is reflected in Selling, general and administrative expenses.

The Company has incurred a total of $3,989 (pre-tax) in charges related to this plan of which $3,478 (pre-tax) was incurred in 2006. Cash expenditures are expected to be paid through 2007 with the expected completion of the Ireland Rationalization occurring in the first half of 2007. As of December 31, 2006, the Company has recorded a liability of $2,296 for charges related to these efforts.

In 2004, the Company committed to a plan to rationalize machine manufacturing (the French Rationalization) at Lincoln Electric France, S.A.S. (LE France). In connection with the French Rationalization, the Company transferred machine manufacturing performed at LE France to other facilities. The Company committed to the

French Rationalization as a result of the region s decreased demand for locally-manufactured machines. In connection with the French Rationalization, the Company incurred a charge of $2,292 (pre-tax), of which $1,188 (pre-tax) was incurred in 2005 and $1,104 (pre-tax) in 2004. Employee severance costs associated with the termination of approximately 40 of LE France s 179 employees were $2,123 (pre-tax). Costs not relating to employee severance primarily included warehouse relocation costs and professional fees.

Acquisitions

On October 31, 2006, the Company acquired all of the outstanding stock of Metrode, a privately held manufacturer of specialty welding consumables headquartered near London, England, for approximately $25,000 in cash. The Company began consolidating the results of Metrode in the Company s consolidated financial statements in November 2006. The purchase price allocation for this investment resulted in goodwill of approximately $4,000. The Company expects this acquisition to provide high quality, innovative solutions for many high-end specialty applications, including the rapidly growing power generation and petrochemical industries. Annual sales are approximately $25,000.

On April 29, 2005, the Company acquired all of the outstanding stock of J.W. Harris, a privately held brazing and soldering alloys manufacturer headquartered in Mason, Ohio for approximately $71,000 in cash and $15,000 of assumed debt. The Company began consolidating the results of J.W. Harris operations in the Company s consolidated financial statements in May 2005. The purchase price allocation for this investment resulted in goodwill of $13,263. This acquisition has provided the Company with a strong complementary metals-joining technology and a leading position in the brazing and soldering alloys market. J.W. Harris has manufacturing plants in Ohio and Rhode Island and an international distribution center located in Spain.

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 public and/or private bond 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 U.S., 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.

Debt

During March 2002, the Company issued Senior Unsecured Notes (the Notes) totaling $150,000 through a private placement. The Notes have original maturities ranging from five to ten years with a weighted-average interest rate of 6.1% and an average tenure of eight years. Interest is payable semi-annually in March and September. The proceeds are being used for general corporate purposes, including acquisitions. The proceeds are generally invested in short-term, highly liquid investments. The Notes contain certain affirmative and negative covenants, including restrictions on asset dispositions and financial covenants (interest coverage and funded debt-to- EBITDA ratios). As of December 31, 2006, the Company was in compliance with all of its debt covenants.

The maturity and interest rates of the Notes follow (in thousands):

	Amount Due	Matures	Interest Rate
Series A	$ 40,000	March 2007	5.58%

Series B	$ 30,000	March 2009	5.89%
Series C	$ 80,000	March 2012	6.36%

During March 2002, the Company entered into floating rate interest rate swap agreements totaling $80,000, to convert a portion of the outstanding Notes from fixed to floating rates. These swaps were designated as fair value hedges, and as such, the gain or loss on the derivative instrument, as well as the offsetting gain or loss on the hedged item attributable to the hedged risk were recognized in earnings. Net payments or receipts under these agreements were recognized as adjustments to interest expense. In May 2003, these swap agreements were terminated. The gain on the termination of these swaps was $10,613, and has been deferred and is being amortized as an offset to interest expense over the remaining life of the instrument. The amortization of this gain reduced interest expense by $2,117

in 2006 and 2005 and $2,123 in 2004, and is expected to reduce annual interest expense by $1,121 in 2007. At December 31, 2006, $2,834 remains to be amortized of which $2,668 is recorded in Long-term debt, less current portion and $166 is recorded in Current portion of long-term debt. The financing costs related to the $150,000 private placement are further reduced by the interest income earned on the cash balances. These short-term, highly liquid investments earned $3,374, $1,985 and $1,756 during 2006, 2005 and 2004, respectively.

