

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

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
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Lawson Products, 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
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Lawson Products, Inc.

8770 West Bryn Mawr Avenue, Suite 900
Chicago, Illinois 60631

NOTICE OF ANNUAL MEETING
OF STOCKHOLDERS
May 12, 2020

TO THE STOCKHOLDERS:

You are cordially invited to attend the annual meeting of stockholders ("Annual Meeting") of Lawson Products, Inc. (the "Company", "Lawson", "we" & "our"), which will be held at 8770 West Bryn Mawr Avenue, Room 933, Chicago, Illinois, 60631 on May 12, 2020, at 10:00 a.m., Central Time. We are actively monitoring the public health and travel concerns relating to the coronavirus (COVID-19) and the protocols that federal, state, and local governments may impose. In the event it is not possible or advisable to hold the annual meeting in person, we will announce alternative arrangements for the meeting, which may include holding the meeting by means of remote participation. Please monitor the Company's website at www.lawsonproducts.com under the heading "Company Information - Investor Relations - Events Calendar" for updated information. If you are planning to attend the meeting, please check the website one week prior to the meeting date. As always, we encourage you to vote your shares prior to the annual meeting.

What will I be voting on?

- (1) Election of two directors (see page 8);
- (2) Ratification of the Appointment of BDO USA, LLP (see page 11);
- (3) To approve, in a non-binding vote, the compensation of our named executive officers (see page 12);
- (4) To approve an amendment to our Certificate of Incorporation to declassify the Board of Directors (see page 14);
- (5) To approve an amendment to our Certificate of Incorporation to remove supermajority voting requirements for future amendments to our By-laws (see page 15);
- (6) To approve an amendment to our Certificate of Incorporation to remove supermajority voting requirements for removal of directors (see page 16);
- (7) To approve an amendment to our Certificate of Incorporation to remove supermajority voting requirements for future amendments to our Certificate of Incorporation (see page 18);
- (8) To approve an amendment to our Certificate of Incorporation to remove limits on the number of directors (see page 20);
- (9) To approve an amendment to our Certificate of Incorporation to remove cumulative voting (see page 21);
- (10) To approve an amendment to our Certificate of Incorporation to modify stockholder proposal procedures (see page 22);
- (11) To approve an amendment to our Certificate of Incorporation to allow stockholders to call special meetings of stockholders (see page 23);
- (12) To approve an amendment to our Certificate of Incorporation to eliminate supermajority voting requirements for specific transactions and to opt out of Section 203 of the Delaware General Corporate Laws (see page 25);

- (13) To amend the Certificate of Incorporation to eliminate current Article Seventeenth regarding combination proposals (see page 27);
- (14) To amend the Certificate of Incorporation and authorize the Integration and Restatement of the Certificate of Incorporation (see page 28); and
- (15) Transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Who is entitled to vote at the Annual Meeting?

You may vote at the meeting if you were a Lawson stockholder of record at the close of business on the record date. The Board of Directors of the Company (the “Board” or “Board of Directors”) has fixed the close of business on March 17, 2020, as the record date for the determination of stockholders entitled to notice of and to vote at the meeting.

Accompanying this Notice is a Proxy, a Proxy Statement and a copy of the Company's 2019 Annual Report on Form 10-K. We are electronically disseminating our Annual Meeting materials by using the “Notice and Access” method approved by the Securities and Exchange Commission. We believe this process will provide a convenient way to access your proxy materials and vote. **The Notice of Internet Availability of Proxy Materials contains specific instructions on how to access Annual Meeting materials via the internet as well as instructions on how to receive paper copies if preferred. Additionally, a copy of this Notice, the accompanying Proxy Statement and a copy of the Company's 2019 Annual Report on Form 10-K are available at www.edocumentview.com/LAWS.**

By Order of the Board of Directors
Neil E. Jenkins
Secretary

Chicago, Illinois
March 31, 2020

TABLE OF CONTENTS

	Page
Questions and Answers about the 2020 Annual Meeting and Voting	5
Proposal One - Election of Directors	8
Proposal Two - Ratification of the Appointment of BDO USA, LLP	11
Proposal Three - Advisory Vote to Approve Named Executive Officer Compensation	12
Proposal Four - Amendment of our Certificate of Incorporation to Declassify the Board of Directors	14
Proposal Five - Amendment of our Certificate of Incorporation to Remove Current Supermajority Voting Requirements for Future Amendments to our By-Laws	15
Proposal Six - Amendment of our Certificate of Incorporation to Remove Current Supermajority Voting Requirements for Removal of Directors	16
Proposal Seven - Amendment of our Certificate of Incorporation to Remove Current Supermajority Voting Requirements for Future Amendments to our Certificate of Incorporation	18
Proposal Eight - Amendment of our Certificate of Incorporation to Remove Limits on the Number of Directors	20
Proposal Nine - Amendment of our Certificate of Incorporation to Remove Cumulative Voting	21
Proposal Ten - Amendment of our Certificate of Incorporation to Modify Stockholder Proposal Procedures	22
Proposal Eleven - Amendment Of Our Certificate Of Incorporation To Allow Stockholders To Call Special Meetings Of Stockholders	23
Proposal Twelve - Amendment of our Certificate of Incorporation to Eliminate Supermajority Voting Requirements for Specified Transactions and Opt Out of DGCL Section 203	25
Proposal Thirteen - Amendment of our Certificate of Incorporation to Eliminate Current Article Seventeenth Regarding Combination Proposals	27
Proposal Fourteen - Amend the Certificate of Incorporation and Authorize the Integration and Restatement of the Certificate of Incorporation	28
Security Ownership of Certain Beneficial Owners and Management	29
Corporate Governance	30
Remuneration of Executive Officers	37
Compensation Overview	37
Executive Summary	37
Overview of 2019 Performance and Compensation	37
Response to Say-On-Pay Vote	45
Compensation Philosophy and Objectives	45
Determination of Competitive Practices	46
Elements of Total Compensation	48
Base Salary	49
Annual Incentive Plan (“AIP”)	49
Long-Term Incentive Plan (“LTIP”)	51
Benefits and Retirement Plans	54
Employment and Change-in-Control Contracts	54
Role of Executives in Setting Compensation	54
Role of the Independent Compensation Consultant	54
Tax and Accounting Considerations	55

<u>Compensation Agreements</u>	<u>56</u>
<u>2019 Summary Compensation Table</u>	<u>58</u>
<u>All Other Compensation in 2019</u>	<u>59</u>
<u>Outstanding Equity Awards at December 31, 2019</u>	<u>60</u>
<u>Nonqualified Deferred Compensation in 2019</u>	<u>62</u>
<u>Director Compensation in 2019</u>	<u>62</u>
<u>Certain Relationships and Related Transactions</u>	<u>63</u>
<u>Fees Billed to the Company by BDO USA, LLP</u>	<u>64</u>
<u>Report of the Audit Committee of the Board of Directors</u>	<u>65</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>66</u>
<u>Householding of Annual Meeting Materials</u>	<u>66</u>
<u>Deadline for Receipt of Stockholder Proposals for 2021 Annual Meeting</u>	<u>66</u>
<u>Annex A - Amendment of our Certificate of Incorporation to Declassify the Board Of Directors</u>	<u>A - 1</u>
<u>Annex B - Amendment of our Certificate of Incorporation to Remove Current Supermajority Voting Requirements for Future Amendments to our By-Laws</u>	<u>B - 1</u>
<u>Annex C - Amendment of our Certificate of Incorporation to Remove Current Supermajority Voting Requirements for Removal of Directors</u>	<u>C - 1</u>
<u>Annex D - Amendment of our Certificate of Incorporation to Remove Current Supermajority Voting Requirements for Future Amendments to our Certificate of Incorporation</u>	<u>D - 1</u>
<u>Annex E - Amendment of our Certificate of Incorporation to Remove Limits on the Number of Directors</u>	<u>E - 1</u>
<u>Annex F - Amendment of our Certificate of Incorporation to Remove Cumulative Voting</u>	<u>F - 1</u>
<u>Annex G - Amendment of our Certificate of Incorporation to Modify Stockholder Proposal Procedures</u>	<u>G - 1</u>
<u>Annex H - Amendment of our Certificate of Incorporation to Allow Stockholders to Call Special Meetings of Stockholders</u>	<u>H - 1</u>
<u>Annex I - Amendment of our Certificate of Incorporation to Eliminate Supermajority Voting Requirements for Specified Transactions and Opt Out of DGCL Section 203</u>	<u>I - 1</u>
<u>Annex J - Amendment of our Certificate of Incorporation to Eliminate Current Article Seventeenth Regarding Combination Proposals</u>	<u>J - 1</u>
<u>Annex K - Amend the Certificate of Incorporation for Additional Conforming Edits</u>	<u>K - 1</u>
<u>Annex L - Amended and Restated Certificate of Incorporation</u>	<u>L - 1</u>
<u>Exhibit A - Text of Delaware General Corporation Law Section 203</u>	<u>Ex - 1</u>

**QUESTIONS AND ANSWERS ABOUT THE 2020
ANNUAL MEETING AND VOTING**

How do I vote?

