

LINCOLN ELECTRIC HOLDINGS INC  
Form DEF 14A  
March 19, 2010  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**SCHEDULE 14A**  
(RULE 14a-101)

**INFORMATION REQUIRED IN PROXY STATEMENT**  
**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities**  
**Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

**LINCOLN ELECTRIC HOLDINGS, INC.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of Lincoln Electric Holdings, Inc. (the Company), which will be held at 11:30 a.m., local time, on Thursday, April 29, 2010 at the Marriott Cleveland East, 26300 Harvard Road, Warrensville Heights, Ohio. A map showing the location of the Annual Meeting is printed on the outside back cover of the proxy statement.

Enclosed with this letter are the Annual Meeting Notice, Proxy Statement, Proxy and Voting Instruction Form and an envelope in which to return the Proxy and Voting Instruction Form. Also enclosed is a copy of the Annual Report. The Annual Report and proxy statement contain important information about the Company, its Board of Directors and its executive officers. Please read these documents carefully.

If you are a registered holder of shares of common stock of the Company or a participant in The Lincoln Electric Company Employee Savings Plan (401(k) plan), as a convenience to you and as a means of reducing costs, you may choose to vote your proxy electronically using the Internet or a touch-tone telephone instead of using the conventional method of completing and mailing the enclosed Proxy and Voting Instruction Form. Electronic proxy voting is permitted under Ohio law and the Company's Amended and Restated Regulations. You will find instructions on how to vote electronically in the proxy statement and on the Proxy and Voting Instruction Form. Having the freedom to vote by means of the Internet, telephone or mail does not limit your right to attend or vote in person at the Annual Meeting, if you prefer. If you plan to attend the Annual Meeting, please check the attendance box on the enclosed Proxy and Voting Instruction Form, or when prompted if you cast your vote over the Internet or by telephone.

We look forward to seeing you at the Annual Meeting.

Sincerely,  
**John M. Stropki, Jr.**  
*Chairman, President and Chief Executive Officer*  
*Lincoln Electric Holdings, Inc.*

March 19, 2010

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Lincoln Electric Holdings, Inc.

22801 Saint Clair Avenue

Cleveland, Ohio 44117-1199

**NOTICE OF  
ANNUAL MEETING OF SHAREHOLDERS**

The Annual Meeting of Shareholders of Lincoln Electric Holdings, Inc. (the Company) will be held at 11:30 a.m., local time, on Thursday, April 29, 2010, at the Marriott Cleveland East, 26300 Harvard Road, Warrensville Heights, Ohio. Shareholders will be asked to vote on the following proposals:

- (1) Election of four Directors, each to hold office until the 2013 Annual Meeting of Shareholders and until their successors are duly elected and qualified;
  - (2) Ratification of the appointment of Ernst & Young LLP as the Company's independent auditors for the year ending December 31, 2010; and
  - (3) Any other business properly brought before the meeting, or any postponement(s) or adjournment(s) of the meeting.
- Shareholders of record as of the close of business on March 3, 2010, the record date, are entitled to vote at the Annual Meeting.

**Frederick G. Stueber**

*Senior Vice President,*

*General Counsel and Secretary*

March 19, 2010

Your vote is very important. Be sure that your shares are represented. Whether or not you plan to attend the Annual Meeting, we recommend that you mark, date, sign and return promptly the enclosed Proxy and Voting Instruction Form in the envelope provided or, in the alternative, vote your shares electronically either over the Internet ([www.eproxy.com/leco](http://www.eproxy.com/leco)) or by touch-tone telephone (1-800-560-1965).

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If your shares are not registered in your own name and you would like to attend the Annual Meeting, please bring evidence of your share ownership with you. You should be able to obtain evidence of your share ownership from the bank, broker, trustee or other nominee that holds the shares on your behalf.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 29, 2010.**

**This proxy statement, along with our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and our Annual Report, are available free of charge on the following website: [www.lincolnelectric.com/proxymaterials](http://www.lincolnelectric.com/proxymaterials).**

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Lincoln Electric Holdings, Inc.

22801 Saint Clair Avenue

Cleveland, Ohio 44117-1199

**PROXY STATEMENT FOR  
ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON APRIL 29, 2010**

**GENERAL INFORMATION**

**Who is soliciting proxies and why?**

The enclosed Proxy is being solicited by the Board of Directors of Lincoln Electric Holdings, Inc. (the Company), and the Company will pay the cost of the solicitation. Certain officers and other employees of the Company may also solicit proxies by telephone, letter or personal interview, but will not receive any additional compensation for these activities. The Company will begin mailing this proxy statement on or about March 19, 2010.

If your shares are held in your name, in order to vote your shares you must either attend the Annual Meeting and vote in person or appoint a proxy to vote on your behalf. Because it would be highly unlikely that all shareholders would be able to attend the Annual Meeting, the Board recommends that you appoint a proxy to vote on your behalf, as indicated on the accompanying Proxy and Voting Instruction Form, or appoint your proxy electronically via telephone or the Internet.

**What is Householding?**

To reduce the expense of delivering duplicate voting materials to shareholders who share the same address, we have taken advantage of the householding rules enacted by the Securities and Exchange Commission (SEC). As long as we provide proper notice to such shareholders, these rules permit us to deliver only one set of voting materials to shareholders who share the same address, meaning only one copy of the Annual Report, proxy statement and any other shareholder communication will be sent to those households. Each shareholder will, however, receive a separate Proxy and Voting Instruction Form.

**How do I obtain a separate set of communications to shareholders?**

If you share an address with another shareholder and have received only one copy of the Annual Report, proxy statement or any other shareholder communication, you may request that the Company send a separate copy of these materials to you at no cost to you. The Company will promptly send a copy of these materials to you upon your written or oral request. For this meeting and for future Annual Meetings, you may request separate copies of these materials, or request that the Company send only one set of these materials to you if you are receiving multiple copies, by sending a written notice to the Corporate Secretary at Lincoln Electric Holdings, Inc. You may also request separate copies of these materials for this meeting and for future Annual Meetings by calling Roy Morrow, the Company's Director, Corporate Relations, at 216-383-4893.



**Who may vote?**

Record holders of shares of common stock of the Company as of the close of business on March 3, 2010, the record date, are entitled to vote at the Annual Meeting. On that date, 42,583,733 shares of common stock of the Company were outstanding. Each share is entitled to one vote on each proposal brought before the meeting.