During July 2003 and April 2004, the Company entered into various floating rate interest rate swap agreements totaling $110,000, to convert a portion of the outstanding Notes from fixed to floating rates based on the London Inter-Bank Offered Rate (LIBOR), plus a spread of between 179.75 and 226.50 basis points. The variable rates are reset every six months, at which time payment or receipt of interest will be settled. These swaps are designated as fair value hedges, and as such, the gain or loss on the derivative instrument, as well as the offsetting gain or loss on the hedged item attributable to the hedged risk are recognized in earnings. Net payments or receipts under these agreements are recognized as adjustments to interest expense.

The fair value of these swaps is recorded in Other long-term liabilities with a corresponding decrease in Long-term debt. The fair value of these swaps at December 31, 2006 and 2005 was $3,428 and $2,964, respectively.

Terminated swaps have increased the value of the Series A Notes from $40,000 to $40,166 as of December 31, 2006. Active and terminated swaps have increased the value of the Series B Notes from $30,000 to $30,676 and decreased the value of the Series C Notes from $80,000 to $78,564 as of December 31, 2006. The weighted-average effective rate on the Notes, net of the impact of active and terminated swaps, was 5.3% for 2006.

Revolving Credit Agreement

In 2004, the Company entered into a new $175,000, five-year revolving Credit Agreement. This agreement replaced the Company s prior $125,000, three-year revolving credit facility entered into on April 24, 2002. The Credit Agreement may be used for general corporate purposes and may be increased, subject to certain conditions, by an additional amount up to $75,000. The interest rate on borrowings under the Credit Agreement is based on either LIBOR plus a spread based on the Company s leverage ratio or the prime rate, at the Company s election. A quarterly facility fee is payable based upon the daily aggregate amount of commitments and the Company s leverage ratio. The Credit Agreement contains customary affirmative and negative covenants for credit facilities of this type, including limitations on the Company and its subsidiaries with respect to indebtedness, liens, investments, distributions, mergers and acquisitions, dispositions of assets, subordinated debt and transactions with affiliates. As of December 31, 2006, there are no borrowings under the Credit Agreement.

Short-term Borrowings

The Company s short-term borrowings included in Amounts due banks were $6,214 and $7,143 at December 31, 2006 and 2005, respectively, and represent the borrowings of foreign subsidiaries at weighted-average interest rates of 6.57% and 10.35%, respectively.

Contractual Obligations and Commercial Commitments

The Company s contractual obligations and commercial commitments (as defined by Section 13(j) of the Securities Exchange Act of 1934) as of December 31, 2006 are as follows (in thousands):

Payments Due By Period		
2008 to	2010 to	2012 and

	Total	2007	2009	2011	Beyond
Long-term debt	$ 152,051	$ 40,078	$ 30,161	$ 278	$ 81,534
Interest on long-term debt	35,086	9,407	13,133	9,818	2,728
Capital lease obligations	3,427	704	1,033	1,122	568
Short-term debt	6,214	6,214			
Operating leases	30,759	8,848	11,868	4,502	5,541
Total contractual cash obligations	$ 227,537	$ 65,251	$ 56,195	$ 15,720	$ 90,371

The Company has provided a guarantee on loans for an unconsolidated joint venture of approximately $8,027 at December 31, 2006. The guarantee is provided on four separate loan agreements. Two loans are for $2,000 each, one which matures in June 2007 and the other maturing in May 2009. The other two loans mature in October 2010, one for $2,709 and the other for $1,318. The loans were undertaken to fund the joint venture s working capital and capital improvement needs. The Company would become liable for any unpaid principal and accrued interest if the joint venture were to default on payment at the respective maturity dates. The Company believes the likelihood is remote that material payment will be required under these arrangements because of the current financial condition of the joint venture.

Stock-Based Compensation

On April 28, 2006, the shareholders of the Company approved the 2006 Equity and Performance Incentive Plan (EPI Plan) which replaces the 1998 Stock Plan, as amended and restated in May 2003. The EPI Plan provides for the granting of options, appreciation rights, restricted shares, restricted stock units and performance-based awards up to an aggregate of 3,000,000 of the Company s common shares. In addition, on April 28, 2006, the shareholders of the Company approved the 2006 Stock Plan for Non-Employee Directors (Director Plan), which replaces the Stock Option Plan for Non-Employee Directors adopted in 2000. The Director Plan provides for the granting of options, restricted shares and restricted stock units up to an aggregate of 300,000 of the Company s common shares.

