

LAMSON & SESSIONS CO
Form 11-K
June 25, 2003

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

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002

OR

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)

THE LAMSON & SESSIONS CO.
DEFERRED SAVINGS PLAN

FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

MOORE STEPHENS APPLE
CERTIFIED PUBLIC ACCOUNTANTS

THE LAMSON & SESSIONS CO. DEFERRED SAVINGS PLAN

FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Lamson & Sessions Co.

We have audited the accompanying statements of net assets available for benefits - modified cash basis of The Lamson & Sessions Co. Deferred Savings Plan as of December 31, 2002 and 2001, and the related statements of changes in net assets available for benefits - modified cash basis 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 generally accepted

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in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, 2002 and 2001, and changes in its net assets available for benefits for the years then ended in conformity with the modified cash basis of accounting.

As described in Note B, these financial statements were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States.

Our audits of the Plan's financial statements as of and for the years ended December 31, 2002 and 2001 were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes as of and for the year ended December 31, 2002, referred to as "supplemental information", 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 information is the responsibility of the Plan's management. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2002, and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Moore Stephens Apple
Westlake, Ohio
May 29, 2003

THE LAMSON & SESSIONS CO. DEFERRED SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
- MODIFIED CASH BASIS

| | DECEMBER 31, | 2002 | 2001 |
|-----------------------------|--------------|-----------|-----------|
| | | ----- | ----- |
| ASSETS | | | |
| CASH | | \$ 22,160 | \$ 13,654 |
| INVESTMENTS, AT FAIR VALUE: | | | |

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| | | |
|-----------------------------------|--------------|--------------|
| Mutual funds | 24,392,189 | 25,838,137 |
| Cash value of life insurance | 121,400 | 137,722 |
| Lamson & Sessions Company stock | 1,384,633 | 1,579,720 |
| | ----- | ----- |
| | 25,898,222 | 27,555,579 |
| | ----- | ----- |
| RECEIVABLES: | | |
| Employer's contribution | 281,136 | 35,636 |
| Participant's contributions | 79,325 | 72,693 |
| Participant loans | 790,297 | 659,854 |
| Other | 1,687 | 6,826 |
| | ----- | ----- |
| | 1,152,445 | 775,009 |
| | ----- | ----- |
| Total Assets | 27,072,827 | 28,344,242 |
| | ----- | ----- |
| LIABILITIES | | |
| Accounts payable | 25,058 | 15,529 |
| | ----- | ----- |
| NET ASSETS AVAILABLE FOR BENEFITS | \$27,047,769 | \$28,328,713 |
| | ===== | ===== |

 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
 - MODIFIED CASH BASIS

| | YEARS ENDED DECEMBER 31, | 2002 | 2001 |
|--|--------------------------|------------|------------|
| | | ----- | ----- |
| ADDITIONS TO NET ASSETS ATTRIBUTABLE TO: | | | |
| Investment income | | | |
| Interest and dividends | | \$ 792,891 | \$ 894,528 |
| Contributions | | | |
| Employee salary deferrals | | 2,134,263 | 2,157,804 |
| Employer matching and profit sharing | | 1,256,693 | 1,008,775 |
| Rollover contributions | | 24,627 | 19,709 |
| | | ----- | ----- |

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| | | |
|---|---------------|---------------|
| Assets from merged plan | 3,415,583 | 3,186,288 |
| | 888,245 | -- |
| | ----- | ----- |
| TOTAL ADDITIONS | 5,096,719 | 4,080,816 |
| DEDUCTIONS FROM NET ASSETS ATTRIBUTABLE TO: | | |
| Benefits paid to participants | 2,208,084 | 2,360,343 |
| Net depreciation in fair value of investments | 4,166,228 | 2,641,606 |
| Insurance premiums | 3,351 | 7,434 |
| | ----- | ----- |
| TOTAL DEDUCTIONS | 6,377,663 | 5,009,383 |
| | ----- | ----- |
| NET DECREASE IN NET ASSETS | (1,280,944) | (928,567) |
| NET ASSETS AVAILABLE FOR BENEFITS: | | |
| BEGINNING OF YEAR | 28,328,713 | 29,257,280 |
| | ----- | ----- |
| END OF YEAR | \$ 27,047,769 | \$ 28,328,713 |
| | ===== | ===== |

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, 2002 AND 2001

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 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). The Company is the Plan's administrator. The 401(k) Company is the Plan's record keeper. The Plan's custodian is the Pershing Division of Donaldson, Lufkin & Jenrette Securities Corporation which was acquired by Credit Suisse First Boston in November 2000 ("Pershing").

2. CONTRIBUTIONS

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Each year, participants contribute 1% to 15% 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.