You can vote either *in person* at the Annual Meeting or by *proxy* without attending the meeting. Even if you expect to attend the meeting in person, please sign and return the enclosed proxy in the envelope provided so that your shares may be voted at the meeting. You may also vote your shares by telephone or via the Internet as set forth in the enclosed proxy. If you execute a proxy, you still may attend the meeting and vote in person.

Can I change my vote?

Yes. If you are a registered stockholder, you can change your proxy vote or revoke your proxy at any time before the Annual Meeting by:

- (1) Revoking it by written notice to Neil E. Jenkins, our Secretary, at 8770 West Bryn Mawr Avenue, Suite 900, Chicago, Illinois, 60631 before your original proxy is voted at the Annual Meeting;
- (2) Delivering a later-dated proxy (including a telephone or Internet vote); or
- (3) Voting in person at the meeting.

If you are a beneficial owner and hold your shares in “street name,” please refer to the information forwarded by your bank, broker, or other holder of record for procedures on revoking or changing your proxy.

How many votes do I have?

You will have one vote for every share of Lawson common stock that you owned at the close of business on March 17, 2020.

How many shares are entitled to vote?

There are 8,996,267 shares of Lawson common stock outstanding as of March 17, 2020 and entitled to be voted at the meeting. Each share is entitled to one vote.

How many votes are needed for the proposals to pass?

- Directors will be elected by a plurality of the votes cast at the meeting by the holders of shares represented in person or by proxy.
- If any nominee should become unavailable for election as a director, which is not contemplated, the proxies will have discretionary authority to vote for a substitute.
- In the absence of a specific direction from the stockholders, proxies will be voted for the election of all named director nominees.
- Because directors are elected by a plurality of the votes cast at the meeting, a proxy card marked “Withhold” with respect to one or more director nominees will have no effect on the election of the nominees.
- For each of Proposals 2-14, the number of votes required are set forth each in respective proposal.

What if I vote “abstain”?

A vote to “abstain” on the election of directors will have no effect on the outcome.

A vote to “abstain” in respect of any of Proposals 4-14 will count as a vote “against” such proposal.

If you vote “abstain,” your shares will be counted as present for purposes of determining whether enough votes are present to hold the Annual Meeting.

What if I don't return my proxy card and don't attend the Annual Meeting?

If you are a holder of record (that is, your shares are registered in your own name with our transfer agent) and you do not vote your shares, your shares will not be voted. If you are not a holder of record, your record holder cannot vote your shares without your specific instructions on the election of directors because this proposal is considered a non-routine matter. Therefore, banks, brokers or other nominees will not have the discretion to vote shares held by them on behalf of customers if no instructions are received.

“Broker non-votes” will be counted as present for purposes of determining whether enough votes are present to hold the Annual Meeting. However, any broker non-votes in respect of any of Proposals 4-14 will count as a vote “against” such proposal.

Is my vote confidential?

Yes. Your voting records will not be disclosed to us except:

- As required by law;
- To the inspectors of voting; or
- In the event the election is contested.

The tabulator, the proxy solicitation agent, and the inspectors of voting must comply with confidentiality guidelines that prohibit disclosure of votes to Lawson. The tabulator of the votes and at least one of the inspectors of voting will be independent of Lawson and our officers and directors.

If you are a holder of record and you write comments on your proxy card, your comments will be provided to us, but your vote will remain confidential.

When will I receive the Proxy Statement?

This Proxy Statement will be available to stockholders on or about April 2, 2020 in connection with the solicitation of the accompanying proxy by our Board of Directors. Only stockholders of record at the close of business on March 17, 2020 are entitled to notice of and to vote at the Annual Meeting. We have retained Morrow & Co., LLC, 470 West Ave., Stamford, Connecticut, 06902, a firm specializing in the solicitation of proxies, to assist in the solicitation at a fee estimated to be \$7,000 plus expenses. Officers of the Company may make additional solicitations in person or by telephone. Expenses incurred in the solicitation of proxies will be borne by the Company.

If the accompanying form of proxy is executed and returned in time or you vote your shares by telephone or via the internet as set forth in the enclosed proxy, the shares represented thereby will be voted.

Corporate Governance Highlights

The table below highlights key corporate governance initiatives adopted or otherwise proposed for shareholder approval by the Board of Directors (the "Board" or "Board of Directors"). The Board is proposing to adopt a number of corporate governance enhancements, including but not limited to the following:

Company Action	Shareholder Impact	Additional Detail	Board Recommendation
Board Diversity Policy	<ul style="list-style-type: none"> The Board believes that a board made up of highly qualified directors from diverse backgrounds and who reflect the changing population demographics of the markets in which the Company operates, the talent available with the required expertise, and the Company's evolving customer and employee base, promotes better corporate governance. 	Corporate Governance Section	N/A, Adopted at the March 2020 Board Meeting
Social and Environmental Responsibility Policy	<ul style="list-style-type: none"> The Company is committed to understanding, monitoring and managing our social and environmental impact, and we recognize the importance of this responsibility as a discipline that helps us manage risks. Sets out the framework for managing our social and environmental commitment. 	Corporate Governance Section	N/A, Adopted at the March 2020 Board Meeting
Board Declassification	<ul style="list-style-type: none"> Proposal 4 provides for annual election of directors. A declassified board generally means board members are held accountable and are more responsive to shareholders. 	Proposal 4	FOR
Stockholders to call special meeting	<ul style="list-style-type: none"> Proposal 11 seeks to increase director accountability. In the event that our Board does not take into account the wishes of our stockholders on any outstanding matter, the stockholders have the ability to bring up such matters at a special meeting. Provides stockholders of the Company the ability to provide their views as to the corporate governance of the Company through the call of a special meeting. 	Proposal 11	FOR
Remove cumulative voting	<ul style="list-style-type: none"> Proposal 9 seeks to increase director accountability. Cumulative voting increases the chances that certain directors may be focused on the special interests of those minority stockholders who cumulated votes to elect them, which could impair the Board's ability to operate effectively. Stockholders would have one vote for each director nominated at the annual or special meeting leading to majority voting for the election of directors. 	Proposal 9	FOR
Remove limits on number of directors	<ul style="list-style-type: none"> Proposal 8 seeks to provide the Board with the maximum flexibility, and as permitted under DGCL, allow that the number of directors of the Company shall be set by the Board by resolution. This will allow the Board to add other qualified members as may arise from time to time and give the Board the ability to provide for refreshment and continuity at the same time. 	Proposal 8	FOR
Director removal vote to majority standard	<ul style="list-style-type: none"> Proposal 6 seeks to revise the current majority vote standard with cause requirement after completion of Board declassification set forth in Proposal 4. Proposal 6 seeks to increase Board's accountability to stockholders and allow greater participation in corporate governance matters. 	Proposal 6	FOR
Majority or supermajority voting requirements for certain transactions	<ul style="list-style-type: none"> Proposal 12 provides for the elimination of the current voting standard for specified transaction (including most change in control transactions) and opts out of DGCL Section 203. Proposal 12 may make a change in control easier. 	Proposal 12	FOR

PROPOSAL 1: ELECTION OF DIRECTORS

Stockholders are entitled to cumulative voting in the election of directors. Under cumulative voting, each stockholder is entitled to that number of votes equal to the number of directors to be elected, multiplied by the number of shares such stockholder owns, and such stockholder may cast his or her votes for one nominee or distribute them in any manner he or she chooses among any number of nominees. Unless otherwise indicated on the proxy card, votes may, in the discretion of the proxies, be equally or unequally allocated among the nominees named below. Directors will be elected by a plurality of the votes cast at the meeting by the holders of shares represented in person or by proxy. Thus, assuming a quorum is present, the two persons receiving the greatest number of votes will be elected as directors and votes that are withheld will have no effect.

The current By-Laws of the Company provide that the Board of Directors shall consist of such number of members, between five and nine, as the Board determines from time to time. The size of the Board of Directors is currently set at seven members. The Board of Directors is divided into three classes, with one class being elected each year. At the annual meeting, two directors are to be elected to serve until (i) the 2021 annual meeting of stockholders if Proposal 4 regarding the declassification of the Board is approved by shareholders or (ii) the 2023 annual meeting of stockholders if Proposal 4 regarding the declassification of the Board is not approved by shareholders. Subject to shareholder approval to declassify the Board as described herein Proposal 4, each director elected or appointed before the 2020 annual meeting of stockholders would continue to serve out his respective term, but each of the directors elected by stockholders at or after the 2021 annual meeting of stockholders will be elected to a one-year term that will expire at the next annual meeting of stockholders.