In 2006, there were 241,818 options and restricted shares granted under the EPI Plan. In 2005, 414,855 options and restricted shares were granted under the 1998 Stock Plan. The Company issued 561,218 and 964,254 shares of common stock from treasury upon exercise of employee stock options during the 2006 and 2005, respectively. The Company issued 8,411 shares of common stock from authorized but unissued shares upon vesting of deferred shares during 2006.

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123 (Revised 2004), *Share-Based Payment,* which is a revision of SFAS No. 123, *Accounting for Stock-Based Compensation.* SFAS No. 123(R) supersedes APB Opinion No. 25, *Accounting for Stock Issued to Employees.* Generally, the approach in SFAS No. 123(R) is similar to the approach described in SFAS 123. SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. The Company adopted SFAS No. 123(R) on January 1, 2006 using the modified-prospective method. The adoption of the standard did not have a material impact on the Company s financial statements as the Company adopted fair value accounting under SFAS No. 123 on January 1, 2003.

Prior to 2003, the Company applied the intrinsic value method permitted under SFAS No. 123, as defined in Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees* and related interpretations, in accounting for the Company s stock option plans. Accordingly, no compensation cost was recognized in years prior to adoption.

Total stock-based compensation expense recognized in the consolidated statement of income for 2006, 2005 and 2004 was $4,217, $3,527 and $4,145, respectively. The related tax benefit for 2006, 2005 and 2004 was $1,612, $1,348 and $1,617, respectively.

As of December 31, 2006, total unrecognized stock-based compensation expense related to nonvested stock options and restricted shares was $7,745, which is expected to be recognized over a weighted average period of approximately 33 months.

The aggregate intrinsic value of options outstanding at December 31, 2006, based on the Company s closing stock price of $60.42 as of the last business day of the period ended December 31, 2006, which would have been received by the optionees had all options been exercised on that date was $45,022. The aggregate intrinsic value of options exercisable at December 31, 2006, based on the Company s closing stock price of $60.42 as of the last business day of the period ended December 31, 2006, which would have been received by the optionees had all options exercisable been exercised on that date was $37,982. The total intrinsic value of stock options exercised during 2006 and 2005 was $15,899 and $22,690, respectively. Intrinsic value is the amount by which the fair value of the underlying stock exceeds the exercise price of the options.

Product Liability Expense

Product liability expenses have been increasing, particularly with respect to welding fume claims, as more cases proceed to trial. The costs associated with these claims are predominantly defense costs, which are recognized in the periods incurred. These expenditures increased $7,585 in 2006 compared to 2005. See Note N. The long-term impact of the welding fume loss contingency, in the aggregate, on operating cash flows and capital markets access 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 and indemnity payments have been immaterial. If cost sharing dissipates for some currently unforeseen reason, or the Company s trial experience changes overall, it is possible on a longer term basis that the cost of resolving this loss contingency could materially reduce the Company s operating results and cash flow and restrict capital market access.

OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

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. The Company has also provided a guarantee on loans for an unconsolidated joint venture of approximately $8,027 at December 31, 2006. The Company believes the likelihood is remote that material payment will be required under this arrangement because of the current financial condition of the joint venture.

NEW ACCOUNTING PRONOUNCEMENTS

In September 2006, the FASB issued SFAS No. 158 *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment of FASB Statements No. 87, 88, 106, and 132(R).* SFAS No. 158 requires companies to recognize the funded status of a benefit plan as the difference between plan assets at fair value and the projected benefit obligation. Unrecognized gains or losses and prior service costs, as well as the transition asset or obligation remaining from the initial application of Statements 87 and 106 will be recognized in the balance sheet, net of tax, as a component of Accumulated other comprehensive income and will subsequently be recognized as components of net periodic benefit cost pursuant to the recognition and amortization provisions of those Statements. In addition, SFAS No. 158 requires additional disclosures about the future effects on net periodic benefit cost that arise from the delayed recognition of gains or losses, prior service costs or credits, and transition asset or obligation. SFAS No. 158 also requires that defined benefit plan assets and obligations be measured as of the date of the employer s fiscal year-end balance sheet. The recognition and disclosure provisions of SFAS No. 158 are effective for fiscal years ending after December 15, 2006. The requirement to measure plan assets and benefit obligations as of the date of the employer s fiscal year-end balance sheet is effective for fiscal years ending after December 15, 2008. The Company measures plan assets and benefit obligations of its defined benefit plans as of its balance sheet date. The Company adopted SFAS No. 158 as of December 31, 2006 (See Note I).

