LINCOLN ELECTRIC HOLDINGS INC
Form 11-K
June 21, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS AND SIMILAR PLANS PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)
þ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016

OR

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

For the transition period from _________________ to _____________________

Commission file number 0-1402

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

The Lincoln Electric Company
Employee Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Lincoln Electric Holdings, Inc.
22801 St. Clair Avenue
Cleveland, Ohio 44117

FINANCIAL STATEMENTS AND SCHEDULE

The Lincoln Electric Company Employee Savings Plan
December 31, 2016 and 2015, and
Year Ended December 31, 2016
With Report of Independent Registered Public Accounting Firm

Plan Sponsor and Administrator

The Lincoln Electric Company
Cleveland, Ohio 44117
(216) 481-8100

Plan Number: 005

Employer Identification Number: 34-0359955

The Lincoln Electric Company
Employee Savings Plan
Financial Statements and Schedule
December 31, 2016 and 2015, and
Year Ended December 31, 2016

Contents

Report of Independent Registered Public Accounting Firm

Plan Administrator
The Lincoln Electric Company
Employee Savings Plan

We have audited the accompanying statements of net assets available for benefits of The Lincoln Electric Company Employee Savings Plan (the "Plan") as of December 31, 2016 and 2015 and the related statement of changes in net assets available for benefits for the year ended December 31, 2016. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Plan as of December 31, 2016 and 2015, and the changes in net assets for the year ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying schedule of assets held (at end of year) as of December 31, 2016 has been subjected to audit procedures performed in conjunction with the audits of the Plan's financial statements. This supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with Department of Labor's Rules and Regulations for Reporting under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Plante & Moran, PLLC

Cleveland, Ohio
June 21, 2017

1

The Lincoln Electric Company
Employee Savings Plan
Statements of Net Assets Available for Benefits

	December 31,	
	2016	2015
Assets		
Investments at fair value	$466,295,731	$416,934,489
Receivables:		
Notes receivable from participants	12,586,385	12,498,990
Employer contributions receivable	514,701	498,103
Other receivable	124,919	35,980
Total receivables	13,226,005	13,033,073
Total assets	479,521,736	429,967,562
Liabilities		
Corrective distributions payable	125,815	208,869
Net assets available for benefits	$479,395,921	$429,758,693

See notes to these financial statements.

The Lincoln Electric Company
Employee Savings Plan
Statement of Changes in Net Assets Available for Benefits
Year ended December 31, 2016

Additions	
Interest and dividends	$12,550,201
Interest on notes receivable from participants	540,544
Contributions:	
Participants	14,825,937
Employer	6,965,915
Net appreciation in fair value of investments	49,250,708
Total additions	84,133,305
Deductions	
Participant withdrawals	36,566,838
Corrective distributions	125,815
Total deductions	36,692,653
Net increase in net assets prior to transfers	47,440,652
Transfers from other qualified plans	2,196,576
Net increase	49,637,228
Net assets available for benefits at beginning of year	429,758,693
Net assets available for benefits at end of year	$479,395,921

See notes to these financial statements.

The Lincoln Electric Company
Employee Savings Plan
Notes to Financial Statements

Note 1 — Description of Plan

The following description of The Lincoln Electric Company Employee Savings Plan (as amended and restated, "the Plan") provides only general information. Participants should refer to the Summary Plan Description for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering certain employees of The Lincoln Electric Company and certain related entities ("the Company"), as defined by the Plan. The Plan provides that employees will be eligible for participation in the Plan following six months of full time employment or 1,000 hours in any year of service with the Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). During 2016, the Weartech International, Inc. 401(k) Plan ("Weartech Plan") was merged into the Plan and all accounts held under the Weartech Plan were transferred to the Plan. Total assets transferred to the Plan were $2,196,576 and are reflected in the Statement of Changes in Net Assets Available for Benefits as Transfers from other qualified plans.

Plan Redesign

On October 17, 2016, the Company announced a plan redesign that is effective January 1, 2017 and replaces the Company Match and FSP Program. The amended Plan will provide that participants receive up to 6% of their annual compensation, which is defined as base pay and bonus compensation, in Company contributions through:

(1) Company matching contributions of 100% of the first 3% of participant compensation contributed to the plan

(2) Automatic Company contributions equal to 3% of annual compensation

These matching and automatic Company contributions will be 100% vested when made. In addition, certain employees who were participants in the Company's frozen defined benefit plan will be eligible to receive employer contributions equal to 6% of annual compensation for a minimum of five years or to the end of the year in which they complete thirty years of service.

Contributions and Vesting

Participant Contributions

Each year, participants may make pre-tax contributions to the Plan of 1% or more (in whole percentages) of their regular and/or bonus pay up to the maximum amount as set by the Internal Revenue Service ($18,000 for 2016). Participants who are at least 50 years old by the end of the calendar year are allowed to make a catch-up contribution for that year (up to an additional $6,000 for 2016). Amounts payable to participants for contributions in excess of amounts allowed by the IRS are recorded as Corrective distributions payable. Participants are immediately vested in their contributions plus actual earnings thereon. Participants have the right to either direct Fidelity Management Trust Company ("the Trustee") to invest contributions in any one fund or in a combination of funds in 1% increments or to invest contributions in a self-directed brokerage account. Eligible employees who do not have an affirmative election under the Plan and employees who become eligible participants in the Plan will be automatically enrolled in the Plan unless action is taken by the employee to elect not to contribute to the Plan. Participants enrolled under this approach will have 4% of their base salary contributed to the Plan.

The Plan is subject to certain non-discrimination standards under Section 401(k) of the Internal Revenue Code. In order to comply with these standards, tests are performed to provide a limit on the amount of benefits provided to highly compensated employees. As a result, certain participants who are defined as highly compensated employees may have a portion of their contributions refunded to them after the end of the plan year.

Company Match

The Company contributes 35% of the first 6% of eligible compensation contributed by certain participants to the Plan. Matching contributions are 100% vested after an employee has attained three years of service. The Company

match is discretionary and can be suspended or terminated at any time. Company match contributions are invested in the same manner as participant contributions.
On August 21, 2015, the Company notified plan participants of the temporary suspension of the matching employer contribution for certain employees effective September 1, 2015 and continued through 2016.

The Lincoln Electric Company
Employee Savings Plan
Notes to Financial Statements (continued)

FSP Program

The Plan provides a Financial Security Program ("FSP") feature to certain eligible participants who made an irrevocable election to participate in the program and to all eligible participants who were hired on or after November 1, 1997. Participants in the FSP program receive a Company contribution to the Plan of 2% of their base pay, in which they become 100% vested after attaining three years of service. In July 2006, the Company amended the Plan to offer employees enhanced FSP benefits ("FSP Plus"). Eligible employees hired on or after January 1, 2006 receive FSP Plus benefits under the Plan, but are not eligible to participate in the Company's defined benefit plan. Those eligible employees hired prior to January 1, 2006 either remained under the Company's existing retirement programs, which may include both benefits under the Plan and the Company's defined benefit plan, or made an irrevocable election to switch to the new program that provides the FSP Plus feature while earning a reduced benefit from the Company's defined benefit plan. The Company began making contributions to the FSP Plus program to eligible employees on July 16, 2006 as follows:

Years of Service	FSP Plus Company Contribution (% of base pay)
1	4%
5	5%
10	6%
15	7%
20	8%
25	10%

The amount of FSP and FSP Plus contributions were $6,671,302 in 2016. FSP and FSP Plus contributions are invested in the same manner as participant contributions.

Participant Accounts

Each participant's account is credited with the participant's contributions and allocations of (a) the Company's contributions and (b) Plan earnings. Allocations are based on participant earnings or account balances, as defined. Forfeited balances of terminated participants' nonvested accounts are used to reduce future Company contributions to the Plan. During 2016, $225,000 in forfeitures were used to reduce Company contributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Participant Loans

Active participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance, excluding FSP and FSP Plus contributions. Loan terms range from one to five years, or up to 15 years for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate computed as the prime rate in effect at the loan origination date plus 1%, as determined by the Company. Principal and interest are paid ratably through payroll deductions.

Payment of Benefits

Participants may receive the value of their account in a single lump sum payment or in ten or fewer annual installment payments following separation from the Company, whether by retirement, disability or otherwise, except that if the full value of a participant's account is $1,000 or less or if the participant dies and his/her account is payable to his/her beneficiary, such account balance will be paid in a single lump sum payment. Participants who leave the Company may withdraw their money at any time. Withdrawals must begin no later than April 1 of the calendar year following the calendar year in which age 70½ is attained or the calendar year in which the participant is terminated if later. Participants or beneficiaries may elect to receive the portion of their distributions which are attributable to their interests in the Lincoln Electric Stock Fund in the form of whole shares with any fractional shares paid in cash or all in cash.

The Lincoln Electric Company
Employee Savings Plan
Notes to Financial Statements (continued)

Plan Termination

The Company has the right to amend, modify, suspend or terminate the Plan subject to the provisions of ERISA at any time. Upon termination of the Plan, the rights to benefits accrued by participants or their beneficiaries, to the extent that such benefits are funded or credited to participants' accounts, shall be nonforfeitable. No amendment, modification, suspension or termination of the Plan shall have the effect of providing that any amounts then held under the Plan may be used or diverted to any purpose other than for the exclusive benefit of the participants or their beneficiaries.

Note 2 — Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting in accordance with U.S. generally accepted accounting principles ("GAAP").

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation methodologies used for the investment assets measured at fair value are as follows:

Units of registered investment companies ("Mutual funds"): Valued at quoted market prices, which represent the net asset values of the units held by the Plan on the last business day of the plan year.

Self-directed investment account: Consist primarily of the following: (1) common stocks and bonds, which are valued at the closing price reported on the active market on which the individual securities are traded; and (2) mutual funds, which are valued at quoted market prices, which represent the net asset values of the units held by the Plan on the last business day of the plan year.

Lincoln Electric Stock Fund: The fund invests in common stock of Lincoln Electric Holdings, Inc., which is determined based on the quoted market price as of year-end. Additionally, the fund holds cash in a money market account, valued at cost which approximates fair value. In August 2016, the unitized Lincoln Electric Stock Fund was changed to a real-time traded stock fund. Participant balances in the unitized Lincoln Electric Stock Fund were converted into shares of Lincoln Electric Holdings, Inc. common stock.

Common collective trust fund: Valued at net asset value per share ("NAV") or its equivalent of the fund, which are based on the fair value of the fund's underlying assets. There are no redemption restrictions or unfunded commitments on this investment.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Purchases and sales of securities are recorded on a trade-date basis. Open trades within the Lincoln Electric Stock Fund that have not settled are reflected in the Statements of Net Assets Available for Benefits as either an Other receivable or Other liability. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held throughout the year. See Note 6 for additional disclosures relative to the fair value of the investments held in the Plan.

Benefit Payments

Benefits are recorded by the plan when paid.

Use of Estimates

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

The Lincoln Electric Company
Employee Savings Plan
Notes to Financial Statements (continued)

Notes Receivable from Participants
Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded when it is earned. If a participant ceases to make loan repayments and the loan is deemed to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.
Administrative Expenses
All direct costs and expenses incurred in connection with the administration of the Plan and trust were paid by the Company in 2016.

Note 3 — Income Tax Status
The Plan received a determination letter from the Internal Revenue Service dated March 10, 2017, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (“IRC”), and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the Internal Revenue Service, the Plan was amended and restated. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The plan administrator believes the Plan, as amended and restated, is qualified and the related trust is tax exempt. Accordingly, no provision for income taxes has been made in the accompanying statements. The Plan Administrator believes the Plan is no longer subject to income tax examinations for years prior to 2013.

Note 4 — Transactions with Parties-in-Interest
At December 31, 2016, the Plan held 1,415,039 common shares of Lincoln Electric Holdings, Inc. with a fair value of $108,492,321. For the year ended December 31, 2016, the Plan received dividends on Lincoln Electric Holdings, Inc. common shares of $2,060,620. At December 31, 2015, the Plan held 1,742,293 common shares of Lincoln Electric Holdings, Inc. with a fair value of $90,407,584. The Plan’s shares of Lincoln Electric Holdings, Inc. are held in the Lincoln Electric Stock Fund.
Party-in-interest transactions also include the investment in the proprietary funds of the Trustee and the payment of administrative expenses by the Company. Such transactions are exempt from being prohibited transactions under ERISA.

Note 5 — Risks and Uncertainties
The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants’ account balances and the amounts reported in the Statements of Net Assets Available for Benefits.
The Plan’s investments in the Lincoln Electric Holdings, Inc. common shares are exposed to market risk in the event of a decline in the value of Lincoln Electric Holdings, Inc. common shares. Participants assume all risk in connection with any decrease in the market price of any investment.

7

The Lincoln Electric Company
Employee Savings Plan
Notes to Financial Statements (continued)

Note 6 — Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

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

Level 2 Inputs to the valuation methodology include:

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

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

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables set forth by level within the fair value hierarchy the Plan's investments at fair value as of December 31, 2016 and 2015:

	Assets at Fair Value as of December 31, 2016	
	Level 1	Total
Mutual funds	$ 303,995,372	$ 303,995,372
Self-directed brokerage accounts	7,924,593	7,924,593
Lincoln Electric Stock Fund	108,492,321	108,492,321
Total investments in the fair value hierarchy	420,412,286	420,412,286
Common collective trust measured at NAV		45,883,445
Total investments at fair value		$ 466,295,731

	Assets at Fair Value as of December 31, 2015	
	Level 1	Total
Mutual funds	$ 275,114,901	$ 275,114,901
Self-directed brokerage accounts	7,280,818	7,280,818
Lincoln Electric Stock Fund		
Cash	3,754,889	3,754,889
Common Stock	90,407,584	90,407,584
Total investments in the fair value hierarchy	376,558,192	376,558,192
Common collective trust measured at NAV		40,376,297
Total investments at fair value		$ 416,934,489

The Lincoln Electric Company
Employee Savings Plan
EIN: 34-0359955 Plan Number: 005
Form 5500, Schedule H, Line 4i—Schedule of Assets
(Held at End of Year)
December 31, 2016

Identity of Issuer, Borrower, Lessor or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Current Value
Common Collective Trust:		
Fidelity	Fidelity Managed Income Portfolio*	$45,883,445
Registered investment companies:		
Fidelity	T.Rowe Price Blue Chip Growth SHS	40,606,754
Fidelity	Fidelity Spartan US Equity Index Fund*	34,350,201
Fidelity	Dodge & Cox Balanced Fund	31,166,927
Fidelity	Western Asset Core Plus Bond Fund Class IS	23,377,681
Fidelity	Artisan Mid Cap Institutional Fund	18,437,859
Fidelity	Vanguard Small Cap Idx Inst	17,955,940
Fidelity	Vanguard Target Ret 2020 Inv CL	15,508,105
Fidelity	American Funds Washington Mutual R6	15,317,089
Fidelity	Fidelity Diversified International Fund*	14,909,425
Fidelity	Vanguard Target Ret 2025 Inv CL	14,068,069
Fidelity	Vanguard Selected Value	11,824,390
Fidelity	Vanguard Target Ret 2030 Inv CL	10,392,803
Fidelity	American Funds EuroPacific Growth Fund	9,445,664
Fidelity	Vanguard Target Ret 2035 Inc CL	7,508,701
Fidelity	Vanguard Target Ret 2045 Inc CL	6,167,773
Fidelity	Vanguard Target Ret 2050 Inv CL	5,400,094
Fidelity	Vanguard Target Ret 2040 Inv CL	5,397,508
Fidelity	Vanguard Target Ret 2015 Inc CL	4,873,463
Fidelity	DFA U.S. Small Cap Portfolio Fund	4,200,081
Fidelity	Vanguard Target Ret Inc	3,527,242
Fidelity	Vanguard Target Ret 2055 Inv CL	3,511,450
Fidelity	Fidelity Extended Market Index Fund - Premium Class*	3,277,229
Fidelity	Vanguard Target Ret 2010 Inv CL	1,526,691
Fidelity	Vanguard Tot Intl Stk	1,159,109
Fidelity	Vanguard Target Ret 2060 Inv CL	85,124
		303,995,372
Fidelity BrokerageLink	Self-directed brokerage accounts	7,924,593
Lincoln Electric Stock Fund*	1,415,039 Common Shares	108,492,321
Participant loans*		12,586,385

	Loans bearing interest at rates ranging from 3.00% to 9.25%	
Total assets		$478,882,116

*Indicates party-in-interest to the Plan.

9

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

The Lincoln Electric Company
Employee Savings Plan

By: The Lincoln Electric Company,
Plan Administrator

By: /s/ Vincent K. Petrella
Vincent K. Petrella
Executive Vice President and
Chief Financial Officer

Date: June 21, 2017

Exhibits

Exhibit No.	Description
23.1	Consent of Plante & Moran, PLLC, Independent Registered Public Accounting Firm

11