THE TWO NOMINEES FOR THE BOARD OF DIRECTORS

Directors Nominated for Election

<u>Name</u>	<u>Age</u>	<u>First Year Elected Director</u>
J. Bryan King	49	2017
Charles D. Hale	53	2019

J. Bryan King, CFA, is a principal of Luther King Capital Management ("LKCM") with approximately \$15 billion of assets under management and has acted as an investment manager responsible for micro and small-capitalization public and private investments since 1994. Mr. King established and leads several alternative investment partnerships, such as LKCM Capital Group, LKCM Private Discipline Partnership, and LKCM Headwater Investments, that focus approximately \$2 billion of their collective flexible capital on long-term investment strategies in public and private companies. In 2003, Mr. King established the LKCM Distribution Holdings oversight advisory board of operating partners and thought leaders to support LKCM Capital Group and its affiliates' investment activities in the distribution, packaging, shop, field and engineering services, and rental focused businesses. TestEquity, Relevant Solutions, Leading Quality Assurance, Industrial Distribution Group, Rawson and Golden State Medical Supply are among the businesses where Mr. King has served as Chairman of the Board of Directors and the Managing Partner. He also has served in various capacities on and alongside of many other boards of both public and private companies, as well as numerous civic organizations. These professional experiences, along with Mr. King's particular knowledge and expertise in finance and capital management, qualify him to serve as a Director.

Charles D. Hale serves as the Chairman and CEO of Motion & Control Enterprises. He has previously served as a Director of Test Equity, Inc.; Chairman of Liquid Technologies, Inc., and as a member of the Board of Directors at Applied System Technologies. Mr. Hale is a seasoned industrial distribution executive with over 18 years of prior experience at FCX Performance, a leader in the specialty flow control distribution market. At FCX, Mr. Hale served as President from 2008-2015 and President and Chief Executive Officer from 2015 to 2018, after serving as Chief Financial Officer for nearly 11 years. While at FCX, he implemented transformational operating changes which focused on supplier development, organic sales growth and profit improvement initiatives. Mr. Hale has a track record of creating value through a number of playbooks including strategic and financial planning, pricing & profit margin improvement, acquisitions/integrations, sales force development, technology & analytics, operational improvements and organization development. Prior to joining FCX, Mr. Hale was a commercial and investment banker with Bank One, Mitsubishi Bank and Fifth Third Bank where he held various management and corporate finance positions. These professional experiences qualify him to serve as a Director.

Recommendation of the Board

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THESE NOMINEES.

DIRECTORS CONTINUING IN OFFICE

Nominees to Serve Until 2021

Name	Age	First Year Elected Director
Andrew B. Albert	74	2009
I. Steven Edelson	60	2009

The following information has been furnished by the respective nominees and continuing directors. Each nominee and continuing director has held the indicated position, or an executive position with the same employer, for at least the past five years, unless otherwise indicated below.

Andrew B. Albert has served as Managing Director and Operating Partner of Svoboda Capital Partners LLC, a private equity investment firm, since February 2007. From December 2000 through May 2006, Mr. Albert served as Chairman and Chief Executive Officer of Nashua Corporation, a manufacturer and converter of specialty paper products and toner. Mr. Albert also served as non-executive Chairman of Nashua's Board of Directors from December 2006 through September 2009. Mr. Albert serves as a Director on the Boards of Transco, Inc., a diversified industrial company, the Parkinson's Foundation and the Advisory Board of the University of Wisconsin Entrepreneurship Center. These professional experiences, along with knowledge and experience acquired in managing distribution and technology firms, qualify Mr. Albert to serve as a Director.

I. Steven Edelson has served as co-founder and now a non-Managing Director of International Facilities Group, a leading facilities development and management company, since June 1995. Mr. Edelson is the founding principal of IFG Development Group, which provides development advisory services, as well as acts in a development capacity in multiple areas of the real estate industry. Mr. Edelson also serves as Principal and Managing Director of The Mercantile Capital Group, a Chicago-based private equity investment firm. Mr. Edelson is also a member of the Board of Governors of the Hebrew University in Jerusalem. Mr. Edelson is a Trustee at the Truman Institute for Peace and is the proud recipient of the 2005 Ellis Island Congressional Medal of Honor. In 2014, Mr. Edelson became a NACD Board Leadership Fellow. These professional experiences, along with Mr. Edelson's particular knowledge and experience in capital management, qualify him to serve as a Director.

Directors to Serve Until 2022

Name	Age	First Year Elected Director
Michael G. DeCata	62	2013
Lee S. Hillman	64	2004
Mark F. Moon	57	2019

Michael G. DeCata was appointed President and CEO of Lawson Products on September 24, 2012. He was elected to the Board of Directors in 2013. Prior to his appointment, Mr. DeCata worked in private equity, conducting acquisition analysis and due diligence for private equity firms in New York, Connecticut and Boston from 2009 to 2012. Prior to that, he was President of Chefs' Warehouse, a \$300 million specialty food distributor from 2006 to 2009. From 2008 until 2013, he served on the Board of Directors of Crescent Electric Supply. Prior to his position at Chefs' Warehouse, he was the Vice President of Fleet Operations and also led the Contractor Supplies Division of United Rentals, a \$4.0 billion construction equipment rental company. From 1997 until 2002, he led the eastern region of W.W. Grainger representing over \$1.4 billion in sales and consisting of 152 branch locations and a team of approximately 2,000. Mr. DeCata began his career at General Electric and worked in a variety of cross-functional as well as cross-business positions from 1979 until 1997. These professional experiences qualify him to serve as a Director.

Lee S. Hillman has served as the lead independent director of Lawson Products, Inc., since March 2017. Mr. Hillman has served as President of Liberation Advisory Group, a private management consulting firm, since 2003. Mr. Hillman has also served as Chief Executive Officer of Performance Health Systems, LLC, a business distributing Power Plate™ and bioDensity® branded, specialty health and exercise equipment since 2012, and its predecessor since 2009. From February 2006 to May 2008, Mr. Hillman served as Executive Chairman and Chief Executive Officer of Power Plate International (“Power Plate”) and from 2004 through 2006 as CEO of Power Plate North America. Previously, from 1996 through 2002, Mr. Hillman was CEO of Bally Total Fitness Corporation, then the world’s largest fitness membership club business. Mr. Hillman currently serves as a member of the board of trustees and member of the Audit Committee of Adelpia Recovery Trust and a board member and member of the Audit, Compensation and Nominating/Governance Committees of HC2 Holdings, Inc. He is chair of the Audit Committee and member of the Compensation Committee of Business Development Corporation of America. Previously he has served as a member of the Board of Directors of HealthSouth Corporation, Wyndham International, RCN Corporation (where he was Chairman of the Board), Bally Total Fitness Corporation (where he was Chairman of the Board), Continucare Corp. and Professional Diversity Network, Inc. These professional experiences along with Mr. Hillman’s particular knowledge and experience in restructuring businesses and having served as Chief Executive Officer, Chief Financial Officer, and/or director of other publicly traded U.S. and international companies and as a former audit partner of an international accounting firm, qualify him to serve as a Director.

Mark F. Moon has served as President of MFM Advisory Services since 2016 and as an advisor and operating partner for Luther King Capital Management and Bertram Capital since 2016 and 2018, respectively. In 2016, Mr. Moon joined the Board of Directors for BearCom LLC, which is the largest value-added distributor of two-way radio communications and solutions. Mr. Moon also serves on the Board of Directors for TestEquity LLC, which is the premier value-added distributor of electronic test and measurement solutions and eMRO tools and supplies. Mr. Moon served for more than thirty years with Motorola Solutions, Inc. from 1985 until 2016. During this time, he held a variety of leadership roles culminating in the responsibility for leading 10,000+ employees located in 100+ countries. Prior to his retirement, he served as President with responsibilities for the strategy of the company and leading all aspects of global operations including Sales and Marketing, Product Research and Development, Software and Services, and Supply Chain. In addition, Mr. Moon served as Chairman of the Board of Directors for Vertex Standard, as a member of the Board of Directors for the National Fallen Firefighters Foundation and as a member of the Advisory Board of the Georgia Institute of Technology’s School of Industrial and Systems Engineering where he was named to the Academy of Distinguished Engineering Alumni in 2014. These professional experiences qualify him to serve as a Director.

PROPOSAL 2: RATIFICATION OF THE APPOINTMENT OF BDO USA, LLP

The Audit Committee of the Board of Directors has appointed BDO USA, LLP to serve as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2020. Although the Company's governing documents do not require the submission of this matter to stockholders, the Board of Directors considers it desirable that the appointment of BDO USA, LLP be ratified by stockholders.

Audit services provided by BDO USA, LLP for the fiscal year ended December 31, 2019 included the audit of the consolidated financial statements of the Company, audit of the Company's internal control over financial reporting, and services related to periodic filings made with the Securities and Exchange Commission ("SEC"). Additionally, BDO USA, LLP provided certain consulting services related to domestic and international tax compliance. See "Fees Billed To The Company By BDO USA, LLP" for a description of the fees paid to BDO USA, LLP in 2019 and 2018, respectively.

One or more representatives of BDO USA, LLP will be present at the meeting. The representatives will have an opportunity to make a statement if they desire and will be available to respond to questions from stockholders.