In September 2006, the FASB issued SFAS No. 157 *Fair Value Measurements.* SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements, rather it applies under existing accounting pronouncements that require or permit fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The Company will adopt SFAS No. 157 as required. The Company is currently evaluating the impact of SFAS No. 157 on its financial statements.

In September 2006, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 108 (SAB 108) *Considering the Effects of Prior Year Misstatements in Current Year Financial Statements.* SAB 108

provides guidance on quantifying financial statement misstatements, including the effects of prior year errors on current year financial statements. SAB 108 is effective for periods ending after November 15, 2006. The Company adopted SAB 108 as of December 31, 2006 with no material impact to its financial statements.

In July 2006, the FASB issued Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109.* FIN 48 clarifies the recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. In addition, FIN 48 requires the cumulative effect of adoption to be recorded as an adjustment to the opening balance of retained earnings. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company will adopt this interpretation in the first quarter of 2007. The Company is in the process of determining the impact of this Interpretation on its financial statements.

In November 2004, the FASB issued SFAS No. 151 *Inventory Costs an amendment of ARB No. 43, Chapter 4.* This Statement amends the guidance in Accounting Research Bulletin No. 43 to require idle facility expense, freight, handling costs, and wasted material (spoilage) be recognized as current-period charges. In addition, SFAS No. 151 requires the allocation of fixed production overheads to the costs of conversion be based on the normal capacity of production facilities. SFAS No. 151 is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. The Company adopted SFAS No. 151 on January 1, 2006 with no material impact to its financial statements.

CRITICAL ACCOUNTING POLICIES

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 2006. The Company believes the following are some of the more critical judgment areas in the application of its accounting policies that affect 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 and health, safety and environmental claims, some of which relate to cases alleging asbestos and manganese-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 is 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, will vary 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. See Note N to the Consolidated Financial Statements and the Legal Proceedings section of this Annual Report on Form 10-K for further discussion of legal contingencies.

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 settlement 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.

Deferred Income Taxes

Deferred income taxes are recognized at currently enacted tax rates for temporary differences between the financial reporting and income tax bases 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 of $0.4 million have been provided on earnings of $3.7 million that are not expected to be permanently reinvested. At December 31, 2006, the Company had approximately $72,502 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, 2006, a valuation allowance of $30,189 had been 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 and its subsidiaries maintain a number of defined benefit and defined contribution plans to provide retirement benefits for employees in the U.S., as well as employees outside the U.S. 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.

In September 2006, the FASB issued SFAS No. 158 which requires companies to recognize the funded status of a benefit plan as the difference between plan assets at fair value and the projected benefit obligation. Unrecognized gains or losses and prior service costs, as well as the transition asset or obligation remaining from the initial application of Statements 87 and 106 will be recognized in the balance sheet, net of tax, as a component of Accumulated other comprehensive income and will subsequently be recognized as components of net periodic benefit cost pursuant to the recognition and amortization provisions of those Statements. The Company adopted SFAS No. 158 on December 31, 2006.

A substantial portion of the Company s pension amounts relate to its defined benefit plan in the United States. The market-related value of plan assets is determined by fair values at December 31.

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 8.5% for its U.S. plans at December 31, 2006 and 2005. 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 2006, investment returns in the Company s U.S. pension plans were approximately 13.7% compared to 7.7% in 2005. A 25 basis point change in the expected return on plan assets would increase or decrease pension expense by approximately $1,400.

Another significant element in determining the Company s pension expense is the discount rate for plan liabilities. At the end of each year, the Company determines the discount rate to be used for plan liabilities by referring to investment yields available on long-term bonds rated Aa- or better. The Company also considers the yield derived from matching projected pension payments with maturities of a portfolio of available non-callable bonds rated Aa- or better. The Company determined this rate to be 6.0% for its U.S. plans at December 31, 2006. A 25 basis point change in the discount rate would increase or decrease pension expense by approximately $2,000.

