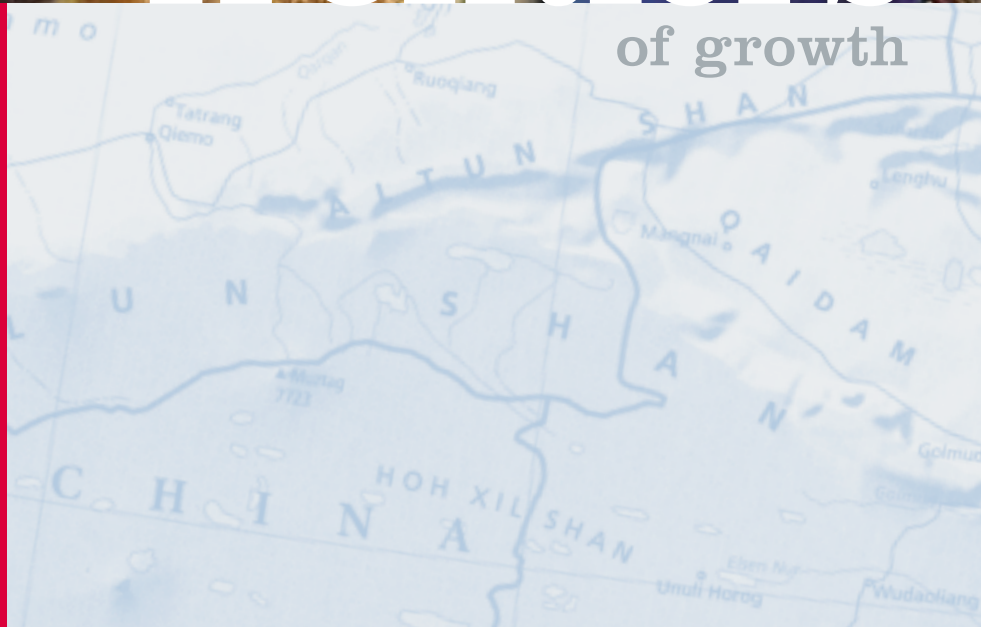


new frontiers of growth



PIPELINE EXPANSION

Growing demand for petroleum and natural gas is fueling major pipeline projects in China, Russia and Africa. Welders rely on Lincoln Electric products to join 40-foot sections of the 4,000-kilometer West-to-East Pipeline Project running through China.

Lincoln Electric’s growth strategy calls for entering new geographic markets and developing new customer segments worldwide.

Our goals are to establish leading positions in expanding and developing markets while continuing to introduce new products that provide opportunities for incremental growth in mature markets.

By delivering the world’s most technologically advanced integrated welding systems and solutions, as well as the finest customer service and support in the industry, we succeeded in gaining share in 2002 in the global markets we serve. Indeed, the growth we achieved abroad served to mitigate the effects of the year’s downturn in U.S. markets.

Despite challenging conditions in some markets, Lincoln Electric continues to see steady growth in such global end markets as pipelines and shipping, as well as in such geographic regions as Asia Pacific, Eastern Europe and Latin America. Recently completed acquisitions in Poland and Venezuela boosted the excellent performance of our foreign subsidiaries.

In the United States, we augmented our leading position in industrial markets by introducing such newer products as the Power Wave 455 and the Power MIG 300. We also initiated sales incentive programs for our industrial customers and distributors. In the expanding home-improvement market, we increased our product offerings for some “big box” retailers. We anticipate continued strong growth in the retail and rental channels.

Worldwide customer/distributor relationships are one of the keys to our success, and we continue to nurture and strengthen those affiliations. Lincoln’s sales and distribution network is unsurpassed in the industry, enabling us to provide service tailored specifically to individual global markets where languages, cultures and customer preferences differ widely.

Canada United States Argentina Aruba Bahamas Barbados Belize Bermuda Brazil Cayman Islands Chile Colombia Costa Rica Indonesia Dominican Republic Ecuador El Salvador Guatemala Guyana Haiti Honduras Jamaica Mexico Nicaragua Panama Peru Puerto Rico Suriname Trinidad & Tobago Uruguay Venezuela Albania Austria Bosnia & Herzegovina Bulgaria Czech Republic Croatia Denmark Estonia Finland France Germany Hungary Iceland Ireland Italy Latvia Lithuania Macedonia The Netherlands Norway Poland Portugal Romania Serbia & Montenegro Slovakia Slovenia Spain Sweden Switzerland United Kingdom Algeria Armenia Azerbaijan Bahrain Belarus Benin Botswana Burundi Cameroon Canary Islands Cape Verde Central African Republic Chad Comoros Cyprus Djibouti Dubai Egypt Equatorial Guinea Eritrea Ethiopia Gambia Gambia Georgia Ghana Greece Guinea Guinea-Bissau Israel Australia Jordan Kazakhstan Kenya Kuwait Kyrgyzstan Lebanon Lesotho Madagascar

manufacturing leadership

Lincoln Electric is focused on continuous improvement of manufacturing quality and efficiency.

In the United States, we have achieved cost savings and efficiency improvements across the board with our Six Sigma initiatives. The Just-in-Time supply system instituted at our Cleveland plant has enhanced production substantially. And our consumables plant in Mentor, Ohio, achieved the first ISO14001 environmental certification in the welding industry.

Worldwide, our dedication to manufacturing quality is reflected in ISO certifications that enable Lincoln Electric to maintain partnerships with quality-conscious global customers. All of our core manufacturing plants are currently certified to the ISO 9000 Quality Standard. Most of our manufacturing operations, including those in the United States, Canada, Mexico, Brazil, Australia, Indonesia, Spain, Taiwan and China and our consumables division in France, are now certified to be in compliance with the most recent ISO9001:2000 standard. As part of the Company's continuous improvement program, our major global facilities will be systematically upgraded to the new standard in 2003.

We continue to fine-tune our manufacturing base. In 2002, we rationalized some operations in Europe and Asia Pacific, expanded in Mexico, and invested in a variety of programs worldwide to improve processes and upgrade manufacturing equipment, information technology and business systems.

In addition, we maintain the world's most aggressive and comprehensive arc welding research and development program. Most R&D efforts are focused in the state-of-the-art David C. Lincoln Technology Center, which we dedicated in 2001. And our welding education programs and award-winning extranet reflect our commitment to customer service and to our distributors.

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Madagascar Malawi Mali Mauritania Taiwan Moldova Mongolia Morocco Mozambique Namibia Argentina Reunion Russia Rwanda Sao Tome/



CUSTOMER SERVICE

Customers appreciate Lincoln's extranet (right), which gives them access to products, welding news and emerging technology. A continuous improvement culture helps Lincoln remain number one with customers. The new automated wire packaging cell (below), which increases productivity and improves the work environment at our welding consumables plant in Mentor, Ohio, exemplifies that culture.

a position of unequalled
strength