If the appointment of BDO USA, LLP is not ratified, the Audit Committee of the Board of Directors will reconsider the appointment.

Recommendation of the Board

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF BDO USA, LLP.

PROPOSAL 3: ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION (SAY-ON-PAY VOTE)

As required by Section 14A of the Securities Exchange Act of 1934 (the "Exchange Act") we are providing our stockholders with a vote on a non-binding, advisory basis on the compensation of our Named Executive Officers ("NEOs"), as such compensation is disclosed under Item 402 under the SEC's Regulation S-K in the Compensation Overview ("Overview") section of this Proxy Statement, the accompanying tabular disclosure regarding such compensation and the related narrative disclosure.

The Company held its first advisory, non-binding stockholder vote on the compensation of the Company's NEOs (commonly known as a "Say-on-Pay Proposal") at its 2011 annual meeting of stockholders. The Company held its most recent stockholder vote on the frequency of such Say-On-Pay proposal at its 2017 annual meeting of stockholders and, in light of the foregoing, the Compensation Committee implemented a stockholder advisory vote on executive compensation on an annual basis. At such meeting, the stockholders of the Company elected to hold a say-on-pay vote every year. At our annual meeting of stockholders held on May 14, 2019, our Say-on-Pay Proposal received 96.5% support from our stockholders (excluding broker non-votes and abstentions). The Compensation Committee believes that this most recent stockholder vote strongly endorsed the compensation philosophy of the Company.

Our executive compensation programs are designed to enable us to attract, motivate and retain executive talent critical to our success. Consistent with our performance-based compensation philosophy, we reserve a significant portion of potential compensation for performance- and equity-based programs. Our performance-based annual incentive program rewards the Company's NEOs for achievement of key operational goals that we believe will provide the foundation for creating long-term stockholder value, while our equity awards, mainly in the form of market stock units ("MSUs"), stock performance rights ("SPRs"), restricted stock units ("RSUs") and restricted stock awards ("RSAs"), reward long-term performance and align the interests of management with those of our stockholders.

Performance-based cash and equity awards directly align the long-term interests of our executives with those of our stockholders because the value of such awards is dependent upon the Company's stock price. In addition, performance-based cash and equity awards align with our growth strategy and provide significant financial upside if our growth objectives are achieved, while placing a significant portion of our executives' compensation at risk if our objectives are not achieved. The Company also has adopted and adheres to best practices in executive compensation, including the adoption and maintenance of clawback provisions, post-vest holding period requirements for selected executive officers, prohibitions on hedging, and other policies, and eschews problematic pay practices. For example:

- our compensation programs are heavily weighted toward performance-based compensation;
- we have adopted and maintain compensation clawback provisions;
- we require a post-vest holding period requirements for our CEO and EVPs;
- we prohibit executives and directors from hedging their company stock ownership;
- we do not provide for single-trigger payment or tax gross-ups for change-in-control payments;
- we do not provide supplemental pension benefits or any other perquisites for former or retired executives;
- we do not provide personal use of corporate aircraft, personal security systems maintenance and/or installation, car allowances or executive life insurance;
- we have a succession plan for the CEO and other NEOs;
- we have separated the roles of Board Chairman and CEO;
- we do not pay or provide payments for terminations for cause or resignations other than for good reason; and
- our Compensation Committee is composed solely of independent, outside directors and it retains its own independent compensation consultant.

The Board believes that this information provided on the previous page and within the Overview section starting on page 37 of this Proxy Statement demonstrates that our executive compensation program was designed appropriately and is working to ensure that management's interests are aligned with our stockholders' interests and support long-term value creation. Accordingly, the following resolution is to be submitted for a stockholder vote at the meeting:

"RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation of the NEOs, as disclosed pursuant to Item 402 of Securities and Exchange Commission Regulation S-K, including the Overview, the compensation tables and narrative disclosures in this Proxy Statement."

Because the vote is advisory, it will not be binding on the Board. The vote on this Say-On-Pay Proposal is not intended to address any specific element of compensation. However, as in the past, the Board and the Compensation Committee will review the voting results and take into account the outcome when considering future executive compensation arrangements. The Board and management are committed to our stockholders and understand that it is useful and appropriate to obtain the views of our stockholders when considering the design and initiation of executive compensation programs.

Recommendation of the Board

THE BOARD RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" PROPOSAL 3 TO APPROVE THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS, AS DESCRIBED IN THE OVERVIEW, THE COMPENSATION TABLES AND NARRATIVE DISCLOSURES IN THE PROXY STATEMENT.

PROPOSAL 4: AMENDMENT OF OUR CERTIFICATE OF INCORPORATION TO DECLASSIFY THE BOARD OF DIRECTORS

Background on Proposal 4

Under Article Ninth of our Certificate of Incorporation, our Board is currently divided into three classes, with each class of directors elected for a three-year term. As part of our regular discussions on corporate governance issues, our Board evaluated the classified board structure. After evaluating a number of considerations, and after taking into account the views and feedback of certain of our stockholders, our Board has determined that the elimination of its classified board structure is in the best interests of the Company and its stockholders. The Board has approved and is submitting for stockholder approval amendments to Article Ninth and Article Eleventh of the Company's Certificate of Incorporation that would provide for the annual election of directors after a phase-in period described below.

Effect of Proposal 4

If Proposal 4 is adopted, each director elected at the 2020 annual meeting of stockholders would serve a one-year term that will expire at the 2021 annual meeting of stockholders and the remaining directors in office will serve out their respective terms until the 2021 annual meeting of stockholders or the 2022 annual meeting of stockholders. Each of the directors elected by stockholders at or after the 2021 annual meeting of stockholders will be elected to a one-year term that will expire at the next annual meeting of stockholders. Accordingly, if Proposal 4 is approved, all directors will be elected on an annual basis beginning at the 2022 annual meeting of stockholders and the Board will be fully declassified.

Furthermore, Article Eleventh of the Company's Certificate of Incorporation provides that directors may be removed only for cause, and then upon the affirmative vote of 75% of the Corporation's stockholders entitled to vote thereon. However, the Delaware General Corporation Law (the "DGCL") provides that the directors of a corporation without a classified board may be removed with or without cause. In order to conform to the DGCL, Proposal 4 provides that all directors may be removed with or without cause beginning at the 2022 annual meeting upon the affirmative vote of at least 75% of the Company's stockholders entitled to vote thereon. If Proposal 6 is approved, then only a majority of the Company's stockholders entitled to vote would be required to remove a director.

The text of the proposed amendment, which would amend Article Ninth and Article Eleventh of the Company's Certificate of Incorporation, is attached as Annex A to this proxy statement.

Required Vote to Approve Proposal 4

Approval of Proposal 4 requires an affirmative vote of holders of at least 75% of the votes to which all of the stockholders of the Company would be entitled to cast at the annual meeting. Under applicable Delaware law, abstentions are counted as shares present and entitled to vote at the annual meeting and therefore will have the same effect as a vote "against" Proposal 4. Similarly, broker non-votes will have the same effect as a vote "against" Proposal 4. If Proposal 4 is approved by the required stockholder vote, the Board will take the necessary steps to amend our Certificate of Incorporation as set forth in Annex A and will make conforming changes to the Company's Amended and Restated By-Laws and other corporate governance documents to implement the stockholder vote. If Proposal 4 does not receive the required stockholder vote, the amendments will not be implemented and the Company's current classified board structure will remain in place.

No amendment contemplated by Proposal 4 is conditioned upon the approval of any other proposal contained in this proxy statement. If Proposal 4 is approved by the stockholders, the Company would file a Certificate of Amendment with the Secretary of State of the State of Delaware effecting such amendments promptly after the 2020 Annual Meeting, whereupon such amendments contemplated by Proposal 4 will become effective. If Proposals 4-14 are approved by the stockholders, the Company will file the Amended and Restated Certificate of Incorporation contained in Annex L. For more information about this, see Proposal 14 contained in this proxy statement.

Recommendation of the Board

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF PROPOSAL 4.

PROPOSAL 5: AMENDMENT OF OUR CERTIFICATE OF INCORPORATION TO REMOVE CURRENT SUPERMAJORITY VOTING REQUIREMENTS FOR FUTURE AMENDMENTS TO OUR BY-LAWS

Background on Proposal 5

Our Certificate of Incorporation currently requires the approval of 75% or more of the outstanding shares of stock to approve stockholder amendments to our By-laws as set forth in Article Seventh. In connection with the other changes proposed by management related to our Certificate of Incorporation contained elsewhere in this proxy statement, our Board carefully considered the elimination of supermajority voting requirements. Supermajority voting requirements are intended to facilitate corporate governance stability and provide protection against self-interested actions by large stockholders, including in the context of hostile acquisitions that may be viewed as undervaluing the Company, by requiring broad stockholder consensus to make certain fundamental changes. While such protection can be beneficial to stockholders, as corporate governance standards have evolved, many stockholders and commentators now view these provisions as limiting our Board's accountability to stockholders and the ability of stockholders to effectively participate in corporate governance matters. In addition, our Board believes that the other proposed changes, particularly related to the ability of stockholders to call a special meeting as contained in Proposal 11, will allow for increased stockholder participation with respect to the form and content of the Company's corporate governance.