The Company made voluntary contributions to its U.S. defined benefit plans of $17,500, $31,500 and $30,000 in 2006, 2005 and 2004, respectively. The Company expects to voluntarily contribute $10,000 to its U.S. plans in 2007. Based on current pension funding rules, the Company does not anticipate that contributions to the plans would be required in 2007.

Pension expense relating to the Company s defined benefit plans was $17,926, $21,328 and $20,847 in 2006, 2005 and 2004, respectively. The Company expects 2007 pension expense to decline by approximately $10,663.

In the first quarter 2006, the Company modified its retirement benefit programs whereby employees of its U.S. Company hired on or after January 1, 2006 will be covered under a newly enhanced 401(k) defined contribution plan. In the second quarter of 2006, current employees of the U.S. Company made an election to either remain in the Company s existing retirement programs or switch to new programs offering enhanced defined contribution benefits, improved vacation and a reduced defined benefit. The Company did not incur a significant change in retirement costs immediately after the change, however, the Company does expect cost savings in future years as a result of reduced benefits to be accrued for employees hired on or after January 1, 2006.

Inventories and Reserves

Inventories are valued at the lower of cost or market. 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. The excess of current cost over LIFO cost amounted to $68,985 at December 31, 2006. The Company reviews the net realizable value of inventory in detail 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 sales may be required. Historically, the Company s reserves have approximated actual experience.

Accounts Receivable and Allowances

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.

Impairment of Long-Lived Assets

In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of 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, the loss 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 and established business valuation multiples.

The estimates of future cash flows, based on reasonable and supportable assumptions and projections, require management s judgment. Any changes in key assumptions about the Company s businesses and their prospects, or changes in market conditions, could result in an impairment charge.

Impairment of Goodwill and Intangibles

The Company evaluates the recoverability of goodwill and intangible assets not subject to amortization as required under SFAS No. 142 *Goodwill and Other Intangible Assets* by comparing the fair value of each reporting unit with its carrying value. The fair values of reporting units is determined using models developed by the Company which incorporate estimates of future cash flows, allocations of certain assets and cash flows among reporting units, future growth rates, established business valuation multiples, and management judgments regarding the applicable discount rates to value those estimated cash flows.

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 the December 31, 2006 foreign currency rates, a 10% change in commodity prices, and a 100 basis point increase in effective interest rates under the Company s current borrowing arrangements. The contractual derivative and borrowing arrangements in effect at December 31, 2006 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, 2006, the Company hedged third party and intercompany purchases and sales. At December 31, 2006, the Company had foreign exchange contracts with a notional value of approximately $39,950. At December 31, 2006, a hypothetical 10% weakening of the U.S. dollar would not materially affect the Company s financial statements.

At December 31, 2006, the Company also had foreign exchange contracts with a notional value of approximately $19,662 which hedged intercompany loans. Any loss resulting from a hypothetical 10% weakening of the U.S. dollar would be offset by the associated gain on the underlying intercompany loan receivable and 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 locking in for specified periods (at predetermined prices or ranges of prices) 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,

2006 would not materially affect the Company s financial statements.

Interest Rate Risk

The Company uses floating rate swaps to convert a portion of its $150,000 fixed-rate, long-term borrowings into short-term variable interest rates. An increase in interest expense resulting from a hypothetical increase of 100 basis points in the December 31, 2006 floating rate would not materially affect the Company s financial statements. See discussion in Item 7, Liquidity Long-term debt.

The fair value of the Company s cash and cash equivalents and marketable securities at December 31, 2006, approximated carrying value due to their short-term duration. These financial instruments are also subject to concentrations of credit risk. The Company has minimized this risk by entering into investments with 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.

Item 8. Financial Statements and Supplementary Data

The response to this item is submitted in a separate section of this report following the signature page.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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.

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, 2006 based on the 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, 2006.

The Company s assessment of effectiveness of internal control over financial reporting as of December 31, 2006 has been audited by Ernst & Young LLP, the independent registered public accounting firm that audited the Company s financial statements included in this report, as stated in their attestation report which is included elsewhere in this report.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company s internal controls over financial reporting that occurred during the fourth quarter of 2006 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 will file its 2007 proxy statement pursuant to Regulation 14A of the Exchange Act prior to April 30, 2007.

