

LAMSON & SESSIONS CO

Form 11-K

June 21, 2006

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

**FORM 11-K
ANNUAL REPORT
PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

þ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2005

OR

o **TRANSITIONAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**
For the transition period from _____ to _____.

Commission file number 1-313

THE LAMSON & SESSIONS CO. DEFERRED SAVINGS PLAN

(Full title of the plan)

THE LAMSON & SESSIONS CO., 25701 Science Park Drive, Cleveland, Ohio 44122

(Name of issuer of the securities held pursuant to the plan
and the address of its principal executive office)

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**THE LAMSON & SESSIONS CO.
DEFERRED SAVINGS PLAN
Financial Statements
December 31, 2005 and 2004
CIUNI & PANICHI, INC.**

Certified Public Accountants

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The Lamson & Sessions Co. Deferred Savings Plan
Financial Statements
December 31, 2005 and 2004
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Report of Independent Registered Public Accounting Firm

To the Board of Directors
The Lamson & Sessions Co.

We have audited the accompanying statements of net assets available for benefits of The Lamson & Sessions Co. (the Company) Deferred Savings Plan (the Plan) as of December 31, 2005 and 2004 and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan has determined that it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of The Lamson & Sessions Co. Deferred Savings Plan as of December 31, 2005 and 2004 and changes in its net assets available for benefits for the years then ended in conformity with accounting principals generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2005 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2005 and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Ciuni & Panichi, Inc.
Cleveland, Ohio
May 10, 2006

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**THE LAMSON & SESSIONS CO. DEFERRED SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**

	December 31,	
	2005	2004
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 192,783	\$ 218,849
INVESTMENTS, AT FAIR VALUE:		
Common/collective trust fund	8,874,600	7,031,505
Registered investment companies	35,847,786	29,507,199
Lamson & Sessions Company stock	7,850,325	3,793,426
INVESTMENTS, AT ESTIMATED FAIR VALUE:		
Participant loans	798,869	804,919
Total investments	53,371,580	41,137,049
RECEIVABLES:		
Employer's contribution	911,380	426,243
Other	26,563	3,206
	937,943	429,449
Total Assets	54,502,306	41,785,347
LIABILITIES		
Accounts payable	193,532	198,666
NET ASSETS AVAILABLE FOR BENEFITS	\$ 54,308,774	\$ 41,586,681

The accompanying notes are an integral part of these financial statements.

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THE LAMSON & SESSIONS CO. DEFERRED SAVINGS PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Years Ended December 31,	
	2005	2004
Additions to Net Assets Attributable To:		
Investment income		
Interest and dividends	\$ 1,351,982	\$ 1,022,026
Net appreciation in fair value of investments	9,154,719	4,322,364
	10,506,701	5,344,390
Contributions		
Employee salary deferrals	2,499,207	2,302,601
Employer matching and profit sharing	2,096,534	1,504,665
Rollover contributions	373,533	41,512
	4,969,274	3,848,778
Total additions	15,475,975	9,193,168
Deductions from Net Assets Attributable To:		
Benefits paid to participants	2,752,403	2,935,030
Other	1,479	8,742
Total deductions	2,753,882	2,943,772
Net increase in net assets	12,722,093	6,249,396
Net Assets Available for Benefits:		
Beginning of year	41,586,681	35,337,285
End of year	\$ 54,308,774	\$ 41,586,681

The accompanying notes are an integral part of these financial statements.

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**THE LAMSON & SESSIONS CO. DEFERRED SAVINGS PLAN
NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2005 and 2004

NOTE A DESCRIPTION OF PLAN

The following description of The Lamson & Sessions Co. (the Company) Deferred Savings Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan s provisions.

1. General

The Plan is a defined contribution plan covering substantially all employees of the Company. Employees are eligible to participate in the Plan on the first day of the calendar quarter after which they have attained the age of 21 (age 18 for Pyramid Industries II, Inc. salaried and non-union hourly employees) and completed one-half (1/2) year of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) as amended. The Company is the Plan s administrator. The 401(k) Company is the Plan s record keeper. Effective July 1, 2005, Nationwide Trust Co. became the Plan s trustee. The Plan s custodians are the Pershing Division of Donaldson, Lufkin & Jenrette Securities Corporation (Pershing) and the individual registered investment companies.

2. Contributions

Each year, participants contribute 1% to 15% (100% effective January 1, 2005) of their eligible compensation (pre-tax contributions), as defined in the Plan. The Company contributes a matching contribution equal to 50% of the participant s contribution, not to exceed 6% of the participant s compensation for any plan year.

For each salaried participant for whom a salary reduction contribution has been made, the employer shall also contribute an additional matching contribution equal to 25% of such salary reduction contribution, up to the first 6% of the participant s contribution. This additional contribution is required to be contributed or initially invested in the Lamson & Sessions Stock Fund. Immediately following such contribution or initial investment in stock, the participant shall have the ongoing option to redirect the investment of such matching contributions among the investment options available under the Plan.

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THE LAMSON & SESSIONS CO. DEFERRED SAVINGS PLAN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2005 and 2004

NOTE A DESCRIPTION OF PLAN Continued

2. Contributions Continued

In addition, the Company can make discretionary matching contributions. Based on the Company's annual financial performance, the Company may make an additional matching contribution. This additional matching contribution, if any, will be a percentage as determined by the Board of Directors or its delegate and is initially invested in Lamson & Sessions stock. Participants are also eligible to receive an additional discretionary matching contribution if they were employed with the Company on the last day of the Plan year for which the contribution is made and they have completed one year of service during the Plan year.

3. Participant Accounts

Each participant's account is credited with the participant's elective contributions, allocations of the Company's contributions and earnings on those contributions. Forfeitures due to the distribution of a participant's account before the participant has become fully vested reduce subsequent Company contributions. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

4. Vesting

Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the Company's matching and discretionary contribution portions of their accounts plus actual earnings thereon is based on Years of Service as defined by Plan provisions. A participant is fully vested after five years.

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THE LAMSON & SESSIONS CO. DEFERRED SAVINGS PLAN

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2005 and 2004

NOTE A DESCRIPTION OF PLAN Continued

5. Participant Loans

Participants may borrow from their fund accounts a minimum of \$1,000 and a maximum equal to the lesser of \$50,000 or 50 percent of their vested balance in all their accounts reduced by their highest outstanding loan balance within the twelve (12) preceding months. A loan must be repaid through payroll withholding, the repayments must be periodic, and the term must not exceed five (5) years unless the proceeds are used to acquire a home. Such loans can be repaid over a maximum of fifteen (15) years. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined by the Plan administrator on the date the loan is made. Interest rates currently charged on outstanding balances range from 5.54 percent to 10.66 percent.

6. Payment of Benefits

On termination of service due to death, disability or retirement, a participant may elect to receive an amount equal to the value of the participant's vested interest in his or her account in either a lump-sum amount, or in annual installments. Withdrawals from a participant's account may be made prior to termination, subject to certain restrictions as defined by the Plan.

7. Plan Expenses

The Lamson & Sessions Co. absorbs substantially all costs to administer the Plan.

8. Forfeitures

Forfeited non-vested accounts are used to reduce employer contributions. At December 31, 2005 and 2004, the amount of forfeited non-vested accounts was \$59,162 and \$36,931, respectively.

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**THE LAMSON & SESSIONS CO. DEFERRED SAVINGS PLAN
NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2005 and 2004

NOTE B SUMMARY OF ACCOUNTING POLICIES

1. Investment Valuation and Income Recognition

The Plan's investments are stated at fair value except for participant loans and life insurance contracts. Shares of registered investment companies are valued at quoted market prices which represent the net asset value of shares held by the Plan at year-end. The Company stock is valued at its quoted market price. Participant loans are valued at their outstanding principal balance, which approximates fair value. Life insurance contracts are valued at cash surrender value.

Purchases and sales of securities are recorded on a trade-date basis. Interest and dividend income is recorded when received.

2. Payment of Benefits

Benefits are recorded when paid.

3. Use of Estimates

The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires the Plan administrator to make estimates and assumptions that affect certain reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

4. Cash and Cash Equivalents

The Plan considers all highly liquid investments, with original maturities of three months or less to be cash equivalents. The Plan maintains its cash accounts at national financial institutions. The balances, at times, may exceed federally insured limits.

Table of Contents**THE LAMSON & SESSIONS CO. DEFERRED SAVINGS PLAN
NOTES TO THE FINANCIAL STATEMENTS****December 31, 2005 and 2004****NOTE C INVESTMENTS**

The following presents investments at December 31, 2005 and 2004 that represent 5% or more of the Plan's net assets.