On balance, our Board believes that the DGCL, other provisions in the Certificate of Incorporation and our existing corporate governance practices render the Company's current supermajority voting requirements no longer necessary.

Under Article Seventh of the Certificate of Incorporation, the affirmative vote of the holders of 75% of the voting power of all outstanding shares of capital stock of the Company is necessary for the stockholders to alter, amend or repeal our By-Laws. The changes contained in this Proposal 5 propose to amend the Certificate of Incorporation so that a majority of holders of voting power is required rather than 75%.

Effect of Proposal 5

If Proposal 5 is adopted, stockholder-approved provisions of our By-Laws will require the vote of a majority rather than 75% of the voting power of all outstanding shares entitled to vote.

The text of the proposed amendment, which would amend Article Seventh of the Company's Certificate of Incorporation, is attached as Annex B to this proxy statement.

Vote Required to Approve Proposal 5

Approval of Proposal 5 requires an affirmative vote of holders of at least 75% of the votes to which all of the stockholders of the Company would be entitled to cast at the annual meeting. Under applicable Delaware law, abstentions are counted as shares present and entitled to vote at the annual meeting and therefore will have the same effect as a vote "against" Proposal 5. Similarly, broker non-votes will have the same effect as a vote "against" Proposal 5. If Proposal 5 is approved by the required stockholder vote, the Board will take the necessary steps to amend our Certificate of Incorporation as set forth in Annex B and will make conforming changes to the Company's Amended and Restated By-Laws to implement the stockholder vote. If Proposal 5 does not receive the required stockholder vote, the proposed changes discussed in Proposal 5 will not be implemented.

No amendment contemplated by Proposal 5 is conditioned upon the approval of any other proposal contained in this proxy statement. If Proposal 5 is approved by the stockholders, the Company would file a Certificate of Amendment with the Secretary of State of the State of Delaware effecting such amendments promptly after the 2020 Annual Meeting, whereupon such amendment contemplated by Proposal 5 will become effective. If Proposals 4-14 are approved by the stockholders, the Company will file the Amended and Restated Certificate of Incorporation contained in Annex L. For more information about this, see Proposal 14 contained in this proxy statement.

Recommendation of the Board

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF PROPOSAL 5.

PROPOSAL 6: AMENDMENT OF OUR CERTIFICATE OF INCORPORATION TO REMOVE CURRENT SUPERMAJORITY VOTING REQUIREMENTS FOR REMOVAL OF DIRECTORS

Background on Proposal 6

Our Certificate of Incorporation currently requires the approval of 75% or more of the outstanding shares of stock for the removal of directors as set forth in Article Eleventh. In connection with the other changes proposed by management related to our Certificate of Incorporation contained elsewhere in this proxy statement, our Board carefully considered the elimination of supermajority voting requirements. Supermajority voting requirements are intended to facilitate corporate governance stability and provide protection against self-interested actions by large stockholders, including in the context of hostile acquisitions that may be viewed as undervaluing the Company, by requiring broad stockholder consensus to make certain fundamental changes. While such protection can be beneficial to stockholders, as corporate governance standards have evolved, many stockholders and commentators now view these provisions as limiting our Board's accountability to stockholders and the ability of stockholders to effectively participate in corporate governance matters. In addition, our Board believes that the other proposed changes, particularly related to the ability of stockholders to call a special meeting as contained in Proposal 11, will allow for increased stockholder participation with respect to the form and content of the Company's corporate governance.

On balance, our Board believes that the DGCL, other provisions in the Certificate of Incorporation and our existing corporate governance practices render the Company's current supermajority voting requirements no longer necessary.

Under Article Eleventh of the Certificate of Incorporation, the affirmative vote of the holders of at least 75% of the voting power of all outstanding shares of capital stock entitled to vote generally in the election of directors is required for stockholders to remove directors from our Board. The changes contained in this Proposal 6 propose to amend the Certificate of Incorporation to alter the supermajority voting requirement in Article Eleventh of the Certificate of Incorporation to replace the references to "75%" with "a majority." As a result, prior to the completion of our Board declassification at the 2022 annual meeting of stockholders (provided that Proposal 4 is adopted by our stockholders), the stockholders would be able to remove any director from office with cause by the affirmative vote of the holders of at least a majority of the voting power of all outstanding shares entitled to vote generally in the election of directors. After the completion of Board declassification (provided that Proposal 4 is adopted by our stockholders), the stockholders would be able to remove any director from office, with or without cause, by the affirmative vote of the holders of at least a majority of the voting power of all outstanding shares of the Company entitled to vote generally in the election of directors.

Effect of Proposal 6

If Proposal 6 is adopted, the votes required to remove a director from office for cause will be reduced from 75% to a majority of holders of the voting power of all outstanding shares entitled to vote generally in the election of directors.

The text of the proposed amendment, which would amend Article Eleventh of the Company's Certificate of Incorporation, is attached as Annex C to this proxy statement.

Vote Required to Approve Proposal 6

Approval of Proposal 6 requires an affirmative vote of holders of at least 75% of the votes to which all of the stockholders of the Company would be entitled to cast at the annual meeting. Under applicable Delaware law, abstentions are counted as shares present and entitled to vote at the annual meeting and therefore will have the same effect as a vote "against" Proposal 6. Similarly, broker non-votes will have the same effect as a vote "against" Proposal 6. If Proposal 6 is approved by the required stockholder vote, the Board will take the necessary steps to amend our Certificate of Incorporation as set forth in Annex C and will make conforming changes to the Company's Amended and Restated By-Laws to implement the stockholder vote. If Proposal 6 does not receive the required stockholder vote, the proposed changes discussed in Proposal 6 will not be implemented.

No amendment contemplated by Proposal 6 is conditioned upon the approval of any other proposal contained in this proxy statement. If Proposal 6 is approved by the stockholders, the Company would file a Certificate of Amendment with the Secretary of State of the State of Delaware effecting such amendment promptly after the 2020 Annual Meeting, whereupon such amendment contemplated by Proposal 6 will become effective. If Proposals 4-14 are approved by the stockholders, the Company will file the Amended and Restated Certificate of Incorporation contained in Annex L. For more information about this, see Proposal 14 contained in this proxy statement.

Recommendation of the Board

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE “FOR” THE APPROVAL OF PROPOSAL 6.

PROPOSAL 7: AMENDMENT OF OUR CERTIFICATE OF INCORPORATION TO REMOVE CURRENT SUPERMAJORITY VOTING REQUIREMENTS FOR FUTURE AMENDMENTS TO OUR CERTIFICATE OF INCORPORATION

Background on Proposal 7

Our Certificate of Incorporation currently requires the approval of 75% or more of the outstanding shares of stock to amend certain provisions of our Certificate of Incorporation as set forth in current Article Eighteenth. In connection with the other changes proposed by management related to our Certificate of Incorporation contained elsewhere in this proxy statement, our Board carefully considered the elimination of supermajority voting requirements. Supermajority voting requirements are intended to facilitate corporate governance stability and provide protection against self-interested actions by large stockholders, including in the context of hostile acquisitions that may be viewed as undervaluing the Company, by requiring broad stockholder consensus to make certain fundamental changes. While such protection can be beneficial to stockholders, as corporate governance standards have evolved, many stockholders and commentators now view these provisions as limiting our Board's accountability to stockholders and the ability of stockholders to effectively participate in corporate governance matters. In addition, our Board believes that the other proposed changes, particularly related to the ability of stockholders to call a special meeting as contained in Proposal 11, will allow for increased stockholder participation with respect to the form and content of the Company's corporate governance.

On balance, our Board believes that the DGCL, other provisions in the Certificate of Incorporation and our existing corporate governance practices render the Company's current supermajority voting requirements no longer necessary.

Under current Article Eighteenth of the Certificate of Incorporation, the affirmative vote of the holders of at least 75% of the voting power of all of the outstanding shares of capital stock of the Company is necessary to amend, alter, change or repeal any provision of the Certificate of Incorporation, except Articles First (corporate name), Second (registered agent information), Third (corporate purposes), Fourth (authorized capital) and Eighth (books and records; ballot requirements for director elections) of the Certificate of Incorporation. The changes contained in this Proposal 7 propose to amend the Certificate of Incorporation so that future amendments to the Certificate of Incorporation can be approved by a majority vote of the outstanding shares. Specifically, our Board proposes to delete the provision in current Article Eighteenth of the Certificate of Incorporation setting forth a supermajority voting requirement to amend, alter, change, repeal with the specified provisions in the Certificate of Incorporation. As a result, the standard for stockholder approval of any future amendments of the Certificate of Incorporation would be the default voting standard under the DGCL, meaning that future amendments would require the affirmative vote of a majority of the voting power of the outstanding shares entitled to vote on such amendments unless otherwise required by law.

Effect of Proposal 7

If Proposal 7 is adopted, the votes required to amend our Certificate of Incorporation will be reduced from 75% to a majority of the voting power of the outstanding shares entitled to vote on such amendments unless otherwise required by law.

The text of the proposed amendments, which would amend current Article Eighteenth of the Company's Certificate of Incorporation, is attached as Annex D to this proxy statement.

Vote Required to Approve Proposal 7

Approval of Proposal 7 requires an affirmative vote of holders of at least 75% of the votes to which all of the stockholders of the Company would be entitled to cast at the annual meeting. Under applicable Delaware law, abstentions are counted as shares present and entitled to vote at the annual meeting and therefore will have the same effect as a vote "against" Proposal 7. Similarly, broker non-votes will have the same effect as a vote "against" Proposal 7. If Proposal 7 is approved by the required stockholder vote, the Board will take the necessary steps to amend our Certificate of Incorporation as set forth in Annex D and will make conforming changes to the Company's Amended and Restated By-Laws to implement the stockholder vote. If Proposal 7 does not receive the required stockholder vote, the proposed changes discussed in Proposal 7 will not be implemented.

No amendment contemplated by Proposal 7 is conditioned upon the approval of any other proposal contained in this proxy statement. If Proposal 7 is approved by the stockholders, the Company would file a Certificate of Amendment with the Secretary of State of the State of Delaware effecting such amendments promptly after the 2020 Annual Meeting, whereupon such amendments contemplated by Proposal 7 will become effective. If Proposals 4-14 are approved by the stockholders, the Company will file the Amended and Restated Certificate of Incorporation contained in Annex L. For more information about this, see Proposal 14 contained in this proxy statement.

Recommendation of the Board

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE “FOR” THE APPROVAL OF PROPOSAL 7.

PROPOSAL 8: AMENDMENT OF OUR CERTIFICATE OF INCORPORATION TO REMOVE LIMITS ON THE NUMBER OF DIRECTORS

Background on Proposal 8

Our Board currently consists of seven directors. Pursuant to Article Ninth of the Certificate of Incorporation, the number of directors must not be less than five nor more than nine. In order to provide the Board with the maximum flexibility, and as permitted under DGCL, the Board has determined to allow that the number of directors of the Company shall be set by the Board by resolution. This will allow the Board to add other qualified members as may arise from time to time and give the Board the ability to provide for refreshment and continuity at the same time.

Effect of Proposal 8

If Proposal 8 is adopted, the Board will set the number of directors by resolution from time to time. While the Board does not presently intend to increase the number of the directors beyond nine or reduce the directors below five, under Proposal 8 the Board would have the power to do so by resolution without the approval of stockholders.

The text of the proposed amendment, which would amend Article Ninth of the Company's Certificate of Incorporation, is attached as Annex E to this proxy statement.

Required Vote to Approve Proposal 8

Approval of Proposal 8 requires an affirmative vote of holders of at least 75% of the votes to which all of the stockholders of the Company would be entitled to cast at the annual meeting. Under applicable Delaware law, abstentions are counted as shares present and entitled to vote at the annual meeting and therefore will have the same effect as a vote "against" this Proposal 8. Similarly, broker non-votes will have the same effect as a vote "against" this Proposal 8. If this proposal is approved by the required stockholder vote, the Board will take the necessary steps to amend our Certificate of Incorporation as set forth in Annex E and will make conforming changes to the Company's Amended and Restated By-Laws to implement the stockholder vote. If Proposal 8 does not receive the required stockholder vote, the amendment will not be implemented and the Company's current director limit will remain in place.

The amendment contemplated by Proposal 8 is not conditioned upon the approval of any other proposal contained in this proxy statement. If Proposal 8 is approved by the stockholders, the Company would file a Certificate of Amendment with the Secretary of State of the State of Delaware effecting such amendment promptly after the 2020 Annual Meeting, whereupon such amendment contemplated by Proposal 8 will become effective. If Proposals 4-14 are approved by the stockholders, the Company will file the Amended and Restated Certificate of Incorporation contained in Annex L. For more information about this, see Proposal 14 contained in this proxy statement.

Recommendation of the Board

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF PROPOSAL 8.

PROPOSAL 9: AMENDMENT OF OUR CERTIFICATE OF INCORPORATION TO REMOVE CUMULATIVE VOTING

Background on Proposal 9

Under Article Tenth of our Certificate of Incorporation, stockholders have the ability to cumulate their votes for the election of directors. Cumulative voting enables a stockholder to concentrate his or her voting power by allocating to one nominee a number of votes equal to the number of directors to be elected, multiplied by the number of shares entitled to vote held by such stockholder, or to distribute those votes among nominees using the same principle. As a result, a stockholder or group of stockholders holding a relatively small number of shares may be able to elect one or more directors by cumulating votes, even if a majority of stockholders oppose their election. Under the DGCL, stockholders do not have the right to vote their shares cumulatively in any election of directors unless a company's certificate of incorporation provides otherwise.

After evaluating a number of considerations, our Board has determined that the elimination of cumulative voting is in the best interests of the Company and its stockholders for the following reasons:

- **Not Standard Practice Among Public Companies:** The Board does not believe that cumulative voting represents a majority practice among public companies of our size.
- **Increases Director Accountability:** Cumulative voting increases the chances that certain directors may be focused on the special interests of those minority stockholders who cumulated votes to elect them, which could impair the Board's ability to operate effectively.
- **Part of Other Corporate Governance Enhancements:** The Board is proposing to adopt other corporate governance enhancements such as removing the classification of the Board and believes that removal of cumulative voting is aligned with these enhancements.

Effect of Proposal 9

If Proposal 9 is adopted, at each annual or special meeting of stockholders after the 2020 annual meeting, subject to any shares of preferred stock outstanding, stockholders would have one vote for each director nominated at the annual or special meeting. Article Tenth of the Certificate of Incorporation would be amended to remove the language regarding cumulative voting for the election of directors.

The text of the proposed amendment, which would amend Article Tenth of the Company's Certificate of Incorporation, is attached as Annex F to this proxy statement.

Required Vote to Approve Proposal 9

Approval of Proposal 9 requires an affirmative vote of holders of at least 75% of the votes to which all of the stockholders of the Company would be entitled to cast at the annual meeting. Under applicable Delaware law, abstentions are counted as shares present and entitled to vote at the annual meeting and therefore will have the same effect as a vote "against" Proposal 9. Similarly, broker non-votes will have the same effect as a vote "against" Proposal 9. If Proposal 9 is approved by the required stockholder vote, the Board will take the necessary steps to amend our Certificate of Incorporation as set forth in Annex F to implement the stockholder vote. If Proposal 9 does not receive the required stockholder vote, the amendment will not be implemented and the Company's cumulative voting will continue.

The amendment contemplated by Proposal 9 is not conditioned upon the approval of any other proposal contained in this proxy statement. If Proposal 9 is approved by the stockholders, the Company would file a Certificate of Amendment with the Secretary of State of the State of Delaware effecting such amendment promptly after the 2020 Annual Meeting, whereupon such amendment contemplated by Proposal 9 will become effective. If Proposals 4-14 are approved by the stockholders, the Company will file the Amended and Restated Certificate of Incorporation contained in Annex L. For more information about this, see Proposal 14 contained in this proxy statement.

Recommendation of the Board

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF PROPOSAL 9.

PROPOSAL 10: AMENDMENT OF OUR CERTIFICATE OF INCORPORATION TO MODIFY STOCKHOLDER PROPOSAL PROCEDURES

Background on Proposal 10

Stockholders currently have the ability to propose nominations for the Board under Article Twelfth of the Certificate of Incorporation. Under Article Twelfth, stockholders have a limited window to propose nominations and must provide prescribed information to the Secretary of the Company. In addition, the Company has adopted procedures under the Company's By-Laws providing for stockholders to propose additional business. After evaluating a number of considerations, our Board has determined to amend the Certificate of Incorporation to provide for the By-Laws to set the standards for stockholder nominations. The Board believes that providing for a standard set of nomination and proposal procedures contained in the By-Laws will allow for flexibility in the event that the DGCL or SEC rules change with respect to nomination and business proposal procedures and will provide the Board with critical information regarding the nominees and proponents.

Effect of Proposal 10

If Proposal 10 is adopted, the Board would amend Article Twelfth to remove the provisions regarding stockholder nominations and replace such language with language regarding the provision of such procedures through the By-Laws. In addition, the Board expects to adopt language in the Company's By-Laws regarding the procedures for director nominations and proposals by stockholders. The Board intends to adopt provisions which would allow for predictable window for nominations and proposals and for the proponents or nominees to provide materially similar information as currently required under the By-Laws for the proposal of business at stockholder meetings.

The text of the proposed amendment, which would amend Article Twelfth of the Company's Certificate of Incorporation, is attached as Annex G to this proxy statement.

Required Vote to Approve Proposal 10

Approval of Proposal 10 requires an affirmative vote of holders of at least 75% of the votes to which all of the stockholders of the Company would be entitled to cast at the annual meeting. Under applicable Delaware law, abstentions are counted as shares present and entitled to vote at the annual meeting and therefore will have the same effect as a vote "against" Proposal 10. Similarly, broker non-votes will have the same effect as a vote "against" Proposal 10. If Proposal 10 is approved by the required stockholder vote, the Board will take the necessary steps to amend our Certificate of Incorporation as set forth in Annex G and will make conforming changes to the Company's Amended and Restated By-Laws and other corporate governance documents to implement the stockholder vote. If Proposal 10 does not receive the required stockholder vote, the amendment will not be implemented and the Company's current Article Twelfth will remain in effect.

The amendment contemplated by Proposal 10 is not conditioned upon the approval of any other proposal contained in this proxy statement. If Proposal 10 is approved by the stockholders, the Company would file a Certificate of Amendment with the Secretary of State of the State of Delaware effecting such amendment promptly after the 2020 Annual Meeting, whereupon such amendments contemplated by Proposal 10 will become effective. If Proposals 4-14 are approved by the stockholders, the Company will file the Amended and Restated Certificate of Incorporation contained in Annex L. For more information about this, see Proposal 14 contained in this proxy statement.

Recommendation of the Board

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF PROPOSAL 10.

PROPOSAL 11: AMENDMENT OF OUR CERTIFICATE OF INCORPORATION TO ALLOW STOCKHOLDERS TO CALL SPECIAL MEETINGS OF STOCKHOLDERS

Background on Proposal 11

Under current Article Fifteenth of the Company's Certificate of Incorporation, stockholders currently do not have the ability to call special meetings. After evaluating a number of considerations, our Board has determined that allowing stockholders to call special meetings of stockholders is best interests of the Company and its stockholders for the following reasons:

- **Consistent with Good Corporate Governance Practices:** The Board acknowledges that adding the ability of stockholders to call special meetings is consistent with good corporate governance practices to allow stockholders to express their views on a variety of matters.
- **Increases Director Accountability:** In the event that our Board does not take into account the wishes of our stockholders on any outstanding matter, the stockholders have the ability to bring up such matters at a special meeting.
- **Part of Other Corporate Governance Enhancements:** The Board is adopting other corporate governance enhancements contained in other proposals in this proxy statement.

Revised Article Fourteenth of the proposed Amended and Restated Certificate of Incorporation sets forth the requirements for special meetings. Subject to the terms of any preferred stock and except as required by law, special meetings may be called by the majority of the Board, the Chairman of the Board, the Chief Executive Officer, or the Secretary of the Company at the request of one or more stockholders who have beneficially owned at least a 25% "net long position" of the Company's Common Stock (the "Requisite Percent") for at least 30 days of delivering such notice. For determining the Requisite Percent, such "net long position" shall be determined in accordance with Rule 14e-4 of the Exchange Act and shall be reduced by the number of shares of Common Stock as to which the Board has determined that such holder does not or will not have the right to vote or direct the vote at the special meeting or as to which the Board determines that such holder has entered into any agreement, arrangement or understanding that hedges or transfers the economic consequences of ownership of such shares.

Whether such stockholder(s) have complied with these provisions shall be determined in good faith by the Board. Such determination shall be conclusive and binding on the Company and its stockholders.

In order for a stockholder requested special meeting to be called, one or more requests for a special meeting must be signed by the Requisite Percent of stockholders submitting such request and by each of the beneficial owners, if any, on whose behalf the special meeting request is being made and must be delivered to the Secretary of the Company. Each special meeting request shall:

- set forth a statement of the specific purpose(s) of the meeting and the matters proposed to be acted on at it;
- bear the date of signature of each such stockholder signing the special meeting request;
- set forth the name and address, as they appear in the Company's books, of each stockholder signing such request and the beneficial owners, if any, on whose behalf such request is made, and the class, if applicable, and the number of shares of Common Stock that are owned of record and beneficially (within the meaning of Rule 13d-3 under the Exchange Act) by each such stockholder and the beneficial owners, if any, on whose behalf such request is made;
- include documentary evidence that the stockholders requesting the special meeting own the Requisite Percent;
- include an agreement by each of the stockholders requesting the special meeting and each beneficial owner, if any, on whose behalf the special meeting request is being made to notify the Company promptly in the event of any decrease in the "net long position" held by such stockholder or beneficial owner; and
- contain all of the information required by the By-Laws to be disclosed pursuant to the By-Laws as if the stockholders requesting the special meeting and the beneficial owners, if any, on whose behalf the special meeting request is being made were proposing business to be considered at an annual meeting of stockholders.

Each stockholder making a special meeting request and each beneficial owner, if any, on whose behalf the special meeting request is being made is required to update the notice delivered pursuant to the revised Article Fourteenth in accordance with the applicable provisions of the By-Laws.

A special meeting requested by stockholders shall be held at such date, time and place within or without the State of Delaware as may be fixed by the Board. Notwithstanding the foregoing, the Secretary of the Company shall not be required to call a special meeting of stockholders if:

- the Board calls an annual meeting of stockholders, or a special meeting of stockholders at which a similar item is to be presented;
- the delivery date of the special meeting request is during the period commencing one hundred twenty (120) days prior to the first anniversary of the date of the immediately preceding annual meeting and ending on the earlier of (1) the date of the next annual meeting and (2) thirty (30) days after the first anniversary of the date of the immediately preceding annual meeting; or
- the special meeting request(s) contains an identical or substantially similar item (as determined in good faith by the Board) to an item that was presented at any meeting of stockholders held not more than one hundred and twenty (120) days before the delivery date of the special meeting request; relates to an item of business that is not a proper subject for action by the stockholders under applicable law and the revised Article Fourteenth; were made in a manner that involved a violation of Regulation 14A under the Exchange Act or other applicable law; or do not comply with the provisions of the revised Article Fourteenth.

Business transacted at any special meeting shall be limited to the purpose(s) stated in the special meeting request for such special meeting; provided, that the Board shall have the authority in its discretion to submit additional matters to the stockholders and to cause other business to be transacted pursuant to the Company's notice of meeting.

If none of the stockholders who submitted a special meeting request appears (in person or by proxy) at or sends a duly authorized representative to the stockholder requested special meeting to present the matters to be presented for consideration that were specified in the special meeting request, the Company need not present such matters for a vote at such meeting.

Effect of Proposal 11

If Proposal 11 is adopted, stockholders would have the ability to call special meetings of stockholders subject to the terms and conditions set forth in revised Article Fourteenth.

The text of the proposed amendment, which would amend current Article Fifteenth and add revised Article Fourteenth to the proposed Amended and Restated Certificate of Incorporation, is attached as Annex H to this proxy statement.

Required Vote to Approve Proposal 11

Approval of Proposal 11 requires an affirmative vote of holders of at least 75% of the votes to which all of the stockholders of the Company would be entitled to cast at the annual meeting. Under applicable Delaware law, abstentions are counted as shares present and entitled to vote at the annual meeting and therefore will have the same effect as a vote "against" Proposal 11. Similarly, broker non-votes will have the same effect as a vote "against" Proposal 11. If Proposal 11 is approved by the required stockholder vote, the Board will take the necessary steps to amend our Certificate of Incorporation as set forth in Annex H and will make conforming changes to the Company's Amended and Restated By-Laws to implement the stockholder vote. If Proposal 11 does not receive the required stockholder vote, the amendments will not be implemented and the stockholders will be unable to call special meetings of stockholders.

The amendment contemplated by Proposal 11 is not conditioned upon the approval of any other proposal contained in this proxy statement. If Proposal 11 is approved by the stockholders, the Company would file a Certificate of Amendment with the Secretary of State of the State of Delaware effecting such amendments promptly after the 2020 Annual Meeting, whereupon such amendments contemplated by Proposal 11 will become effective. If Proposals 4-14 are approved by the stockholders, the Company will file the Amended and Restated Certificate of Incorporation contained in Annex L. For more information about this, see Proposal 14 contained in this proxy statement.

Recommendation of the Board

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF PROPOSAL 11.

PROPOSAL 12: AMENDMENT OF OUR CERTIFICATE OF INCORPORATION TO ELIMINATE SUPERMAJORITY VOTING REQUIREMENTS FOR SPECIFIED TRANSACTIONS AND OPT OUT OF DGCL SECTION 203

Background on Proposal 12

The Company's Certificate of Incorporation contains a provision constraining the ability of the Company to enter into certain transactions with a 10% or more stockholder. Under current Article Sixteenth of the Certificate of Incorporation, subject to certain exceptions, 75% of the outstanding shares of capital stock of the Company must approve certain transactions between the Company and a 10% or more stockholder of Company. In addition to the 75% stockholder approval requirement, such transaction with a 10% or more stockholder must be approved by a majority of the total voting power of the shares not beneficially owned by the 10% or more stockholder.

