

LAMSON & SESSIONS CO

Form DEF 14A

March 31, 2006

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

SCHEDULE 14A

(RULE 14a-101)

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 §240.14a-12

The Lamson & Sessions Co.

(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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**25701 Science Park Drive
Cleveland, Ohio 44122
(216) 464-3400**

March 30, 2006

To Our Shareholders:

On behalf of the Board of Directors and management of Lamson & Sessions, I cordially invite you to attend the 2006 Annual Meeting of Lamson's shareholders to be held on Friday, April 28, 2006, at 9:00 a.m., local time, at the Wyndham Cleveland Hotel, 1260 Euclid Avenue, Cleveland, Ohio 44115.

At this meeting, shareholders are expected to elect three directors for a three-year term ending in 2009, elect one director for a one-year term ending in 2007 and to approve Lamson's 1998 Incentive Equity Plan (As Amended and Restated as of April 28, 2006).

In addition, there will be a report on current developments in the Company and an opportunity for questions of general interest to shareholders.

It is extremely important that your shares be represented at the meeting. Whether or not you plan to attend the Annual Meeting in person, you are requested to mark, sign, date and return the enclosed proxy promptly in the envelope provided or give your proxy by telephone or over the Internet by following the instructions on the proxy card.

Sincerely,

John B. Schulze
*Chairman of the Board
and Chief Executive Officer*

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**25701 Science Park Drive
Cleveland, Ohio 44122
(216) 464-3400**

**NOTICE OF 2006 ANNUAL MEETING OF SHAREHOLDERS
April 28, 2006**

Notice is hereby given that the Annual Meeting of Shareholders of The Lamson & Sessions Co. will be held at the Wyndham Cleveland Hotel, 1260 Euclid Avenue, Cleveland, Ohio 44115 on April 28, 2006, beginning at 9:00 a.m., local time, for the purpose of considering and acting upon the following:

1. The election of three Class II directors for three-year terms expiring in 2009 and one Class 1 director for a one-year term expiring in 2007;
2. Approval of The Lamson & Sessions Co. 1998 Incentive Equity Plan (As Amended and Restated as of April 28, 2006); and
3. Any other business as may properly come before the Annual Meeting or any adjournment or postponements thereof.

If you were a shareholder of record at the close of business on March 1, 2006, you are entitled to notice of and to vote at the Annual Meeting and any adjournment or postponements thereof.

By order of the Board of Directors.

John B. Schulze
*Chairman of the Board
and Chief Executive Officer*

March 30, 2006

IMPORTANT: Whether or not you plan to attend, so that your vote will be counted at the Annual Meeting, please mark, sign, date and return the enclosed proxy promptly, using the return envelope enclosed, or give your proxy by telephone or over the Internet by following the instructions on the proxy card.

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**25701 Science Park Drive
Cleveland, Ohio 44122
(216) 464-3400**

PROXY STATEMENT

**ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON APRIL 28, 2006**

Date of the Proxy Statement March 30, 2006

GENERAL INFORMATION

Information About the Annual Meeting

Our Annual Meeting will be held on Friday, April 28, 2006 at 9:00 a.m., local time, at the Wyndham Cleveland Hotel, 1260 Euclid Avenue, Cleveland, Ohio 44115.

Information About this Proxy Statement

We sent you this Proxy Statement and the enclosed proxy card because Lamson's Board of Directors is soliciting your proxy to vote your shares at the Annual Meeting. If you own Lamson common stock in more than one account, such as individually and also jointly with your spouse, you may receive more than one set of these proxy materials. To assist us in saving money and to provide you with better shareholder services, we encourage you to have all your accounts registered in the same name and address. You may do this by contacting Lamson's Shareholder Relations Department at (216) 464-3400. This Proxy Statement summarizes information that we are required to provide to you under the rules of the Securities and Exchange Commission and which is designed to assist you in voting your shares. On or about March 30, 2006, we began mailing this Proxy Statement and the enclosed proxy card to all shareholders of record at the close of business on March 1, 2006.

What You May Vote On at the Annual Meeting

1. The election of three directors in Class II, with terms expiring in 2009 and one director in Class I with a term expiring in 2007.
 2. Approval of The Lamson & Sessions Co. 1998 Incentive Equity Plan (As Amended and Restated as of April 28, 2006) (the "Amended and Restated 1998 Plan").
- The Board recommends that you vote **FOR** each of the four nominees for director and **FOR** the Amended and Restated 1998 Plan.

The Board of Directors does not know of any other matter which will be presented at the Annual Meeting other than the election of directors. However, if any other matter properly comes before the Annual Meeting, the individuals named on the enclosed proxy card ("proxies") will act on such proposal in their discretion.

Information About Voting

Shareholders can vote on matters presented at the Annual Meeting in four ways:

- (a) *By Proxy*. You can vote by signing, dating and returning the enclosed proxy card. If you do this, the proxies will vote your shares in the manner you indicate. You may specify on your proxy card whether your shares should be voted for all, some or none of the nominees for director. If you do not indicate instructions on the card, your shares will be voted FOR the election of the directors and FOR the approval of the Amended and Restated 1998 Plan.
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(b) *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 1-888-693-8683 using a touch-tone telephone. You will be prompted to enter your Control 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.

(c) *Over the Internet.* After reading the proxy materials and with your proxy and voting instruction form in front of you, you may use your computer to access the Web site <http://www.cesvote.com>. You will be prompted to enter your Control 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.

(d) *In Person.* You may attend the Annual Meeting and cast your vote in person.

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.

You may revoke your proxy at any time before it is exercised by sending a written notice (or other verifiable form of communication) notice of revocation to Lamson's Secretary, James J. Abel, prior to the Annual Meeting, or by submitting a later-dated proxy to the Company.

Each share of Lamson common stock is entitled to one vote. As of the record date, March 1, 2006, there were 15,352,600 shares of common stock outstanding.

Cumulative Voting

Each shareholder has the right to vote cumulatively for the election of directors subject to the following notice provisions: Notice that cumulative voting is desired must be given to the President, a Vice President or the Secretary of Lamson at least forty-eight hours before the Annual Meeting. At the start of the Annual Meeting, Lamson's Chairman or Secretary or the shareholder giving such notice must announce notice was given that cumulative voting is desired. If the notice is properly given, each shareholder will have the right to cumulate his or her voting power and cast all of his or her votes for one or more of the director nominees. If voting for the election of directors is cumulative, the persons named in the enclosed proxy will vote the shares represented thereby and by other proxies held by them in such manner and in their discretion so as to elect as many as possible of the four nominees.

Information Regarding Tabulation of the Vote

Lamson's policy is that all proxies, ballots and votes tabulated at a meeting of the shareholders are confidential. Representatives of National City Bank will tabulate votes and act as Inspectors of Election at the Annual Meeting.

Quorum Requirement

A quorum of shareholders is necessary to hold a valid meeting. Under Lamson's Amended Code of Regulations (the Code of Regulations), if shareholders holding 75% of the voting power are present in person or by proxy, a quorum will exist to elect directors at the meeting. For all other business that may be properly conducted at the Annual Meeting, the holders of common stock entitled to exercise two-thirds of the voting power of the Company, present in person or by proxy, shall constitute a quorum. Abstentions are counted as present for establishing a quorum but broker non-votes are not. A broker non-vote occurs when a broker votes on some matters on the proxy card but not on others because the broker does not have the authority to do so.

The holders of a majority of the voting power represented at the Annual Meeting, whether or not a quorum is present, may adjourn the meeting without notice other than by announcement at the meeting of the date, time and location at which the meeting will be reconvened.

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Information About Votes Necessary for Action to be Taken

Election of Directors

The four nominees for director receiving the greatest number of votes will be elected at the meeting. Abstentions and broker non-votes will have no effect on the result of the vote on the election of directors.

Amended and Restated 1998 Plan

A majority of the votes cast at the Annual Meeting will be required to approve the Amended and Restated 1998 Plan, provided that the total votes cast are over 50% in interest of all securities entitled to vote on the Amended and Restated 1998 Plan.

Other Matters

The Board of Directors does not know of any other matter to be presented at the Annual Meeting other than the election of directors and the Amended and Restated 1998 Plan discussed in this Proxy Statement. However, if any other matter properly comes before the Annual Meeting, your proxies will act on such proposal in their discretion.

