

LYDALL INC /DE/  
Form DEFA14A  
April 01, 2016

**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

**LYDALL, 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.

Title of each class of securities to which transaction applies:

(1)

Aggregate number of securities to which transaction applies:

(2)

Per unit price or other underlying value of the 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):

(3)

Proposed maximum aggregate value of the transaction:

(4)

Total fee paid:

(5)

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 240.0-11 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:

Form, Schedule or Registration Statement No.:

(2)

Filing Party:

(3)

Date Filed:

(4)

On April 1, 2016, Lydall, Inc. filed a Current Report on Form 8-K, which included including the following disclosure:

**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On March 30, 2016, the Compensation Committee of the Board of Directors of Lydall, Inc. (the “Company”) amended and restated the Company’s Annual Incentive Performance (“AIP”) Program, effective January 1, 2016. The AIP Program sets forth the terms under which designated employees of the Company, including its executive officers, may receive cash incentive payments based on the annual performance of the Company.

The amendment to the AIP Program replaces the Free-Cash-Flow metric with a new Working Capital metric. This new Working Capital metric is defined as the annual average of the four quarterly percentages calculated by dividing (A) such quarter’s working capital (defined as trade accounts receivable, including other tooling receivables, plus inventory minus accounts payable), by (B) such quarter’s annualized net sales from continuing operations. No other modifications were made to the AIP Program.

The Compensation Committee annually establishes targets for the performance metrics, sets a payout range and relative weights for each of the performance metrics and approves a target bonus percentage for each executive officer which is a percentage of base salary. For 2016, each of the four performance targets is weighted at 25%, except for our Performance Materials segment. The financial goal weights applicable to employees of the Performance Materials business segment were previously modified by increasing the weight of the Revenue Performance Metric from twenty-five (25%) percent to thirty-five (35%) percent and decreasing the weight of the Operating Income Performance Metric from twenty-five (25%) percent to fifteen (15%) percent. The bonus percentage for executive officers ranges from 0% (with a threshold at 80%) to 200% of base salary.