Effective January 1, 2000 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.

In addition, the Company can make discretionary matching contributions. Based on the Company's annual financial performance the Company may make a profit-sharing matching contribution. This profit-sharing match, if any, can add as much as an additional 25% of the participant's contribution up to the first 6% of compensation and is initially invested in Lamson & Sessions stock. A participant is 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.

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THE LAMSON & SESSIONS CO. DEFERRED SAVINGS PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002 AND 2001

NOTE A - DESCRIPTION OF PLAN - CONTINUED

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. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Participants may direct their individual account balances as of December 31, 2002 among the following investment options:

Bond Fund of America - This fund seeks a high level of current income consistent with preservation of capital by investing

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primarily in high quality corporate bonds and U.S. government securities.

EuroPacific Growth Fund - A foreign stock fund that seeks long-term capital appreciation by investing in companies located outside the United States.

Stable Value Fund - This fund seeks to produce consistent, positive returns for investors while preserving principal and maintaining liquidity.

Templeton Developing Markets Fund - An emerging market stock fund that seeks long-term capital appreciation by investing in stocks of issuers in countries with developing markets.

Fundamental Investors Fund - A large company value fund that invests primarily in large company stocks or investments that are convertible to stock. It seeks both long-term growth of capital and current income.

Franklin Balance Sheet Investment Fund - A small company value fund that seeks capital appreciation primarily through investment in securities that the fund's manager believes are undervalued in the marketplace.

Franklin Real Estate Securities - A specialty real estate fund that seeks to maximize total return by investing in real estate securities.

Lord Abbett Developing Growth A Fund - A small company growth fund that seeks long-term capital growth by investing in stocks of companies with dramatic growth potential.

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THE LAMSON & SESSIONS CO. DEFERRED SAVINGS PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002 AND 2001

NOTE A - DESCRIPTION OF PLAN - CONTINUED

3. PARTICIPANT ACCOUNTS - CONTINUED

Fidelity Advisor Equity Growth Fund - This fund seeks to achieve capital appreciation by investing primarily in common stock of companies with above-average characteristics.

Putnam International Voyager Fund - This fund seeks long-term capital appreciation by investing primarily in equity securities of small and mid-capitalization companies whose principle place of business is located outside of the United States or whose securities are principally traded on foreign markets.

Lamson & Sessions Stock Fund - Funds are invested in common

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stock of the The Lamson & Sessions Co. The Fund's objective is to provide investment returns linked to Lamson & Sessions' long-term capital appreciation and offer employees a convenient way to invest in Lamson & Sessions' stock.

In addition, subject to the terms of the Plan, participants with sufficient vested balances may borrow from their fund accounts. Participant loans are treated as an additional investment option under the terms of the Plan.

Prior to January 1, 1998, the Plan also offered participants the option to invest in life insurance. Participants with portions of their accounts invested in life insurance at January 1, 1998 have the option of keeping the insurance in place, but additional investments in insurance are no longer permitted.

Effective January 1, 2002 salaried and non-union hourly employees of Pyramid Industries, Inc., a subsidiary of the Company, who attained age 18 and had completed six months of service became eligible to participate in the Plan. Effective July 1, 2002 union hourly employees of Pyramid Industries, Inc. who obtained age 21 and had completed six months of service became eligible to participate in the Plan. Effective August 1, 2002, the Pyramid Industries II, Inc. Retirement Plan and the Pyramid Industries, Inc. Union Employees Profit Sharing Plan were merged with and into the Plan to form a single plan. Total assets merged from the Pyramid Plans were \$888,245.

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THE LAMSON & SESSIONS CO. DEFERRED SAVINGS PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002 AND 2001

NOTE A - DESCRIPTION OF PLAN - CONTINUED

4. VESTING

Participants are immediately vested in their 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.

5. PARTICIPANT LOANS RECEIVABLE

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. Loan transactions are treated as transfers to (from) the investment fund from (to) the Participant Notes fund. 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.

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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 trustees on the date the loan is made. Interest rates currently charged on outstanding balances range from 6.00 percent to 10.84 percent.

6. PAYMENT OF BENEFITS

Benefits upon retirement, death or other termination of employment may be paid either in a lump sum or in periodic payments. Withdrawals from a participant's account may be made prior to termination, subject to certain restrictions.

7. PLAN EXPENSES

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

8. FORFEITURES

Forfeited nonvested accounts are used to reduce employer contributions. In 2002 and 2001, the amount of forfeited nonvested accounts which were applied to reduce such contributions were \$68,689 and \$36,980, respectively.