Revocation of Proxies

If you give a proxy (either by mailing your proxy card, by telephone or over the Internet), you may revoke it at any time before it is exercised by giving notice to Lamson's Secretary in writing or by means of other verifiable communication prior to the Annual Meeting or by submitting a later-dated proxy to the Company.

Costs of Proxy Solicitation

Lamson will pay all the costs of soliciting these proxies. In addition to solicitation by mail, proxies may be solicited personally, by telephone or personal interview by an officer or regular employee of the Company. Lamson will also ask banks, brokers and other institutions, nominees and fiduciaries to forward the proxy materials to their principals and to obtain authority to execute proxies, and reimburse them for expenses. In addition, Lamson has also retained Georgeson Shareholder Communications, Inc. to aid in the distribution and solicitation of proxies and has agreed to pay Georgeson a fee of approximately \$6,500, plus reasonable expenses.

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The following table sets forth as of December 31, 2005 (except as otherwise noted), all persons (including any group as defined in Section 13(d)(3) of the Securities Exchange Act of 1934 (the Exchange Act)) we know to be beneficial owners of more than five percent of Lamson's outstanding common stock, other than directors or officers of Lamson. This information is based on reports filed with the Securities and Exchange Commission (SEC) by each of the individuals or firms listed in the table below. If you wish, you may obtain these reports from the SEC.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class
Farhad Fred Ebrahimi 475 Circle Drive Denver, CO 80206	1,409,000(2)	9.2%
Bear Stearns Asset Management Inc. 383 Madison Avenue New York, New York 10179	1,322,553(3)	8.6%
GAMCO, Investors, Inc., et al. One Corporate Center Rye, New York 10580	860,900(4)	5.6%

- (1) Beneficial Ownership is a technical term broadly defined by the SEC to mean more than ownership in the usual sense. So, for example, you beneficially own Lamson common stock not only if you hold it directly, but also if you indirectly (through a relationship, a position as a director or trustee or a contract or understanding), have (or share) the power to vote the stock, or to sell it, or you have the right to acquire it within 60 days.
- (2) Farhad Fred Ebrahimi reported the beneficial ownership of such shares on a Form 4, which was filed with the SEC on January 24, 2006.
- (3) Bear Stearns Asset Management Inc. reported the ownership of such shares on a Schedule 13G, which was filed with the SEC on February 14, 2006.
- (4) Mario J. Gabelli and various entities which he directly or indirectly controls or for which either one acts as chief investment officer reported the ownership of such shares (as of March 10, 2006) on a Schedule 13D/ A, which was filed with the SEC on March 14, 2006.

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The following table sets forth, as of March 17, 2006, the beneficial ownership of Lamson's common stock by each of its five most highly-compensated executive officers as of December 31, 2005 (the "Named Executive Officers") and each director individually, and the percent of cumulative beneficial ownership of all executive officers and directors as a group.

Name	Amount and Nature of Beneficial Ownership(1)(2)	Percent of Class
John B. Schulze	600,319	3.67
James J. Abel	498,190	3.05
Donald A. Gutierrez	127,579	*
Norman P. Sutterer	50,494	*
Norman E. Amos	38,621	*
James T. Bartlett	48,376	*
Francis H. Beam, Jr.	11,241	*
Martin J. Cleary	48,000	*
William H. Coquillet	17,830	*
John C. Dannemiller	92,002	*
George R. Hill	78,537	*
A. Malachi Mixon, III	80,569	*
D. Van Skilling	65,078	*
All executive officers and directors as a group (17 persons)	1,913,235	11.70

* Less than 1 percent.

- (1) Includes the following number of Common Shares which are not owned of record but which could be acquired by the individual within 60 days after January 16, 2006 upon the exercise of outstanding options under the Company's stock option plans: Mr. Schulze 338,333; Mr. Abel 276,000; Mr. Gutierrez 103,333; Mr. Sutterer 28,333; Mr. Amos 4,000 and all other directors and executive officers as a group 156,666.
- (2) Includes shares held jointly or in the name of the director's spouse, minor children, or relatives sharing his home, reporting of which is required by applicable rules of the SEC. Unless otherwise indicated, or in the case of joint ownership, the listed individuals possess sole voting power and sole investment power with respect to such shares. The figure for Mr. Schulze includes 700 shares owned by his wife, to which he has disclaimed beneficial ownership. No other director or executive officer has disclaimed beneficial ownership of any shares.

**ELECTION OF DIRECTORS
(Proposal No. 1)**

Nominees for Directors

The Board of Directors currently has ten members and is divided into three classes. At least a majority of the Board must satisfy the independence criteria established by the SEC and the New York Stock Exchange (the "NYSE"). Class II currently consists of three members, Class I currently consists of four members and Class III currently consists of three members. A single class of directors is elected by the shareholders annually for a three-year term.

Pursuant to the Company's Guidelines on Significant Corporate Governance Issues, the retirement age for the Company's directors is 70 (although the Board may waive the retirement age for valid reasons or under special

circumstances). Both Mr. Beam and Mr. Cleary have reached the retirement age for directors, and

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each has informed the Company that he will retire effective after the Annual Meeting. The Code of Regulations provides that the number of directors serving on the Board will be between nine and fifteen, as may be determined by the Board. The Board intends that after the retirement of Messrs. Beam and Cleary and in accordance with the Code of Regulations, the Board will consist of nine directors, with three members in each class.

The terms of the following Class II directors expire at the Annual Meeting: John C. Dannemiller, George R. Hill and William H. Coquillette. For election as Class II directors at the Annual Meeting, the Governance, Nominating and Compensation Committee of the Board of Directors has recommended, and the Board of Directors has approved, the re-nomination of Mr. Dannemiller, Dr. Hill and Mr. Coquillette to serve as directors for the three-year term of office which will expire at the Annual Meeting of Shareholders in 2009. For election as a Class I director at the Annual Meeting, the Governance, Nominating and Compensation Committee also has recommended, and the Board has approved, the nomination of Michael J. Merriman, Jr. to serve as a director in Class I, with a term of office that will expire at the Annual Meeting of Shareholders in 2007. Each director elected will serve until the term of office of the class to which he is elected expires and until the election and qualification of his successor.

The director candidates receiving the greatest number of votes shall be elected at the Annual Meeting. It is the intention of the persons named in the enclosed proxy to vote such proxy as specified and, if no specification is made, to vote such proxy for the election of Mr. Dannemiller, Dr. Hill and Mr. Coquillette as Class II directors and Mr. Merriman as a Class I director. The Board of Directors recommends that you vote FOR the four nominees for director.

The Board of Directors has no reason to believe that the persons nominated will not be available to serve. In the event that a vacancy among such original nominees occurs prior to the Annual Meeting, shares of common stock of Lamson (the Common Shares) represented by the proxies so appointed will be voted for a substitute nominee or nominees designated by the Board of Directors and for the remaining nominees.

Listed below are the names of the three nominees for election to the Board of Directors in Class II, the one nominee for election to the Board of Directors in Class I, those continuing directors in Classes I and III, who previously have been elected to terms which will expire in 2007 and 2008, respectively, and those retiring directors in Class I. Also listed is the year in which each individual first became a director of the Company, the individual's principal occupation, and certain other information, based in part on data submitted by the directors.

Name, Age Principal Occupation and Business(1)	Nominee(s) for Election at the Meeting		Year First Became a Director
		Other Directorships	
<i>Class II: Term Expires in 2009 (if elected at the Annual Meeting)</i>			
John C. Dannemiller (67) Retired Chairman, Applied Industrial Technologies (Distributor of bearings, power transmission components and related products)	U-Store-It		1988
George R. Hill (64) Retired Senior Vice President, The Lubrizol Corporation (Full service supplier of performance chemicals and systems to worldwide transportation and industrial markets)	None		1990
William H. Coquillette (56) Partner, Jones Day (Law firm)	None		1997

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Nominee(s) for Election at the Meeting		
Name, Age Principal Occupation and Business(1)	Other Directorships	Year First Became a Director
<i>Class I: Term Expires in 2007 (if elected at the Annual Meeting)</i>		
Michael J. Merriman, Jr. (49) Senior Vice President and Chief Financial Officer, American Greetings Corporation (manufacturer and marketer of social expression products) (September 2005 Present), Private Investor May 2004 August 2005, President and Chief Executive Officer, Royal Appliance Manufacturing Co. (marketer of dirt devil and royal vacuum cleaners) (August 1995 May 2004)	RC2 Corporation	
Continuing Directors		
<i>Class III: Term Expires in 2008</i>		
James J. Abel (60) Executive Vice President, Secretary, Treasurer and Chief Financial Officer of the Company	CPI Corp.	2002
A. Malachi Mixon, III (65) Chairman of the Board and Chief Executive Officer, Invacare Corporation (Manufacturer and distributor of home healthcare products)	Invacare Corporation The Sherwin-Williams Company Cleveland Clinic Foundation	1990
John B. Schulze (68) Chairman of the Board, President and Chief Executive Officer of the Company	None	1984
<i>Class I: Term Expires in 2007</i>		
James T. Bartlett (69) Advising Director, Primus Venture Partners (Private investment firm)	Keithley Instruments, Inc.	1997
D. Van Skilling (72) Retired Chairman and Chief Executive Officer, Experian Information Solutions, Inc. (Supplier of credit, marketing and real estate information and decision support systems)	First American Corporation American Business Bank McDATA Corporation Onvia, Inc. First Advantage Corporation	1989
Retiring Directors		
<i>Class I:</i>		
Francis H. Beam, Jr. ⁽²⁾ (70) Retired President, Pepper Capital Corp. (Venture capital firm)	None	1990
Martin J. Cleary ⁽²⁾ (70) Retired President and Chief Operating Officer, The Richard E. Jacobs Group (Real estate developer)	Guardian Life Insurance Company of America CBL & Associates Properties, Inc.	1989

(1) Each director and nominee either has held the position shown or has had other executive positions with the same employer or its subsidiary for more than five years.

(2) Such director will retire immediately after the Annual Meeting, as described above.

Meetings and Committees of the Board of Directors

The Board of Directors oversees the business and affairs of Lamson and monitors the performance of management. Non-management directors meet in executive session without management directors present at least quarterly. A presiding non-management director is selected by all of the non-management directors for each meeting. The Board met seven times during 2005. All of the Directors attended at least 75% of the

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regularly scheduled and special meetings of the Board and Board committees on which they served in 2005. All members of the Board were present at the Company's 2005 Annual Meeting of Shareholders. All Board members are expected to attend the 2006 Annual Meeting of Shareholders.

The Board has determined that to be considered independent, a director must meet the independence criteria set forth in the NYSE's listing requirements. That is, a director may not have a direct or indirect material relationship with the Company. A material relationship is one which impairs or inhibits (or has the potential to impair or inhibit) a director's exercise of critical and disinterested judgment on behalf of the Company and its shareholders. In making its assessment of independence, the Board considers any and all material relationships not merely from the standpoint of the director, but also from that of persons or organizations with which the director has or has had an affiliation or those relationships which may be material, including commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, among others. The Board also considers whether a director is a former employee of the Company within the last five years. The Board consults with the Company's counsel to ensure that the Board's determinations with respect to the independence of directors are consistent with the NYSE listing requirements, as well as all relevant securities and other laws and regulations. Consistent with these considerations, the Board affirmatively has determined that the following directors are independent directors: James T. Bartlett, Francis H. Beam, Jr., Martin J. Cleary, John C. Dannemiller, George R. Hill, A. Malachi Mixon, III and D. Van Skilling.

The Board has two standing committees: the Audit Committee and the Governance, Nominating and Compensation Committee. Each committee reports to the Board at the next meeting of the Board following a committee meeting. The Audit Committee and the Governance, Nominating and Compensation Committee each held five meetings in 2005.

Standing Committees of the Board of Directors

The Audit Committee: The Audit Committee is a separately designated standing committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The Audit Committee consists solely of independent directors (as currently required by the NYSE listing standards). Messrs. Beam (Chairman), Cleary and Dannemiller and Dr. Hill currently are the members of the Audit Committee. The functions of the Audit Committee include (i) appointing, retaining, overseeing and terminating the Company's independent registered public accounting firm, both external and internal, and pre-approving all auditing and non-auditing services to be performed by the independent auditors, (ii) reviewing the independence of the independent registered public accounting firm, (iii) reviewing the proposed audit programs (including both independent and internal audits) and the results of the independent and internal audits, (iv) reviewing and evaluating the adequacy of the Company's systems of internal accounting controls, (v) reviewing the recommendations of the independent registered public accounting firm, (vi) reviewing the quarterly and annual financial statements of the Company prior to the filing of such statements with the SEC, and (vii) reviewing such other matters in relation to the accounting, auditing and financial reporting practices and procedures of the Company as the Audit Committee, in its own discretion, may deem desirable in connection with the review functions described above. The functions of the Audit Committee are more fully described in its charter which is posted on the Company's Web site at www.lamson-sessions.com via the Investor Relations page. The Audit Committee meets privately with the independent audit groups for both internal and external audits and the Company's management at each of its meetings.

The Governance, Nominating and Compensation Committee: The Governance, Nominating and Compensation Committee (the GNC Committee) consists solely of independent directors (as currently required by NYSE listing standards). Messrs. Skilling (Chairman), Bartlett, Beam, Dannemiller and Mixon currently are the members of the GNC Committee. The GNC Committee considers all material matters relating to the compensation policies and practices of the Company, and administers the Company's incentive plans and base salary policies as they relate to the executive officers of the Company. The GNC Committee also (i) reviews and recommends candidates for election to the Board of Directors, (ii) recommends whether

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incumbent directors should be nominated for re-election to the Board, and (iii) recommends directors for appointment to any committee of the Board.

The GNC Committee identifies potential director candidates through various means, including recommendation from members of the Board of Directors and shareholders. With respect to any nominee recommended by a shareholder of the Company, a resume of the candidate's business experience and background should be directed in writing to the attention of Lamson's Secretary, 25701 Science Park Drive, Cleveland, OH 44122. The Company's Guidelines on Significant Corporate Governance Issues contain Board membership criteria that apply to assessments by the GNC Committee of potential nominees for a position on the Board. These Guidelines provide that in evaluating and recommending director candidates, the GNC Committee consider a variety of factors, including experience, business judgment and industry knowledge. In addition, the GNC Committee evaluates the candidate's qualifications in light of the needs of the Board and the Company at that time. Finally, the Company requires that at least a majority of its directors satisfy the independence criteria established by the NYSE Listing Requirements, any applicable SEC rules and the Board's criteria for independence described above. The Company's Guidelines on Significant Corporate Governance Issues are posted on the Company's Web site at www.lamson-sessions.com via the Investor Relations page.

The GNC Committee also is responsible for developing and recommending corporate governance principles applicable to the Board in compliance with rules and regulations of the NYSE and the SEC. The functions of the GNC Committee are more fully described in its charter which is also posted on the Company's Web site at www.lamson-sessions.com via the Investor Relations page.

Communications with the Board

Shareholders may communicate with the Board, the non-employee directors as a group or any of the directors by sending written communications addressed to the Board or any of the directors, c/o Secretary, The Lamson & Sessions Co., 25701 Science Park Drive, Cleveland, OH 44122. The mailing envelope should contain a clear notation indicating that the enclosed letter is a Shareholder-Board Communication or Shareholder-Director Communication. All communications are compiled by the Secretary and forwarded to the Board or, if appropriate, a committee of the Board or the individual director(s).

Compensation of Lamson's Directors

Directors who are employees of Lamson do not receive any separate fees or other remuneration for serving as a director of the Board. For fiscal year 2005, non-employee directors were each paid an annual retainer of \$15,000 for their service on the Board of Directors, and received an additional fee of \$1,500 for each Board meeting and \$2,500 for each committee meeting attended. Each of the Chairmen of the Audit Committee and the GNC Committee received an additional annual fee of \$5,000. Directors may also participate in the Company's Deferred Compensation Plan for Non-Employee Directors (the Plan), under which directors may elect to defer their annual retainers and meeting fees. Under this Plan, deferred fees may be invested by the trustee, at a director's option, in either a money market fund or Common Shares of the Company. If a director elects to have his deferred compensation invested in Common Shares of the Company, the director will receive an additional sum equal to 25% of the deferred amount in the form of restricted shares issued from the Company's 1998 Incentive Equity Plan (the 1998 Plan). If the Amended and Restated Plan is approved by the shareholders at the Annual Meeting, the additional 25% may be issued in the form of restricted shares or deferred shares.

New directors who have not previously served on the Board of Directors receive a one-time grant of restricted shares under the 1998 Plan. Such restricted shares will have an aggregate market value on the date of such election of \$100,000.

Lamson's current non-employee directors are provided with certain retirement and death benefits under the Company's Outside Directors Benefit Program (the Program). All current non-employee directors have completed an aggregate of one year of continuous service and are eligible to participate. The Program generally provides for normal retirement benefits payable upon retirement and completion of five years of

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continuous service. The Program also contains provisions for early retirement benefits, vested deferred retirement benefits, a change in control of the Company, disability retirement benefits and survivors benefits upon the death of a participant. Participants in the Program, or their beneficiaries, are eligible to receive benefits in an amount equal to the annual retainer being paid to the participant for service as a non-employee director as of December 31, 2004, with such adjustments as are necessary based on the date of retirement or death. Retirement or death benefits under the Program are payable for a ten-year period on a quarterly basis, commencing upon the date of retirement or death. Either the participant, the participant's beneficiary or the Company can elect that such retirement or death benefits be paid in an actuarially-equivalent, lump-sum payment. Only the directors currently serving on the Board are eligible to participate in the Program. In 2004, Lamson's Board of Directors froze the Program. As a result, only the non-employee directors serving on the Board as of December 31, 2004 are eligible to receive benefits under the Program, and any person not serving on the Board as of December 31, 2004 will not be entitled to participate in the Program.

Stock Option Grants to Non-Employee Directors: The 1998 Plan authorizes the grant of options to non-employee directors for the purchase of Common Shares. The 1998 Plan provides that each year on the Monday following the Annual Meeting of Shareholders, each individual elected, re-elected or continuing as a non-employee director automatically will receive a non-qualified option to purchase 4,000 Common Shares. The exercise price for such options is the average of the high and low prices at which the Common Shares traded on the NYSE on the date of grant. Such options become exercisable one year after the date of grant and expire ten years after the date of the grant. If the Amended and Restated 1998 Plan is approved by the shareholders at the Annual Meeting, the mandatory option grants will be eliminated; however, the Board will have the authority to make grants of options, restricted shares or deferred shares to the non-employee directors. Prior to April 30, 2004, such option grants were made to non-employee directors under Lamson's Non-Employee Directors Stock Option Plan (the Directors Plan). The Directors Plan expired on April 22, 2004 and no future grants will be made thereunder. As of December 31, 2005, there were options outstanding under the Directors Plan representing 60,000 shares of the Company's Common Stock. The options outstanding under the Directors Plan may be exercised pursuant to the terms of the stock option agreements, which expire on or before May 5, 2013.

Options granted under the Directors Plan to a non-employee director must be exercised within 36 months of retirement as a director or within 12 months from the date a director resigns due to disability. Upon the death of a non-employee director, the director's legal representative or heirs will have twelve months from the date of death to exercise his stock options. However, in no event will options be exercisable after the expiration of the 10-year option period.

If a director resigns, or ceases to serve as a non-employee director for any reason other than retirement, disability or death, only those options exercisable on the date of termination will be exercisable. Such options may be exercised within ninety days after termination.

In the event of a change in control of the Company (as defined in the Directors Plan and in the 1998 Plan), all stock options fully vest and become exercisable.

Pursuant to the 1998 Plan, on May 2, 2005 each non-employee director was granted a non-qualified stock option to purchase 4,000 Common Shares at an exercise price of \$9.395 per share. These stock options are scheduled to become exercisable on May 2, 2006.

Table of Contents**EXECUTIVE COMPENSATION**

The following table summarizes the compensation earned by each of the Named Executive Officers with respect to the fiscal year shown for services rendered to the Company and its subsidiaries.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Long-Term Compensation						
		Annual Compensation			Awards	Payouts		
		Salary	Bonus	Other Accrual	Restricted Stock	Securities Underlying	Performance Unit	All Other Compensation
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
John B. Schulze Chairman of the Board President and Chief Executive Officer	2005	\$490,000	\$882,000	\$ 5,178		100,000	\$	\$ 37,139
	2004	470,000	541,400	8,774		100,000		29,522
	2003	450,000				100,000		31,080
James J. Abel Executive Vice President, Secretary, Treasurer and Chief Financial Officer	2005	335,000	522,500	1,062		45,000		\$ 18,178
	2004	320,000	307,200	1,844		45,000		15,463
	2003	302,000				40,000		14,242
Donald A. Gutierrez ⁽⁴⁾ Senior Vice President	2005	238,000	257,000	1,897	341	25,000		\$ 49,100
	2004	228,000	154,400	927		25,000		35,689
	2003	221,000				25,000		16,531
Norman P. Sutterer ⁽⁴⁾ Senior Vice President	2005	211,000	227,850	669	297	25,000		\$ 45,649
	2004	203,000	134,700	1,067		25,000		32,851
	2003	195,000				20,000		16,244
Norman E. Amos ⁽⁴⁾ Vice President	2005	184,000			2290	12,000		\$203,751
	2004	177,000	115,400			12,000		130,666
	2003	170,000				12,000		

(1) Includes the cost (exclusive of tax reimbursement) of split dollar insurance maintained by the Company to provide death benefits for Mr. Schulze, Mr. Abel, Mr. Gutierrez, Mr. Sutterer and Mr. Amos in 2005 of \$25,139, \$6,178, \$8,500, \$8,047 and \$-0-, respectively; in 2004 of \$25,139, \$6,178, \$8,500, \$8,047 and \$-0-, respectively;

and in 2003 of \$22,080, \$5,242, \$7,531, \$7,514 and \$-0-, respectively.

- (2) Includes matching contributions up to 75% of the first 6% of an employee's compensation contributed to the Company's 401(k) Deferred Savings Plan with an additional 25% match based on the Company's profitability, which is available to all salaried employees. On February 17, 2005, the GNC Committee approved a 25% match based upon the Company's financial performance for fiscal year 2004. The matching contributions made by the Company under the Plan to the accounts of: Mr. Schulze, Mr. Abel, Mr. Gutierrez, Mr. Sutterer and Mr. Amos in 2005 totaled \$12,000, \$12,000, \$12,000, \$12,252 and \$10,551, respectively; in 2004 totaled \$10,719, \$10,719, \$10,719, \$10,719 and \$15,266, respectively; and in 2003 totaled \$8,051, \$8,051, \$8,051, \$7,730 and \$-0-, respectively.
- (3) Includes deferred compensation pursuant to Stock Ownership Guidelines for Executive Officers implemented by the GNC Committee. Pursuant to the Stock Ownership Guidelines, officers may elect to defer income earned in a fiscal year. However, the deferral for which the election is made does not occur until February following the end of the fiscal year specified by the officer's election, since bonuses for any fiscal year most recently ended are not approved by the GNC Committee until then. For fiscal year 2005 (to be paid in March 2006), the income amounts deferred by Messrs. Gutierrez, Sutterer and Amos were \$28,600, \$25,350 and \$193,200, respectively. For fiscal year 2004 (paid in March 2005), the income amounts deferred by Mr. Gutierrez, Mr. Sutterer and Mr. Amos were \$17,200, \$15,000 and \$115,400, respectively. For fiscal year 2003, there were no bonuses paid, therefore, no deferrals were possible in February 2004. In addition, for those officers who elect to defer a portion of their bonuses, the Company matches 20% of the deferred amounts in the form of restricted shares to these executives, issued from the 1998 Plan.

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- (4) Mr. Gutierrez and Mr. Sutterer are responsible for the business segments of Carlon and Lamson Home Products, respectively. Mr. Amos is responsible for Supply Chain Management for the Company.
- (5) Reflects reimbursement of taxes resulting from premiums on split dollar insurance.

Stock Options

The following table sets forth information concerning stock option grants made to the Named Executive Officers during fiscal year 2005 pursuant to the 1998 Plan.

OPTION GRANTS IN LAST FISCAL YEAR

	Individual Grants	Grant Date Value
Number of Securities	% of Total Options	