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### **What shares are included on the proxy card?**

If you are both a registered shareholder of the Company and a participant in The Lincoln Electric Company Employee Savings Plan (401(k) plan), you may have received one Proxy and Voting Instruction Form that shows all shares of common stock of the Company registered in your name, including any dividend reinvestment plan shares, and all shares you have (based on the units credited to your account) under the 401(k) plan. Accordingly, your Proxy and Voting Instruction Form also serves as your voting directions to the 401(k) plan Trustee.

Please note, however, that unless the identical name or names appeared on all your accounts, we were not able to consolidate your share information. If that was the case, you received more than one Proxy and Voting Instruction Form and must vote each one separately. If your shares are held through a bank, broker, trustee or some other nominee, you will receive either a voting form or a proxy card from the nominee, instructing you on how to vote your shares, which may also include instructions on telephone and electronic voting.

### **What are the proposals on which I will be voting?**

You are being asked to vote on two proposals:

(1) Election of four Directors, each to hold office until the 2013 Annual Meeting of Shareholders and until their successors are duly elected and qualified; and

(2) Ratification of the appointment of Ernst & Young LLP as the Company's independent auditors for the year ending December 31, 2010. The Directors do not know of any other matters that are to be presented at the meeting. If any other matters come before the meeting of which we failed to receive notice within the 30-day period from December 31, 2009 through January 30, 2010 (or that applicable laws otherwise would permit proxies to vote on a discretionary basis), it is intended that the persons authorized under solicited proxies will vote on the matters in accordance with their best judgment.

### **How do I vote?**

**Registered Holders.** If your shares are registered in your name, you may vote in person or by proxy. If you decide to vote by proxy, you may do so in any **ONE** of the following three ways.

**By telephone.** After reading the proxy materials and with your Proxy and Voting Instruction Form in front of you, you may call the toll-free number **1-800-560-1965**, using a touch-tone telephone. You will be prompted to enter your Company Number from your Proxy and Voting Instruction Form. This number will identify you and the Company. Then you can follow the simple instructions that will be given to you to record your vote.

**Over the Internet.** After reading the proxy materials and with your Proxy and Voting Instruction Form in front of you, you may use a computer to access the website [www.eproxy.com/leco](http://www.eproxy.com/leco). You will be prompted to enter your Company Number from your Proxy and Voting Instruction Form. This number will identify you and the Company. Then you can follow the simple instructions that will be given to you to record your vote.

**By mail.** After reading the proxy materials, you may mark, sign and date your Proxy and Voting Instruction Form and return it in the enclosed prepaid and addressed envelope.

The Internet and telephone voting procedures have been set up for your convenience and have been designed to authenticate your identity, allow you to give voting instructions and confirm that those instructions have been recorded properly.

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Whether you choose to vote by telephone, over the Internet or by mail, you can specify whether your shares should be voted for all, some or none of the nominees for Director (Proposal 1 on the Proxy and Voting Instruction Form). You can also specify whether you want to vote for or against, or abstain from voting for, the ratification of the appointment of the independent auditors (Proposal 2 on the Proxy and Voting Instruction Form). If you make such specifications, your shares will be voted in accordance therewith. If you sign, date and return your Proxy and Voting Instruction Form but do not specify how you want to vote your shares, your shares will be voted **FOR** the election of all the Director nominees and **FOR** the ratification of the appointment of the independent auditors.

**Participants in the 401(k) Plan.** If you participate in the 401(k) plan, the plan's independent Trustee, Fidelity Management Trust Company, will vote your 401(k) plan shares according to your voting directions. You may give your voting directions to the plan Trustee in any **ONE** of the three ways set forth above under Registered Holders. If you do not return your Proxy and Voting Instruction Form or do not vote over the Internet or by telephone, the Trustee will not vote your plan shares. Each participant who gives the Trustee voting directions acts as a named fiduciary for the 401(k) plan under the provisions of the Employee Retirement Income Security Act of 1974, as amended.

**Nominee shares.** If your shares are held by a bank, broker, trustee or some other nominee, that entity will give you separate voting instructions.

### **May I revoke my proxy or change my vote?**

Yes. You may change or revoke your proxy prior to the closing of the polls in any one of the following four ways:

- (1) by sending a written notice to the Company's Corporate Secretary stating that you want to revoke your proxy;
- (2) by submitting a properly completed and signed Proxy and Voting Instruction Form with a later date (which will automatically revoke the earlier proxy);
- (3) by entering later-dated telephone or Internet voting instructions (which will automatically revoke the earlier proxy); or
- (4) by voting in person at the Annual Meeting after requesting that the earlier proxy be revoked. **NOTE: Because your 401(k) plan shares are held in a qualified plan, you are not able to vote 401(k) plan shares at the Annual Meeting.**

If your shares are held by a bank, broker, trustee or some other nominee, you will have to check with your bank, broker, trustee or other nominee to determine how to change your vote. Also note that if you plan to attend the Annual Meeting, you will not be able to vote in person at the meeting any of your shares held by a nominee unless you have a valid proxy from the nominee. If you plan to attend the Annual Meeting, please check the attendance box on the enclosed Proxy and Voting Instruction Form or indicate so when prompted if you are voting by telephone or over the Internet.

### **How are the votes counted?**

Shareholder votes will be tabulated by an independent inspector of elections for the Annual Meeting. All properly signed Proxy and Voting Instruction Forms and all properly recorded Internet and telephone votes (including votes marked abstain and broker non-votes) will be counted to determine whether or not a quorum is present at the meeting.

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**Proposal 1 Election of Directors.** Votes for the Director nominees that are marked `withhold` and any broker non-votes or other abstentions will not be counted in determining the election of Directors.

**Proposal 2 Ratification of the Appointment of Ernst & Young LLP as the Company's Independent Auditors for the Year Ending December 31, 2010.** Votes on Proposal 2 that are marked `abstain` will have the same effect as votes **AGAINST** that proposal, and broker non-votes will have no effect on the result of that proposal.

A broker non-vote occurs when a nominee holding shares for the beneficial owner does not vote those shares on a particular proposal because the nominee does not have discretionary authority to do so, and has not received voting instructions with respect to the proposal from the beneficial owner.

### **May I receive future shareholder communications over the Internet?**

If you are a registered shareholder, you may consent to accessing future shareholder communications (*e.g.*, proxy materials, Annual Reports and interim communications) over the Internet instead of receiving copies in the mail. You may give your consent by marking the appropriate box on your Proxy and Voting Instruction Form or following the prompts given you when you vote by telephone or over the Internet. If you choose electronic access to future shareholder communications, once there is sufficient interest in electronic delivery we will discontinue mailing proxy statements and Annual Reports to you, but you will receive a Proxy and Voting Instruction Form, together with a formal notice of the meeting, in the mail with instructions containing the Internet address or addresses to access shareholder communications.

Providing shareholder communications over the Internet will reduce the Company's printing and postage costs and the number of paper documents that you would otherwise receive. If you give your consent, there is no cost to you for this service other than charges you may incur from your Internet provider, telephone and/or cable company. Once you give your consent, it will remain in effect until you inform us otherwise.

If your shares are held through a bank, broker, trustee or some other nominee, check the information provided by that entity for instructions on how to choose to access future shareholder communications over the Internet.

In addition, our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, Annual Report and this proxy statement are available free of charge on the following website: **[www.lincolnelectric.com/proxymaterials](http://www.lincolnelectric.com/proxymaterials)**.

### **When are shareholder proposals due for the 2011 Annual Meeting?**

In order for proposals to be considered for inclusion in next year's proxy statement, a shareholder proposal must be received in writing by the Corporate Secretary at Lincoln Electric Holdings, Inc., 22801 Saint Clair Avenue, Cleveland, Ohio 44117-1199 on or before November 19, 2010. If a shareholder intends to present a proposal at the 2011 Annual Meeting without the inclusion of that proposal in the proxy statement, written notice of the proposal must be received no later than January 29, 2011 and no earlier than December 30, 2010, or proxies solicited by the Board for the 2011 Annual Meeting will confer discretionary authority to vote on the proposal if presented at the 2011 Annual Meeting.

### **May I submit a nomination for Director?**

The Company's Amended and Restated Regulations permit shareholders to nominate one or more persons for election as a Director but require that nominations be received in the Corporate Secretary's Office at least 80 days before the date of the annual meeting at which the nomination is to be made in those instances when the Company publicly announced the date of the annual meeting more than 90 days prior to the annual meeting date **or** no later than the close of business on the tenth day following the day on which the Company publicly

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announced the date of the annual meeting in those instances when the Company has not publicly announced the date of the annual meeting more than 90 days prior to the annual meeting date. For complete details on the nomination process, contact the Company's Corporate Secretary.

To nominate a candidate for election, you must send a written notice to the Corporate Secretary at Lincoln Electric Holdings, Inc., 22801 Saint Clair Avenue, Cleveland, Ohio 44117-1199. The notice must include certain information about you as a shareholder of the Company and about the person you intend to nominate, including a statement about the person's willingness to serve, if elected. Specifically, each notice must include: (1) the name and address of the shareholder who intends to make the nomination and of the person(s) to be nominated, (2) a representation that the shareholder is a holder of record of stock of the Company entitled to vote for the election of directors on the date of such notice and intends to appear in person or by proxy at the meeting to nominate the person(s) specified in the notice, (3) a description of all arrangements or understandings between the shareholder and each nominee and any other person(s) (naming such person(s)) pursuant to which the nomination(s) are to be made by the shareholder, (4) such other information regarding each nominee proposed by the shareholder as would be required to be included in the proxy statement filed pursuant to the proxy rules of the SEC, had the nominee been nominated, or intended to be nominated, by the Board of Directors of the Company, and (5) the consent of each nominee to serve as a director of the Company if so elected.

For this year's Annual Meeting, the Company had to receive nominations not later than the close of business on February 8, 2010 as the Company publicly announced the date of this year's Annual Meeting on January 13, 2010, which is more than 90 days prior to this year's Annual Meeting date. Accordingly, no additional nominations can be made for this year's Annual Meeting.

### **How do I contact the Company?**

For general information, shareholders may contact the Company at the following address:

Lincoln Electric Holdings, Inc.

22801 Saint Clair Avenue

Cleveland, Ohio 44117-1199

Attention: Roy Morrow, Director, Corporate Relations

Throughout the year, you may visit our website at [www.lincolnelectric.com](http://www.lincolnelectric.com) for information about current developments at the Company.

### **How do I contact the Directors?**

Shareholders may send communications to any or all of the Directors of the Company through the Corporate Secretary at the following address:

Lincoln Electric Holdings, Inc.

22801 Saint Clair Avenue

Cleveland, Ohio 44117-1199

Attention: Corporate Secretary

The name of any specific intended Board recipient should be noted in the communication. The Corporate Secretary will forward such correspondence only to the intended recipients. Prior to forwarding any correspondence, the Corporate Secretary will review such correspondence and, in his discretion, not forward certain items if they are deemed of a frivolous nature or otherwise inappropriate for the Board's consideration. In such cases, some of that correspondence may be forwarded elsewhere in the Company for review and possible response.

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**ELECTION OF DIRECTORS**

**Proposal No. 1**

The Company's Regulations provide for three classes of Directors whose terms expire in different years. While Ohio's General Corporation Law provides that, unless another voting standard is stipulated in the Articles of Incorporation, if a quorum is present, the Director nominees receiving the greatest number of votes will be elected as Directors of the Company, the Company has adopted a majority voting policy with respect to uncontested elections of Directors. The majority voting policy is described in detail below under Corporate Governance. Accordingly, for the 2010 Annual Meeting, if any Director fails to receive a majority of the votes cast in his or her favor, the Director will be required to submit his or her resignation to the Board promptly after the certification of the election results. The Nominating and Corporate Governance Committee of the Board would then consider each resignation and recommend to the Board whether to accept or reject it.

During 2009, the Board consisted of 10 Directors, with four Directors in a class to hold office until the 2010 Annual Meeting of Shareholders and until their successors are duly elected and qualified, three Directors in a class to hold office until the 2011 Annual Meeting of Shareholders and until their successors are duly elected and qualified and three Directors in a class to hold office until the 2012 Annual Meeting of Shareholders and until their successors are duly elected and qualified. On February 10, 2010, the Board increased its size from 10 to 11 Directors, and Mr. Christopher L. Mapes was elected by the Directors then in office to fill the vacancy created by the Board expansion. Mr. Mapes, who joined the class of Directors whose term ends in 2011, was recommended as a Director by a search consultant not retained by the Company. Management referred the matter to Mr. Adams, the Company's Lead Director and Chair of the Nominating and Corporate Governance Committee, who, in conjunction with other members of the Board and the Nominating and Corporate Governance Committee, reviewed Mr. Mapes' skills and qualifications against the criteria used to assess director candidates as described in the Company's Guidelines on Significant Corporate Governance Issues. A description of such criteria is set forth below with the general Committee information related to the Nominating and Corporate Governance Committee.

At the 2010 Annual Meeting, four Directors will be elected to serve for a three-year term until the 2013 Annual Meeting of Shareholders and until their successors are duly elected and qualified. Unless otherwise directed, shares represented by proxy will be voted **FOR** the following:

*Class of 2013.* The class of Directors whose term ends in 2013 has been fixed at four. Stephen G. Hanks, Kathryn Jo Lincoln, William E. MacDonald, III and George H. Walls, Jr. are standing for election. All of the nominees have been elected previously by the shareholders.

Each of the nominees has agreed to stand for election and has agreed, in accordance with the Company's majority voting policy, to tender his/her resignation in the event that he/she fails to receive a majority of the votes cast in his/her favor. If any of the nominees is unable to stand for election, the Board may provide for a lesser number of nominees or designate a substitute. In the latter event, shares represented by proxies solicited by the Directors may be voted for the substitute. We have no reason to believe that any of the nominees will be unable to stand for election.

All Directors are expected to attend the Annual Meeting. All of the Director nominees, as well as the continuing Directors, plan to attend this year's Annual Meeting. At the 2009 Annual Meeting, all of the Directors of the Company were in attendance.

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**DIRECTORS BIOGRAPHIES**

The following table sets forth biographical information about the Director nominees and the Directors whose terms of office will continue after this Annual Meeting. Except as otherwise indicated, each of the Director nominees and continuing Directors has held the occupation listed below for more than five years.

None of the Director nominees or continuing Directors has any special arrangement or understanding with any other person pursuant to which the Director nominee or continuing Director was or is to be selected as a Director or nominee. There are no family relationships, as defined by SEC rules, among any of our Directors or executive officers. SEC rules define the term "family relationship" to mean any relationship by blood, marriage or adoption, not more remote than first cousin.

**NOMINEES FOR ELECTION**

**Stephen G. Hanks**

Age:	59
Term Expires/Service:	2010; standing for election at this Annual Meeting to serve until 2013; Director since July 2006.
Recent Business Experience:	Mr. Hanks is the former President of the Washington Division of URS Corporation (a design, engineering, construction and management solutions company), headquartered in San Francisco, California, a position he held from November 2007 until his retirement in January 2008. From 2000 to November 2007, Mr. Hanks served as the President, and from 2001 to November 2007, served as the Chief Executive Officer of Washington Group International, Inc. (a design, engineering, construction and management solutions company), which merged with URS Corporation in 2007. Mr. Hanks also formerly served as Washington Group International, Inc.'s Executive Vice President, Chief Legal Officer and Secretary.
Directorships:	Mr. Hanks was a member of the Board of Directors of URS Corporation from November 2007 until his retirement in January 2008. Mr. Hanks was on the Board of Directors of Washington Group International, Inc. Additionally, Mr. Hanks currently serves on the Board of Directors of McDermott International, Inc., a position he has held since May 2009.
Director Qualifications:	Mr. Hanks' leadership of a U.S. publicly-held company with international reach has provided him with extensive experience dealing with the issues that such companies confront. His diverse professional skill set, including finance and legal competence, make him a valuable member of the Board and the Committees upon which he serves.

**Kathryn Jo Lincoln**

Age:	55
Term Expires/Service:	2010; standing for election at this Annual Meeting to serve until 2013; Director since 1995.

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**NOMINEES FOR ELECTION**

Recent Business Experience:	Ms. Lincoln is Chair/Chief Investment Officer of the Lincoln Institute of Land Policy (a non-profit educational institution teaching land economics and taxation), a position she has held since 1996. Ms. Lincoln also served as President of the Lincoln Foundation, Inc. (a non-profit foundation that supported the foregoing Institute until the two entities merged in 2006) from 1999 through October 2006.
Directorships:	Ms. Lincoln is an Advisory Board Member of the Johnson Bank, Arizona Region, a position she has held since 2006, before which she was a Board Member of Johnson Bank Arizona, N.A. beginning in 2001.
Director Qualifications:	Ms. Lincoln's leadership experience with a non-profit education and research institution where she has played a crucial role in strategic planning and asset allocation, as well as her experience with the Chautauqua Institution and an international non-profit organization related to land use/policy, make Ms. Lincoln a valuable contributor to a well rounded board. In addition, as a Lincoln family member and long-standing Director of the Company, Ms. Lincoln has a keen sense of knowledge about the Company and its founding principles.

**William E. MacDonald, III**

Age:	63
Term Expires/Service:	2010; standing for election at this Annual Meeting to serve until 2013; Director since 2007.
Recent Business Experience:	Mr. MacDonald is the former Vice Chairman of National City Corporation (a diversified financial holding company), a position he held from 2001 until his retirement in December 2006, where he was responsible for its seven-state regional and national corporate banking businesses, the Risk Management and Credit Administration unit, Capital Markets and the Private Client Group. Mr. MacDonald joined National City in 1968 and, during his tenure, held a number of key management positions, including Senior Executive Vice President of National City Corporation and President and Chief Executive Officer of National City's Ohio bank.
Directorships:	Mr. MacDonald has been a member of the Board of Directors of American Greetings Corporation since 2007. In addition, Mr. MacDonald served on the Board of Directors of MTC Technologies, Inc. from 2002 to 2008 and The Lamson & Sessions Co. from 2006 to 2007 when in each case the boards were dismantled as a result of divestitures.
Director Qualifications:	Mr. MacDonald brings experience in leading a large corporate organization with over 35,000 employees and structuring complex financing solutions for large and middle-market businesses to the Board and its Compensation and Executive Development and Finance Committees. In addition to his expertise in economic issues, Mr. MacDonald appreciates the human resources and development challenges facing a growing global company.



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**NOMINEES FOR ELECTION**

**George H. Walls, Jr.**

Age:	67
Term Expires/Service:	2010; standing for election at this Annual Meeting to serve until 2013; Director since 2003.
Recent Business Experience:	General Walls is the former Chief Deputy Auditor of the State of North Carolina, a position he held from January 2001 through December 2004. General Walls retired from the U.S. Marine Corps in 1993 with the rank of Brigadier General, after nearly 29 years of distinguished service.
Directorships:	General Walls has served on the Board of Directors of The PNC Financial Services Group, Inc. since 2006. In addition, he was a member of the Board of Directors of Thomas Industries, Inc. from 2003 to 2005 when the board was dismantled as a result of a divestiture.
Director Qualifications:	General Walls brings to the Board substantial financial acumen and experience supervising the audits of various government entities, which serves him well as a member of the Audit Committee of the Board. General Walls also has significant experience in the leadership, management and ethics of large, complex organizations, aiding him in his services on the Nominating and Corporate Governance Committee of the Board. General Walls understands the welding industry and at one point in time had oversight responsibility for the Marine Corps welding school and development program.

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**CONTINUING DIRECTORS**

**Harold L. Adams**

Age: 70

Term Expires/Service: 2012; Director since 2002 and Lead Director since December 2004.

Recent Business Experience: Mr. Adams has been Chairman Emeritus of RTKL Associates Inc. (an architectural and engineering firm) since November 2003, and is the former Chairman, President and Chief Executive Officer of RTKL, a position he held from 1967 to November 2003.

Directorships: Mr. Adams has been a member of the Board of Directors of Commercial Metals Company since 2004 and Legg Mason, Inc. since 1988.

Director Qualifications: Mr. Adams served for 36 years as Chairman, President and Chief Executive Officer of an international architectural firm with 14 offices worldwide. Mr. Adams has also served as a leader on U.S. business advisory councils with Korea and China and the Services Policy Advisory Board to the U.S. Trade Negotiator, and is Chairman of the Governor's International Advisory Council for the State of Maryland. In these roles, Mr. Adams worked in every major international market in a myriad of economic climates and cultures. He also supervised the Chief Financial Officer and accounting department, dealing with independent auditors on global financial issues. With years of experience serving on public company Boards and as an accomplished businessman, Mr. Adams is a key member of the Board and serves as its Lead Director. He also serves on the Nominating and Corporate Governance and Compensation and Executive Development Committees.

**Robert J. Knoll**

Age: 68

Term Expires/Service: 2012; Director since 2003.

Recent Business Experience: Mr. Knoll is a former Partner of Deloitte & Touche LLP (an accounting firm), a position he held from 1978 to his retirement in 2000. From 1995 to 1999, Mr. Knoll served as National Director of the firm's Accounting and Auditing Professional Practice with oversight responsibility for the firm's accounting and auditing consultation process, SEC practice and risk management process.

Director Qualifications: Mr. Knoll brings a wealth of accounting and auditing experience, with 32 years as a certified public accountant and 22 years as a partner at Deloitte & Touche LLP. Mr. Knoll's experience directing complex audit processes, and his understanding of the operations of international manufacturing companies similar to the Company, provides the Board with valuable expertise and qualifies Mr. Knoll as the Board's financial expert. This experience also makes Mr. Knoll an important member of the Audit and Finance Committees of the Board.

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**CONTINUING DIRECTORS**

**John M. Stropki, Jr.**

Age: 59

Term Expires/Service: 2012; Director since 1998.

Recent Business Experience: Mr. Stropki is Chairman, President and Chief Executive Officer of the Company. Mr. Stropki was elected President and Chief Executive Officer in June 2004 and Chairman in October 2004. From May 2003 to June 2004, Mr. Stropki was Executive Vice President and Chief Operating Officer of the Company. From May 1996 to May 2003, Mr. Stropki was Executive Vice President of the Company and President, North America of The Lincoln Electric Company.

Directorships: Mr. Stropki has been a member of the Board of Directors of The Sherwin-Williams Company since July 2009.

Director Qualifications: Mr. Stropki has over 37 years of experience with the Company, starting as a college intern to later join the Company as a sales representative and then progress through the ranks to run the North American business and take over as CEO during 2004. Mr. Stropki has extensive knowledge of the Company's business, its longstanding management philosophies (including incentive management systems and, as appropriate, guaranteed employment), and the welding industry in general. Mr. Stropki is a leader and an active participant in several industry organizations. Mr. Stropki is the only member of management serving on the Board.

**David H. Gunning**

Age: 67

Term Expires/Service: 2011; Director since 1987.

Recent Business Experience: Mr. Gunning is the former Vice Chairman of Cliffs Natural Resources, Inc. (an iron ore and coal mining company formerly known as Cleveland-Cliffs Inc), a position he held from April 2001 until his retirement in May 2007. Prior to that Mr. Gunning served as Chairman, President and Chief Executive Officer of Capital American Financial Corp. Mr. Gunning is also a lawyer and practiced law for many years as a corporate partner with Jones Day.

Directorships: Mr. Gunning has served on the Boards of Directors of Development Alternatives, Inc. since before 1993 and MFS Funds, Inc. since 2004. In addition, Mr. Gunning served on the Boards of Directors of Cliffs Natural Resources, Inc. from 2001 to 2007, Portman Mining Ltd. from 2005 to 2008 and Southwest Gas Corporation from 2000 to 2004.

Director Qualifications: Mr. Gunning brings to the Board and its Finance and Nominating and Corporate Governance Committees chief executive officer and senior management experience (with public companies), public company board experience and corporate legal skills. Additionally, Mr. Gunning's relatively long tenure as a Director provides the Board with a valuable perspective on the Company's challenges within its industry.

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**CONTINUING DIRECTORS**

**G. Russell Lincoln**

Age: 63

Term Expires/Service: 2011; Director since 1989.

Recent Business Experience: Mr. Lincoln is President of N.A.S.T. Inc. (a personal investment firm), a position he has held since 1996. Prior to joining N.A.S.T. Inc., Mr. Lincoln served as the Chairman and Chief Executive Officer of Algan, Inc.

Director Qualifications: As an entrepreneurial businessman with experience, including 25 years running a \$50 million business, Mr. Lincoln understands business risk and the importance of hands-on management. Mr. Lincoln is the grandson of J. F. Lincoln, who pioneered the use of incentive management, and he appreciates the Company's culture. His leadership role and his investment experience serve the Company well as a member of the Compensation and Executive Development and Finance Committees of the Board.

**Hellene S. Runtagh**

Age: 61

Term Expires/Service: 2011; Director since 2001.

Recent Business Experience: Ms. Runtagh was President and Chief Executive Officer of the Berwind Group (a diversified pharmaceutical services, industrial manufacturing and real estate company) in 2001. From 1997 through 2001, Ms. Runtagh was Executive Vice President of Universal Studios (a media and entertainment company). Prior to joining Universal Studios, Ms. Runtagh spent 27 years at General Electric Company (a diversified industrial company) in a variety of leadership positions.

Directorships: Ms. Runtagh has served as a Director on the Board of Directors of Harman International Industries, Inc. since 2008 and NeuStar, Inc. since 2006. In addition, Ms. Runtagh was a member of the Board of Directors of IKON Office Solutions Inc. from 2007 to 2008, Avaya Inc. from 2003 to 2007 and Covad Communications Group from 1999 to 2006.

Director Qualifications: Ms. Runtagh has over 30 years of experience in management positions with global companies. Ms. Runtagh's responsibilities in management have ranged from marketing and sales to finance, as well as engineering and manufacturing. Ms. Runtagh's diverse management experience, including growing those businesses while maintaining high corporate governance standards, and her extensive experience as a director of public companies, make her well-positioned for her role as a Director, a member of the Audit Committee and Chair of the Compensation and Executive Development Committee of the Board.

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**CONTINUING DIRECTORS**

**Christopher L. Mapes**

Age:	48
Term Expires/Service:	2011; Director since February 2010.
Recent Business Experience:	Mr. Mapes is Executive Vice President of A. O. Smith Corporation (a global manufacturer with a water heating and water treatment technologies business and an electric motor and motor solutions business, both of which have residential, commercial, industrial and consumer applications) and the President of its Electrical Products unit, a position he has held since 2004. Prior to joining A.O. Smith, he was the President, Motor Sales and Marketing of Regal Beloit Corporation (a manufacturer of electrical and mechanical motion control products) from 2003 to 2004. From 1990 to 2003, Mr. Mapes was the President, Global OEM Business Group at Superior Essex, Inc. (a wire and cable manufacturer).
Director Qualifications:	As an executive officer of a large, global public company engaged in manufacturing operations, Mr. Mapes understands the challenges of global growth. He is also familiar with the welding industry generally, given that one of his former employers (Superior Essex) has been a supplier to the Company. In addition to his business management experience, Mr. Mapes also has a law degree.

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**DIRECTOR COMMITTEES AND MEETINGS**

The Company has a separately-designated standing Audit Committee established in accordance with SEC rules. The Company also has standing Compensation and Executive Development, Nominating and Corporate Governance and Finance Committees. Information on each Committee is set forth below.

**Audit Committee**

Members:

Robert J. Knoll (Chair), Stephen G. Hanks, Kathryn Jo Lincoln, Hellene S. Runtagh and George H. Walls, Jr., each of whom meets the independence standards set forth in the NASDAQ listing standards, and each of whom the Board of Directors has determined to have the financial competency required by the listing standards. In addition, because of Mr. Knoll's professional training and past employment experience as described above under the caption "Director Biographies," the Board of Directors has determined that he is a financially sophisticated Audit Committee Member under the NASDAQ listing standards and that he qualifies as an audit committee financial expert in accordance with SEC rules. Shareholders should understand that Mr. Knoll's designation as an audit committee financial expert is an SEC disclosure requirement and that it does not impose upon him any duties, obligations or liabilities that are greater than those generally imposed on him as a member of the Audit Committee and the Board. Commencing February 2010, Mr. Mapes joined the Committee.

Number of 2009 Meetings:

Six

Principal Responsibilities:

appoints and determines whether to retain or terminate the independent auditors

approves all audit engagement fees, terms and services; approves any non-audit engagements

reviews and discusses the independent auditors' quality control

reviews and discusses the independence of the auditors, the audit plan, the conduct of the audit and the results of the audit

reviews and discusses with management the Company's financial statements and disclosures, its interim financial reports and its earnings press releases

reviews with the Company's General Counsel legal matters that might have a significant impact on the Company's financial statements and issues relating to compliance with the Company's Code of Corporate Conduct and Ethics

reviews with management the appointment, replacement, reassignment or dismissal of the Director of Internal Audit, the internal audit charter, internal audit plans and reports

reviews with management the adequacy of internal controls over financial reporting

A copy of this Committee's Charter (i) may be found on the Company's website at [www.lincolnelectric.com/corporate/about/governance.asp](http://www.lincolnelectric.com/corporate/about/governance.asp) and (ii) will be made available upon request to the Company's Corporate Secretary.

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**Compensation and Executive Development Committee**

Members:

Hellene S. Runtagh (Chair), Harold L. Adams, Stephen G. Hanks, G. Russell Lincoln and William E. MacDonald, III, each of whom meets the independence standards set forth in the NASDAQ listing standards and each of whom is deemed to be (1) an outside Director within the meaning of Section 162(m) of the U.S. Internal Revenue Code, and (2) a non-employee director within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934.

Number of 2009 Meetings:

Six

Principal Responsibilities:

reviews and establishes total compensation of the Chief Executive Officer and the other executive officers

annually assesses the performance of the Chief Executive Officer and the other executive officers

monitors the Company's key management resources, structure, succession planning, development and selection processes and the performance of key executives

reviews and recommends to the Board the appointment and removal of elected officers of the Company

administers the Company's employee stock and incentive plans and reviews and makes recommendations to the Board concerning all employee benefit plans

reviews and recommends to the Board new or amended executive compensation plans

The Committee does not generally delegate any of its authority to other persons, although it has the power to delegate authority. Two exceptions to the foregoing are that the authority to delegate is not permitted with respect to awards under our 2006 Equity and Performance Incentive Plan to any executive officers or any person subject to Code Section 162(m) and any delegation under our 2007 Management Incentive Compensation Plan (or 2007 MICP), a plan which relates to awards subject to Code Section 162(m), is subject to Section 162(m) limitations on delegation. See the Compensation Discussion and Analysis section below for more information on the Committee's role with respect to executive compensation.

A copy of this Committee's Charter (i) may be found on the Company's website at [www.lincolnelectric.com/corporate/about/governance.asp](http://www.lincolnelectric.com/corporate/about/governance.asp) and (ii) will be made available upon request to the Company's Corporate Secretary.

The **BioArchive® System** is an automated cryogenic system used in stem cell therapy to cryopreserve and archive stem cells for future transplant and treatment. Launched in fiscal 1998, over 200 BioArchive Systems have been purchased by over 90 umbilical cord blood stem cell banks in over 30 countries worldwide to archive, cryopreserve and store stem cell preparations extracted from human placentas and umbilical cords for future use. The BioArchive System can store over 3,600 stem cell samples. It is the only fully-automated system commercially available that integrates controlled-rate freezing, sample management and long term cryogenic storage in liquid nitrogen. The robotic storage and retrieval of these stem cell units improves cell viability, provides precise inventory management and minimizes the possibility of human error. We currently manufacture the BioArchive device and outsource the manufacturing of the disposables. It is our intent to explore outsourcing alternatives to in-house manufacturing for the BioArchive device after completion of design upgrades.

The **Thermoline** product line includes the ultra-rapid plasma Thermoline Freezer and ultra-rapid plasma Thermoline Thawer. The Thermoline freezer optimizes plasma freezing through its unique liquid heat transfer and uniform freezing technologies that can freeze units of blood plasma in approximately 30 minutes. These products are suited for medium to large laboratories. We also offer three models of blood component thawers which vary primarily by capacity. The product's unique flexible membrane technology allows for a closed thawing system. These instruments can be used for rapid (less than 12 minutes) homogeneous thawing of plasma and glycerolized frozen red blood cells. During the quarter ended December 31, 2009, we completed the outsourcing of manufacturing to a contract

manufacturer for the Thermoline devices. We continue to evaluate our options to divest this product line.

**The CryoSeal® Fibrin Sealant (CryoSeal) System** is an automated system used to prepare an autologous hemostatic surgical sealant from a patient's own blood or from a single donor in approximately one hour. We received FDA approval to market the CryoSeal in liver resection surgeries in July 2007. The CryoSeal serves the wound care market. Our intention is to divest this product line.

The following is management's discussion and analysis of certain significant factors which have affected the Company's financial condition and results of operations during the period included in the accompanying consolidated financial statements.

#### **Research and Development**

In February 2010, the Company filed a Form 510(k) with the FDA seeking market clearance for the use of the Res-Q technology in the preparation of platelet rich plasma, or PRP, from peripheral blood. PRP therapy is used in regenerative medicine because its rich content of growth factors enhances wound healing. The FDA has responded with an initial set of questions and we are in the process of preparing our responses.

#### **Critical Accounting Policies**

Management's discussion and analysis of its financial condition and results of operations is based upon the Company's condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these condensed consolidated financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, including those related to bad debts, inventories, warranties, contingencies and litigation. The Company bases its estimates on historical



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experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. For a full discussion of our accounting estimates and assumptions that the Company has identified as critical in the preparation of our condensed consolidated financial statements, please refer to our 2009 Annual Report on Form 10-K.

**Results of Operations for the Three Months Ended March 31, 2010 as Compared to the Three Months Ended March 31, 2009****Net Revenues:**

Revenues for the three months ended March 31, 2010 were \$4,764,000 compared to \$5,148,000 for the three months ended March 31, 2009, a decrease of \$384,000 or 7%. The downturn in the economy continues to impact our revenues, especially our capital equipment sales as customers are taking longer to secure their funding sources. The decrease in revenues is primarily due to decreases related to BioArchive devices of \$476,000 as there were fewer BioArchive devices sold in the current quarter and a decrease in ThermoLine freezer revenues of \$290,000 due to a lack of sales of our largest freezer in the current quarter. Offsetting these decreases were increases in AXP device revenues of \$192,000, as the devices were awaiting upgraded component parts during the first and second quarters of fiscal 2010 and an increase in revenues from BioArchive disposables of \$176,000. We anticipate revenues from AXP disposables to increase as our second supplier will be delivering product in the fourth quarter.

The following represents the Company's cumulative BioArchive devices sold into the following geographies through the dates indicated:

	March 31,	
	2010	2009
United States	50	49
Asia	70	64
Europe	54	51
Rest of World	41	35
	215	199

The following represents the Company's revenues for disposables by product line for the three months ended:

	March 31,	
	2010	2009
AXP	\$ 1,760,000	\$ 1,918,000
BioArchive	1,007,000	831,000
Res-Q	48,000	
MPX	6,000	19,000
CryoSeal	179,000	87,000
	\$ 3,000,000	\$ 2,855,000

Percentage of total Company revenues	63%	55%
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**Gross Profit:**

The Company's gross profit was \$1,401,000 or 29% of net revenues for the three months ended March 31, 2010, as compared to \$1,794,000 or 35% for the corresponding fiscal 2009 period. The decrease in

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gross profit is primarily due to higher warranty costs associated with the BioArchive device and AXP disposable, the pricing mix on AXP disposables, and an increase in production rework costs, offset by a release of inventory reserves associated with CryoSeal disposables of \$148,000 as sales were higher than previously estimated.

**Selling, General and Administrative Expenses:**

Selling, general and administrative expenses were \$1,722,000 for the three months ended March 31, 2010, compared to \$1,917,000 for the comparable fiscal 2009 period, a decrease of \$195,000 or 10%. The decrease is primarily due to lower labeling/translation costs of \$85,000 due to a large project in fiscal 2009 and lower professional fees related to audit expenses.

**Research and Development Expenses:**

Included in this line item are Engineering, Regulatory Affairs, Scientific and Clinical Affairs.

Research and development expenses were \$1,080,000 for the three months ended March 31, 2010, compared to \$1,018,000 for the comparable fiscal 2009 period, an increase of \$62,000 or 6%. The increase is primarily due to higher salaries and benefits of \$125,000 primarily as a result of hiring a new Vice President, Chief Quality and Regulatory Affairs Officer. This increase was offset by a decrease in consulting expense due to the termination of the consulting agreement with the former Chief Technology Architect effective October 1, 2009.

**Results of Operations for the Nine Months Ended March 31, 2010 as Compared to the Nine Months Ended March 31, 2009****Net Revenues:**

Revenues for the nine months ended March 31, 2010 were \$15,912,000, compared to \$15,776,000 for the nine months ended March 31, 2009, an increase of \$136,000 or 1%. This increase is primarily due to product revenue increases from the MXP and Res-Q product lines of approximately \$955,000. MXP was launched in December 2008 and Res-Q in the first quarter of the current fiscal year. This increase was offset by a decrease in BioArchive device revenue of \$855,000.

The following represents the Company's revenues for disposables by product line for the nine months ended:

	March 31,	
	2010	2009
AXP	\$ 5,474,000	\$ 5,281,000
BioArchive	2,976,000	2,808,000
MXP	415,000	19,000
Res-Q	300,000	
CryoSeal	389,000	262,000
	<b>\$ 9,554,000</b>	<b>\$ 8,370,000</b>
Percentage of total Company revenues	60%	53%

**Gross Profit:**

The Company's gross profit was \$4,969,000 or 31% of net revenues for the nine months ended March 31, 2010, as compared to \$5,287,000 or 34% for the corresponding fiscal 2009 period. The decrease in gross margin for the nine months ended March 31, 2010 is primarily due to the pricing mix of AXP disposables, an increase in rework costs, higher warranty costs associated with the BioArchive device and

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AXP disposables, and vendor qualification costs paid to our new contract manufacturers. These costs were offset by the accrual for the voluntary recall of AXP bag sets during the six months ended December 31, 2008 and a release of inventory reserves associated with CryoSeal disposables as sales were higher than previously estimated during the three months ended March 31, 2010.

***Selling, General and Administrative Expenses:***

Selling, general and administrative expenses were \$5,975,000 for the nine months ended March 31, 2010, compared to \$7,037,000 for the comparable fiscal 2009 period, a decrease of \$1,062,000 or 15%. The decrease is primarily due to a severance accrual of \$370,000 during the quarter ended December 31, 2008 to the Company's former Chief Executive Officer, lower salaries and benefits of \$448,000, lower labeling/translation costs of \$170,000 and lower legal fees of \$110,000.

***Research and Development Expenses:***

Included in this line item are Engineering, Regulatory Affairs, Scientific and Clinical Affairs.

Research and development expenses were \$4,074,000 for the nine months ended March 31, 2010, compared to \$3,916,000 for the comparable fiscal 2009 period, an increase of \$158,000 or 4%. This is primarily due to an increase in the costs incurred to complete development of the Res-Q product of \$265,000 and the termination of the consulting agreement with the Company's former Chief Technology Architect effective October 1, 2009 for \$240,000. These increases were offset by the reduction of costs associated with the Vantus subsidiary during the six months ended December 31, 2008 of \$290,000.

**Liquidity and Capital Resources**

At March 31, 2010, the Company had cash, cash equivalents and short-term investments of \$10,126,000 and working capital of \$15,866,000. This compares to cash, cash equivalents and short-term investments of \$15,631,000 and working capital of \$20,923,000 at June 30, 2009. The cash was used to fund operations, capital expenditures and other strategic initiatives of the Company. In addition to product revenues, the Company has primarily financed operations through the private and public placement of equity securities and has raised approximately \$108,000,000, net of expenses, through common and preferred stock financings and option and warrant exercises.

Net cash used in operating activities for the nine months ended March 31, 2010 was \$5,035,000, primarily due to the net loss of \$5,022,000, offset by depreciation and stock based compensation expense of \$361,000 and \$419,000, respectively. Accounts receivable utilized \$782,000 of cash as a result of increased revenues from the fourth quarter of fiscal 2009.

We believe that our currently available cash, cash equivalents and short-term investments will be sufficient to satisfy our operating and working capital requirements for at least the next twelve months. We have experienced some slowing in our customers' spending as a result of deterioration in credit markets. As we expect this trend to continue, we have reduced expenses without sacrificing development plans we consider essential to our near term growth. Our ability to fund our longer-term cash needs is subject to various risks, many of which are beyond our control. See Part I Item 1A Risk Factors set forth in our annual report on Form 10-K for the fiscal year ended June 30, 2009. Should we require additional funding, such as additional capital investments, we may need to raise the required additional funds through bank borrowings or public or private sales of debt or equity securities. We cannot assure that such funding will be available in needed quantities or on terms favorable to us, if at all.

**Off-Balance Sheet Arrangements**

As of March 31, 2010, the Company had no off-balance sheet arrangements.

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**Backlog**

The Company's cancelable backlog at March 31, 2010 was \$4,651,000. Our backlog consists of product orders for which a customer purchase order has been received and is scheduled for shipment within the next twelve months. Orders are subject to cancellation or rescheduling by the customer, sometimes with a cancellation charge. Due to timing of order placement, product lead times, changes in product delivery schedules and cancellations, and because sales will often reflect orders shipped in the same quarter received, our backlog at any particular date is not necessarily indicative of sales for any succeeding period.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Market risk represents the risk of changes in the value of market risk sensitive instruments caused by fluctuations in interest rates, foreign exchange rates and commodity prices. There have been no material changes in the Company's exposure to market risk since the 2009 fiscal year end.

Our exposure to interest rate risk at March 31, 2010 is related to the investment of our excess cash into highly liquid, short-term financial investments. We invest in money market funds, certificates of deposit or U.S. Treasury obligations in accordance with our investment policy. The primary objectives of our investment policy are to preserve principal, maintain proper liquidity to meet operating needs and maximize yields. Our investment policy specifies credit quality standards for our investments. We do not hold auction-rate or mortgage-backed securities. Due to the short-term nature of our investments, we have assessed that there is no material exposure to interest rate risk arising from them.

All sales, including those involving foreign entities, are denominated in U.S. dollars and as a result, we have experienced no significant foreign exchange gains and losses to date. We have not engaged in foreign currency hedging activities to date, and have no intention of doing so. Our future revenues may be negatively impacted in periods of a strengthening U.S. dollar. We have not entered into any derivative financial instruments or derivative commodity instruments.

**Item 4. Controls and Procedures**

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer along with the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined by Exchange Act Rule 13a-15(e) and 15d-15(e)) as of the end of our fiscal quarter pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective.

There were no changes in the Company's internal controls over financial reporting that occurred during the three months ended March 31, 2010 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting. The Company believes that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within any company have been detected.

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**PART II OTHER INFORMATION**

**Item 1. Legal Proceedings.**

In the normal course of operations, the Company may have disagreements or disputes with distributors, vendors or employees. Such potential disputes are seen by the Company's management as a normal part of business.

There are currently neither any pending actions nor any threatened actions that management believes would have a significant material impact on the Company's financial position, results of operations or cash flows.

**Item 1A. Risk Factors.**

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended June 30, 2009, which could materially affect our business, financial condition or future results.

There have been no known material changes during the period ended March 31, 2010 from those risk factors. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known or knowable to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

None.

**Item 3. Defaults upon Senior Securities.**

None.

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

None.

**Item 5. Other Information.**

None.

**Item 6. Exhibits:**

- 31.1 Certification by the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification by the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32 Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002.

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**ThermoGenesis Corp.**

Signatures

Pursuant to the requirements 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.

**ThermoGenesis Corp.**

(Registrant)

Dated: May 6, 2010

/s/ J. Melville Engle  
J. Melville Engle  
Chief Executive Officer (Principal  
Executive Officer)

Dated: May 6, 2010

/s/ Matthew T. Plavan  
Matthew T. Plavan  
Chief Financial Officer  
(Principal Financial Officer and Principal  
Accounting Officer)

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