Except for the information set forth below concerning our Executive Officers, the information required by this item is incorporated by reference from the 2007 proxy statement.

EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Age	Position
John M. Stropki, Jr.	56	Chairman of the Board since October 13, 2004; director since 1998; Chief Executive Officer and President since June 3, 2004; Chief Operating Officer from May 1, 2003 to June 3, 2004; Executive Vice President from 1995-June 3, 2004; President North America 1996-2003.
Vincent K. Petrella	46	Senior Vice President, Chief Financial Officer and Treasurer since October 7, 2005; Vice President, Chief Financial Officer and Treasurer from February 4, 2004 to October 7, 2005 and Vice President, Corporate Controller 2001-2003.
Frederick G. Stueber	53	Senior Vice President, General Counsel and Secretary since 1996.
George D. Blankenship	44	Senior Vice President, Global Engineering since October 7, 2005; Vice President, Global Engineering from May 5, 2005 to October 7, 2005; Senior Vice President, U.S. Operations of The Lincoln Electric Company since October 7, 2005; Vice President, Cleveland Operations of The Lincoln Electric Company from June 6, 2005 to October 7, 2005; Vice President, Engineering and Quality Assurance of The Lincoln Electric Company from 2000 to June 6, 2005.
Gretchen A. Farrell	44	Vice President, Human Resources since May 5, 2005; Vice President, Human Resources of The Lincoln Electric Company since March 1, 2003; Director, Compensation and Benefits of The Lincoln Electric Company 1997-2003.
Ralph C. Fernandez	60	Vice President; President, Lincoln Electric Latin America since September 1, 2005; Vice President; President, Lincoln Electric Europe and Russia from January 1, 2002 to August 31, 2005; Vice President; President, Lincoln Electric Latin America from January 1, 1997 to December 31, 2001.
Thomas A. Flohn	46	Vice President; President, Lincoln Asia Pacific since January 1, 2005; Vice President of Sales and Marketing, Lincoln Electric Asia Pacific from May 1, 1999 to December 31, 2004.
David M. LeBlanc	42	Vice President; President, Lincoln Electric Europe and Russia since September 1, 2005; Vice President; President, Lincoln Electric Latin America from January 1, 2002 to August 31, 2005.
Robert K. Gudbranson	43	Vice President, Strategic Planning and Acquisitions since July 27, 2006; Director, Strategic Planning and Acquisitions from September 30, 2005 to July 26, 2006. Prior to joining the Company, Mr. Gudbranson was the Director of Business Development and Investor Relations at Invacare Corporation from 2002 to 2005 and its European Finance Director from 2000 to 2002.

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 was elected as an officer. The executive officers serve at the pleasure of the Board of Directors.

Item 11. Executive Compensation

The information required by this item is incorporated by reference from the 2007 proxy statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Except for the information set forth below regarding our equity plans, the information required by this item is incorporated by reference from the 2007 proxy statement.

Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options (a)	Weighted average Exercise Price of Outstanding Options (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	1,747,050	$ 34.28	4,106,876
Equity compensation plans not approved by security holders			
Total	1,747,050	$ 34.28	4,106,876

For further information on the Company s equity compensation plans see Note A Significant Accounting Policies and Note E Stock Plans to the Company s financial statements included in Item 8.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated by reference from the 2007 proxy statement.

Item 14. Principal Accountant Fees and Services

The information required by this item is incorporated by reference from the 2007 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, 2006 and 2005
Consolidated Statements of Income Years ended December 31, 2006, 2005 and 2004
Consolidated Statements of Shareholders Equity Years ended December 31, 2006, 2005 and 2004
Consolidated Statements of Cash Flows Years ended December 31, 2006, 2005 and 2004
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.

Exhibit No.	Description
3(a)	Restated Articles of Incorporation of Lincoln Electric Holdings, Inc. (filed as Annex B to Form S-4 of Lincoln Electric Holdings, Inc., Registration No. 333-50435, filed on April 17, 1998, and incorporated herein by reference and made a part hereof).
3(b)	Amended Code of Regulations of Lincoln Electric Holdings, Inc. (filed as Exhibit 3(b) to Form 10-Q of Lincoln Electric Holdings, Inc. for the three months ended March 31, 2000, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10(a)	Credit Agreement dated December 17, 2004 among Lincoln Electric Holdings, Inc., The Lincoln Electric Company, Lincoln Electric International Holding Company, Harris Calorific, Inc., Lincoln Global, Inc., the financial institutions listed in Annex A thereof, and KeyBank National Association, as Letter of Credit Issuer and Administrative Agent (filed as Exhibit 10.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on December 22, 2004, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10(b)	Note Purchase Agreement dated March 12, 2002 between Lincoln Electric Holdings, Inc. and The Lincoln Electric Company and the Purchasers listed in Schedule A thereof (filed as Exhibit 10(q) to Form 10-Q of Lincoln Electric Holdings, Inc. for the three months ended March 31, 2002, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10(c)	Amended and Restated Note Purchase and Private Shelf Agreement between Lincoln Electric Holdings, Inc., The Lincoln Electric Company and The Prudential Insurance Company of America dated as of April 30, 2002 (filed as Exhibit 10(v) to Form 10-Q of Lincoln Electric Holdings, Inc. for the three months ended June 30, 2002, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10(d)	Amendment No. 1 to the Amended and Restated Note Purchase and Private Shelf Agreement dated as of December 14, 2006 (filed herewith).
10(e)	Lincoln Electric Holdings, Inc. 1998 Stock Plan (as amended, restated and renamed as of May 1, 2003) (filed as Appendix B to the Lincoln Electric Holdings, Inc. Proxy Statement dated March 31, 2003, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10(f)	The Lincoln Electric Company 1988 Incentive Equity Plan (filed as Exhibit 28 to the Form S-8 Registration Statement of The Lincoln Electric Company, SEC File No. 33-25209 and incorporated herein by reference and made a part hereof) as adopted and amended by Lincoln Electric Holdings, Inc. pursuant to an Instrument of Adoption and Amendment dated December 29, 1998 (filed as Exhibit 10(d) to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 1998, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10(g)	Form of Indemnification Agreement (filed as Exhibit A to The Lincoln Electric Company 1987 Proxy Statement, SEC File No. 0-1402, and incorporated herein by reference and made a part hereof).
10(h)	Lincoln Electric Holdings, Inc. Supplemental Executive Retirement Plan (Amended and Restated as of March 1, 2002), including Amendment Nos. 1 and 2 (filed as Exhibit 10(g) 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(i)	Amendment No. 3 to the Lincoln Electric Holdings, Inc. Supplemental Executive Retirement Plan (Amended and Restated as of March 1, 2002) (filed as Exhibit 10.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on February 1, 2005, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10(j)	Amendment No. 4 to the Lincoln Electric Holdings, Inc. Supplemental Executive Retirement Plan (Amended and Restated as of March 1, 2002) (filed as Exhibit 10.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on February 18, 2005, SEC File No. 0-1402 and incorporated by reference and

made a part hereof).

Exhibit No.	Description
10(k)	Lincoln Electric Holdings, Inc. Deferred Compensation Plan for Executives (Amended and Restated as of January 1, 2004) (filed as Exhibit 10(h) 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(l)	Amendment No. 1 to the Lincoln Electric Holdings, Inc. Deferred Compensation Plan for Executives (Amended and Restated as of January 1, 2004) (filed as Exhibit 10.2 to Form 8-K of Lincoln Electric Holdings, Inc. filed on February 1, 2005, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10(m)	Instrument of Termination of the Lincoln Electric Holdings, Inc. Deferred Compensation Plan for Executives (filed as Exhibit 10.2 to Form 8-K of Lincoln Electric Holdings, Inc. filed on January 4, 2006, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10(n)	Lincoln Electric Holdings, Inc. 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(o)	Lincoln Electric Holdings, Inc. Non-Employee Directors Deferred Compensation Plan (Amended and Restated as of January 1, 2004) filed as Exhibit 10(m) to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 2004, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10(p)	Amendment No. 1 to the Lincoln Electric Holdings, Inc. Non-Employee Directors Deferred Compensation Plan (Amended and Restated as of January 1, 2004) (filed as Exhibit 10.3 to Form 8-K of Lincoln Electric Holdings, Inc. filed on February 1, 2005, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10(q)	Amendment No. 2 to the Lincoln Electric Holdings Inc. Non-Employee Director s Deferred Compensation Plan (Amended and Restated as of January 1, 2004) (filed as Exhibit 10.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on December 5, 2005, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10(r)	Description of Management Incentive Plan (filed as Exhibit 10(e) to Form 10-K of The Lincoln Electric Company for the year ended December 31, 1995, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10(s)	Description of Long-Term Performance Plan (filed as Exhibit 10(f) to Form 10-K of The Lincoln Electric Company for the year ended December 31, 1997, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10(t)	Summary of Employment Agreements (filed as Exhibit 10(l) 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(u)	Form of Severance Agreement (as entered into by the Company and the following executive officers: Messrs. Stropki, Stueber and Fernandez) (filed as Exhibit 10 to Form 10-Q of Lincoln Electric Holdings, Inc. for the nine months ended December 31, 1998, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10(v)	Form of Amendment 1 to Severance Agreement (as entered into by the Company and the following executive officers: Messrs. Stropki and Stueber) (filed as Exhibit 10(o) to Form 10-K of Lincoln Electric Holdings, Inc. for the year ended December 31, 1999, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10(w)	Stock Option Plan for Non-Employee Directors (filed as Exhibit 10(p) to Form 10-Q of Lincoln Electric Holdings, Inc. for the three months ended March 31, 2000, SEC File No. 0-1402 and

incorporated herein by reference and made a part hereof).

Exhibit No.	Description
10(x)	Summary of Cash Long-Term Incentive Plan, as amended (filed as Exhibit 10.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on April 6, 2005, Securities and Exchange Commission File No. 0-1402 and incorporated herein by reference and made a part hereof).
10(y)	Letter Agreement between John M. Stropki, Jr. and Lincoln Electric Holdings, Inc. dated October 12, 2004 (filed as Exhibit 10.1 to Form 8-K of Lincoln Electric Holdings, Inc. filed on October 18, 2004, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10(z)	2005 Deferred Compensation Plan for Executives dated December 30, 2004 (filed as Exhibit 10.4 to Form 8-K of Lincoln Electric Holdings, Inc. filed on February 1, 2005, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10(aa)	2006 Equity and Performance Incentive Plan (filed as Appendix B to the Company s proxy statement filed on March 28, 2006, SEC File No. 0-1402 and incorporated herein by reference and made a part hereof).
10(bb)	2006 Stock Plan for Non-Employee Directors (filed as Appendix C to the Company s proxy statement filed on March 28, 2006, 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.
31.1	Certification by the President and Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
31.2	Certification by the Senior 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.

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/ VINCENT K. PETRELLA

Vincent K. Petrella, *Senior Vice President,*
Chief Financial Officer and Treasurer
(principal financial and accounting officer)
February 22, 2007

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/ JOHN M. STROPKI, JR.

John M. Stropki, Jr., Chairman of the Board, President and Chief Executive Officer (principal executive officer)
February 22, 2007

/s/ VINCENT K. PETRELLA
Vincent K. Petrella,
Senior Vice President, Chief Financial Officer and Treasurer (principal financial and accounting officer)
February 22, 2007

/s/ VINCENT K. PETRELLA

Vincent K. Petrella as
Attorney-in-Fact for
Harold L. Adams, Director
February 22, 2007

/s/ VINCENT K. PETRELLA
Vincent K. Petrella as
Attorney-in-Fact for
David H. Gunning, Director
February 22, 2007

/s/ VINCENT K. PETRELLA

Vincent K. Petrella as
Attorney-in-Fact for
Stephen G. Hanks, Director
February 22, 2007

/s/ VINCENT K. PETRELLA
Vincent K. Petrella as
Attorney-in-Fact for
Kathryn Jo Lincoln, Director
February 22, 2007

/s/ VINCENT K. PETRELLA

Vincent K. Petrella as
Attorney-in-Fact for
Robert J. Knoll, Director
February 22, 2007

/s/ VINCENT K. PETRELLA
Vincent K. Petrella as
Attorney-in-Fact for
Hellene S. Runtagh, Director
February 22, 2007