	2005	2004
Bond Fund of America	\$4,879,180	\$4,127,680
EuroPacific Growth Fund	3,977,547	3,110,316
Stable Value Fund	8,874,600	7,031,505
Fundamental Investors	9,549,290	7,757,556
Fidelity Advisor Equity Growth Fund		4,832,624
Lamson & Sessions Company Stock Fund	7,850,325	3,793,426
American Beacon Fund - Small Cap	3,825,474	3,654,370
Phoenix-Duff & Phelps Real Estate Fund	2,670,197 **	2,303,459
T Rowe Price - Blue Chip Growth	5,889,878	

** Does not represent five percent or more of the Plan net assets at December 31, 2005.

During 2005 and 2004, the Plan's investments, including investments bought, sold and held during the year, appreciated in value by \$9,154,719 and \$ 4,322,364, respectively, as follows:

	2005	2004
Mutual funds at fair value as determined by quoted market prices.	\$ 2,323,036	\$ 2,791,777
The Lamson & Sessions Co. stock at fair value as determined by quoted market prices.	6,831,683	1,530,587
	\$ 9,154,719	\$ 4,322,364

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**THE LAMSON & SESSIONS CO. DEFERRED SAVINGS PLAN
NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2005 and 2004

NOTE D TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated May 7, 2002, that the Plan was designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and Plan's tax counsel believe the Plan is designed and is currently operated in compliance with applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

NOTE E PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will immediately become 100% vested in their accounts.

NOTE F RELATED PARTY TRANSACTIONS

The Lamson & Sessions Stock Fund invests in Lamson & Sessions Co. common stock, which is traded on the New York Stock Exchange under the symbol LMS. The fund maintains short-term cash sufficient to meet its estimated daily cash needs. The fund purchases shares of Lamson & Sessions Co. common stock on the open market at open market prices. Transactions in the fund qualify as permitted party-in-interest transactions.

NOTE G RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

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THE LAMSON & SESSIONS CO. DEFERRED SAVINGS PLAN
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2005 and 2004

NOTE H AMENDMENT

The Plan was amended on December 22, 2003 to allow, effective January 1, 2003, certain hourly associates to be included in discretionary matching contributions.

NOTE I RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2005 and 2004 to Form 5500:

	2005	2004
Net assets available for benefits per the financial statements	\$ 54,308,774	\$ 41,586,681
Amounts allocated to withdrawing participants	(7,448)	(82,984)
Net assets available for benefits per the Form 5500	\$ 54,301,326	\$ 41,503,697

The following is a reconciliation of benefits paid to participants per the financial statements for the year ended December 31, 2005 and 2004 to Form 5500:

	2005	2004
Benefits paid to participants per the financial statements	\$ 2,752,403	\$ 2,935,030
Add: Amounts allocated to withdrawing participants at end of year	7,448	82,984
Less: Amount allocated to withdrawing participants at beginning of year	(82,984)	(650,215)
Benefits paid to participants per Form 5500	\$ 2,676,867	\$ 2,367,799

Amounts allocated to withdrawing participants are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to year end, but not yet paid as of that date.

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SUPPLEMENTAL INFORMATION

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THE LAMSON & SESSIONS CO. DEFERRED SAVINGS PLAN
SCHEDULE H, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR) EIN: 34-0349210
PLAN:028

December 31, 2005

Column A	Column B	Column C	Column E
	IDENTITY OF ISSUE, BORROWER, LESSOR OR SIMILAR PARTY	DESCRIPTION OF INVESTMENT¹	CURRENT VALUE
	American Funds	Bond Fund of America	\$ 4,879,180
		EuroPacific Growth Fund	3,977,547
		Fundamental Investors	9,549,290
	Oppenheimer	Developing Markets Fund	1,694,946
	American Beacon	Small Cap Value Fund	3,825,474
	Pioneer	Oak Ridge Small Cap Growth	854,113
	Phoenix-Duff & Phelps	Real Estate Securities	2,670,197
	T Rowe Price	Blue Chip Growth	5,889,878
	Lord Abbett	Developing Growth A	1,198,672
	Invesco	Stable Value Fund	8,874,600
	MFS	International New Discovery Fund	1,308,489
*	Lamson & Sessions	Stock Fund	7,850,325
			52,572,711
	Participant Loans	Participant loans with various rates of interest from 5.54% to 10.66% and various maturity dates through 2019, cost \$-0-	798,869
		Cash and cash equivalents	192,783
			\$ 53,564,363

*Party-In-Interest

¹ Including maturity date, rate of interest, collateral, par or maturity value, where applicable.

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SIGNATURES

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

THE LAMSON & SESSIONS CO.
DEFERRED SAVINGS PLAN

Date: June 21, 2006

By: /s/ James J. Abel
James J. Abel
Plan Administrator

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EXHIBIT INDEX

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
23	Consent of Ciuni & Panichi, Inc.