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THE LAMSON & SESSIONS CO. DEFERRED SAVINGS PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002 AND 2001

NOTE B - SUMMARY OF ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

The financial statements of the Plan are prepared under the modified cash basis of accounting. Under this basis, contributions which are withheld by the plan sponsor but not allocated to participant accounts at year end are recorded as a receivable. In addition pending trades and certain withholdings are included in accrued expenses.

2. INVESTMENT VALUATION AND INCOME RECOGNITION

The Plan's investments are stated at fair value. 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 receivable are valued at their outstanding principal balance. Life insurance contracts are valued at cash value.

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

3. PAYMENT OF BENEFITS

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Benefits are recorded when paid.

4. USE OF ESTIMATES

The preparation of financial statements, in conformity with the modified cash basis of accounting, requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

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THE LAMSON & SESSIONS CO. DEFERRED SAVINGS PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002 AND 2001

NOTE C - INVESTMENTS

The following table presents investments at December 31, 2002 and 2001. Investments that represent 5% or more of the Plan's net assets are separately identified.

| | 2002 ---- | 2001 ---- |
|--|--------------|--------------|
| Bond Fund of America | \$ 3,239,761 | \$ 3,414,059 |
| EuroPacific Growth Fund | 1,753,291 | 1,994,976 |
| Stable Value Fund | 5,954,505 | 5,052,560 |
| Fundamental Investors | 4,917,710 | 5,511,630 |
| Franklin Balance Sheet Investment Fund | 2,108,506 | 2,091,192 |
| Fidelity Advisor Equity Growth Fund | 3,364,264 | 4,241,977 |
| Lord Abbett Developing Growth A | 1,087,092 | 1,446,351 |
| Lamson & Sessions Company Stock Fund | 1,384,633 | 1,579,720 |
| Other | 2,088,460 | 1,890,114 |
| | ----- | ----- |
| | \$25,898,222 | \$27,555,579 |
| | ===== | ===== |

During 2002 and 2001, the Plan's investments, including investments bought, sold and held during the year, depreciated in value by \$4,149,906 and \$2,641,606 respectively, as follows:

| | 2002 ---- | 2001 ---- |
|---|----------------|----------------|
| Mutual funds at fair value as determined by quoted market prices. | \$ (3,448,221) | \$ (1,931,600) |
| Life insurance contracts at cash value. | (16,322) | 11,400 |

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| | | |
|--|----------------|-------------|
| The Lamson & Sessions Co. stock at fair value as determined by quoted market prices. | (701,685) | (721,4 |
| | ----- | ----- |
| | \$ (4,166,228) | \$ (2,641,6 |
| | ===== | ===== |

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THE LAMSON & SESSIONS CO. DEFERRED SAVINGS PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002 AND 2001

NOTE D - TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated February 14, 1996, that the Plan was designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan was amended and restated effective January 1, 2001 in accordance with the Uruguay Round Agreements Act (GATT), the Taxpayer Relief Act of 1997, the Reemployment Rights Act of 1994 (USERRA), the Internal Revenue Service Restructuring and Reform Act of 1998, the Small Business Job Protection Act of 1996 (SBJPA), collectively referred to as the "GUST restatements" and the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"). The Plan received a favorable determination letter dated May 7, 2002.

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.

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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 FOR
 INVESTMENT PURPOSES AT YEAR END EIN: 34-0349210 PLAN:028

DECEMBER 31, 2002

| COLUMN A ----- | COLUMN B ----- | COLUMN C ----- | C |
|-------------------|--|--|----|
| | IDENTITY OF ISSUE, BORROWER, LESSOR OR SIMILAR PARTY ----- | DESCRIPTION OF INVESTMENT(1) ----- | |
| | American Funds | Bond Fund of America | \$ |
| | | EuroPacific Growth Fund | |
| | | Fundamental Investors | |
| | Franklin Templeton | Developing Markets Fund | |
| | | Balance Sheet Investment Fund | |
| | | Real Estate Securities | |
| | Fidelity | Advisor Equity Growth Fund | |
| | Lord Abbett | Developing Growth A | |
| | Invesco | Stable Value Fund | |

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| | |
|---------------------|---|
| New England | Cash Value of Insurance |
| Putnam | International Voyager Fund |
| * Lamson & Sessions | Stock Fund |
| Participant Loans | Participant loans with various rates of interest from 6.00% to 10.84% and various maturity dates through 2016 |

TOTAL ASSETS HELD FOR INVESTMENT PURPOSES AT YEAR END

*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 25, 2003

By: /s/ James J. Abel

James J. Abel
Trustee

EXHIBIT INDEX

| EXHIBIT NUMBER ----- | EXHIBIT DESCRIPTION ----- |
|----------------------------|--|
| 23 | Consent of Moore Stephens Apple |
| 99 | Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |