

## LINCOLN ELECTRIC HOLDINGS, INC.

### COMPENSATION AND EXECUTIVE DEVELOPMENT COMMITTEE CHARTER

#### **Purpose of the Compensation and Executive Development Committee**

Except to the extent that the Board may otherwise specifically delegate part of its authority to another Board Committee or expressly reserve such authority for itself, the Compensation and Executive Development Committee (a) shall have full authority in conjunction with the CEO to review and take action with respect to all matters relating to the compensation of executive officers of the Company and all matters relating to employee benefit plans, the monitoring of senior management performance and depth and succession and (b) shall produce an annual report on executive compensation for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations. Without limiting the generality of the foregoing, the Compensation and Executive Development Committee shall have and may exercise the authority set forth below.

#### **Membership of the Compensation and Executive Development Committee**

***Number and Appointment.*** The Compensation and Executive Development Committee will be comprised of a minimum of three Directors. The Chairman of the Board, in conjunction with the Nominating and Corporate Governance Committee, will recommend to the Board and the Board will appoint Directors to the Compensation and Executive Development Committee and will also appoint its Chairman. Compensation and Executive Development Committee members serve at the pleasure of the Board of Directors and for such term or terms as the Board of Directors may determine. A meeting of the Compensation and Executive Development Committee may be called at any time by either (a) the chair of the Compensation and Executive Development Committee or (b) a majority of the members of the Compensation and Executive Development Committee.

***Qualifications.*** Each Compensation and Executive Development Committee member must meet the independence criteria of the rules of Nasdaq or any stock exchange on which the Company's shares are listed or traded, as such requirements are interpreted by the Board of Directors in its business judgment. Each member of the Committee shall also be an outside Director within the meaning of §162(m) of the Internal Revenue Code of 1986, as amended, and a non-employee Director within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

#### **Responsibilities of the Compensation and Executive Development Committee**

1. Review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer and the other executive officers, evaluate the performance of the Chief Executive Officer and the other executive officers in light of those goals and objectives, and set the compensation of the Chief Executive Officer and the other executive

officers based on that evaluation, all in accordance with applicable law or the rules of Nasdaq or any stock exchange on which the Company's shares are listed or traded.

2. Monitor the Company's key management resources, structure, succession planning, development and selection processes and the performance of key executives.
3. Review and recommend to the Board, the appointment and removal of elected officers of the Company.
4. Administer the Company's employee stock and incentive plans approved by the Board, including without limitation, establishing and administering performance objectives thereunder.
5. Review and recommend to the Board new employee benefits plans, major changes in existing employee benefit plans, and administer employee benefit plans approved by the Board.
6. Review and recommend to the Board new or amended executive compensation plans including those related to, but not limited to, incentive-compensation plans, equity-based plans, stock options, stock appreciation rights, deferred compensation, and supplemental retirement benefits.
7. Review and discuss such matters that relate to the compensation practices and procedures of the Company as the Committee may, in its own discretion, deem desirable in connection with the functions described herein.
8. Report its activities regularly to the Board of Directors in such manner and at such times as the Compensation and Executive Development Committee and the Board of Directors deem appropriate, but in no event less than once a year.
9. Take any actions appropriate to exercise any additional authority delegated to the Committee from time to time by the Board.

### **Annual Performance Evaluation**

The Compensation and Executive Development Committee will conduct and review with the Board of Directors annually an evaluation of the Compensation and Executive Development Committee's performance with respect to the requirements of this Charter. The Compensation and Executive Development Committee may conduct this performance evaluation in such manner as the Compensation and Executive Development Committee, in its business judgment, deems appropriate.

Consistent with the listing requirements of Nasdaq or any stock exchange on which the Company's shares may be listed or traded, this Charter will be included on

the Company's website and will be made available upon request to the Company's Secretary.

May 1, 2003