After evaluating a number of considerations, and after taking into account the views and feedback of certain of our stockholders, our Board has determined to amend the Certificate of Incorporation to remove the current 10% holder provision and opt out of DGCL 203. Section 203 of the DGCL is an anti-takeover provision that applies to Delaware corporations that either have shares of voting stock listed on a national securities exchange or have more than 2,000 record holders of voting stock.

Section 203 generally provides that any person or entity who acquires 15% or more in voting power of a corporation's voting stock (thereby becoming an "interested stockholder") may not engage in a wide range of transactions (referred to as "business combinations") with the corporation for a period of three years following the date the person became an interested stockholder, subject to certain exceptions. The exceptions are (i) the board of directors of the corporation has approved, prior to that acquisition date, either the business combination or the transaction that resulted in the person becoming an interested stockholder, (ii) upon consummation of the transaction that resulted in the person becoming an interested stockholder, that person owns at least 85% in voting power of the corporation's voting stock outstanding at the time the transaction commenced (excluding certain shares), or (iii) the business combination is approved by the board of directors and authorized, at a shareholder meeting and not by written consent, by the affirmative vote of at least 66 2/3% in voting power of the outstanding voting stock not owned by the interested stockholder. Under Section 203 of the DGCL, a corporation can elect not to be subject to Section 203 by amendment to its certificate of incorporation. A copy of Section 203 of the DGCL is attached hereto as Exhibit A and follows Annex L. The description of Section 203 of the DGCL set forth in this proxy statement is qualified in its entirety by reference to the text of Section 203.

The Board believes that current Article Sixteenth results in unnecessary additional requirements with respect to potential transactions that the Board believes to be in the best interests of the Company. The Board believes that DGCL 203 has the potential to create similar additional requirements.

Effect of Proposal 12

If Proposal 12 is adopted, the Board would eliminate current Article Sixteenth and add revised Article Fifteenth to the proposed Amended and Restated Certificate of Incorporation. Combined with the other corporate governance enhancements contained in this proxy statement, a potential takeover of the Company by a stockholder would be easier through the adoption of this Proposal 12.

The text of the proposed amendments, which would eliminate current Article Sixteenth and add revised Article Fifteenth to the proposed Amended and Restated Certificate of Incorporation, is attached as Annex I to this proxy statement.

Required Vote to Approve Proposal 12

Approval of Proposal 12 requires an affirmative vote of holders of at least 75% of the votes to which all of the stockholders of the Company would be entitled to cast at the annual meeting. Under applicable Delaware law, abstentions are counted as shares present and entitled to vote at the annual meeting and therefore will have the same effect as a vote "against" Proposal 12. Similarly, broker non-votes will have the same effect as a vote "against" Proposal 12. If Proposal 12 is approved by the required stockholder vote, the Board will take the necessary steps to amend our Certificate of Incorporation as set forth in Annex I. If Proposal 12 does not receive the required stockholder vote, the amendments will not be implemented and the Company's current Article Sixteenth will remain in effect and the Company will continue to be governed by Section 203 of the DGCL.

No amendment contemplated by Proposal 12 is conditioned upon the approval of any other proposal contained in this proxy statement. If Proposal 12 is approved by the stockholders, the Company would file a Certificate of Amendment with the Secretary of State of the State of Delaware effecting such amendments promptly after the 2020 Annual Meeting, whereupon such amendments contemplated by Proposal 12 will become effective. If Proposals 4-14 are approved by the stockholders, the Company will file

the Amended and Restated Certificate of Incorporation contained in Annex L. For more information about this, see Proposal 14 contained in this proxy statement.

Recommendation of the Board

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE “FOR” THE APPROVAL OF PROPOSAL 12.

PROPOSAL 13: AMENDMENT OF OUR CERTIFICATE OF INCORPORATION TO ELIMINATE CURRENT ARTICLE SEVENTEENTH REGARDING COMBINATION PROPOSALS

Background on Proposal 13

Under current Article Seventeenth, when evaluating a “Combination Proposal” it shall be proper for the Board to take into account the following factors:

- the best interests of the stockholders; for this purpose the Board shall consider, among other factors, not only the consideration being offered in the Combination Proposal, in relation to the then current market price, but also in relation to the then current value of the Company in a freely negotiated transaction and in relation to the Board’s then estimate of the future value of the Company as an independent entity; and
- such other factors as the Board determines to be relevant, including, among other factors, the social, legal and economic effects of the Combination Proposal upon employees, suppliers, customers and other constituents of the Company, and the communities in which the Company operates.

For these purposes under current Article Seventeenth, a “Combination Proposal” means any proposal of any person (a) for a tender offer or exchange offer for any equity security of the Company, (b) to merge or consolidate the Company with another corporation, or (c) to purchase or otherwise acquire all or substantially all of the properties and assets of the Company.

After evaluating a number of considerations, our Board has determined to amend the Certificate of Incorporation to eliminate current Article Seventeenth. The Board believes that the DGCL and decisions under the DGCL provide for the proper set of circumstances to consider in respect to any decision regarding a major transaction between the Company and any third party. In addition, the Board believes that very few other public companies of similar size and in the industry that the Company competes in have similar language in their organizing documents.

Effect of Proposal 13

If Proposal 13 is adopted, the Board would eliminate current Article Seventeenth of the Certificate of Incorporation. The Board would be free to evaluate any basis allowed under the DGCL or other applicable law with respect to any transaction, including potential change of control transactions.

The text of the proposed amendment, which would eliminate current Article Seventeenth of the Company’s Certificate of Incorporation, is attached as Annex J to this proxy statement.

Required Vote to Approve Proposal 13

Approval of Proposal 13 requires an affirmative vote of holders of at least 75% of the votes to which all of the stockholders of the Company would be entitled to cast at the annual meeting. Under applicable Delaware law, abstentions are counted as shares present and entitled to vote at the annual meeting and therefore will have the same effect as a vote “against” Proposal 13. Similarly, broker non-votes will have the same effect as a vote “against” Proposal 13. If Proposal 13 is approved by the required stockholder vote, the Board will take the necessary steps to amend our Certificate of Incorporation as set forth in Annex J. If Proposal 13 does not receive the required stockholder vote, the amendment will not be implemented and the Company’s current Article Seventeenth will remain in effect.

The amendment contemplated by Proposal 13 is not conditioned upon the approval of any other proposal contained in this proxy statement. If Proposal 13 is approved by the stockholders, the Company would file a Certificate of Amendment with the Secretary of State of the State of Delaware effecting such amendment promptly after the 2020 Annual Meeting, whereupon such amendment contemplated by Proposal 13 will become effective. If Proposals 4-14 are approved by the stockholders, the Company will file the Amended and Restated Certificate of Incorporation contained in Annex L. For more information about this, see Proposal 14 contained in this proxy statement.

Recommendation of the Board

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE “FOR” THE APPROVAL OF PROPOSAL 13.

PROPOSAL 14: AMEND THE CERTIFICATE OF INCORPORATION AND AUTHORIZE THE INTEGRATION AND RESTATEMENT OF THE CERTIFICATE OF INCORPORATION

Background on Proposal 14

In addition to the changes discussed in Proposals 4 to 13, the Board is proposing additional conforming and updating edits to the Certificate of Incorporation. In addition, the Board is seeking the authority to amend and restate the Certificate of Incorporation into an Amended and Restated Certificate of Incorporation. The changes include:

- updating Article Second, providing for the Company's registered office;
- eliminating language in current Article Fifth relating to the sole incorporator;
- updating current Article Sixth relating to the authorization of indemnification and advancement for directors and officers of the Company;
- clarifying language in current Article Eighth regarding location of books; and
- other conforming updates in order to effectuate the various amendments.

In addition, this Proposal 14 will grant the Board the authority to restate the Certificate of Incorporation into an Amended and Restated Certificate of Incorporation. Annex L to the proxy statement provides for an Amended and Restated Certificate of Incorporation that integrates and contains the amendments set forth in Proposals 4 to 14. However, if any individual Proposal of Proposals 4 to 14 does not receive the required stockholder vote, the Board intends to make the necessary amendments and restate the Certificate of Incorporation with these amendments that have been approved. Thus, if any individual proposal does not receive the required vote, then Annex L will be modified appropriately to omit such proposals and Annex L will not be adopted in its entirety.

Effect of Proposal 14

If Proposal 14 is adopted, the Board will adopt conforming and updating amendments to the Company's Certificate of Incorporation as set forth in Annex K. In addition, if Proposals 4-14 are adopted, the Board will adopt the Amended and Restated Certificate of Incorporation with all approved amendments into one instrument as set forth in Annex L.

The text of the proposed amendments, which would amend multiple articles of the Company's Certificate of Incorporation, is attached as Annex K to this proxy statement and the Amended and Restated Certificate of Incorporation is attached as Annex L to this proxy statement.

Required Vote to Approve Proposal 14

Approval of Proposal 14 requires an affirmative vote of holders of at least 75% of the votes to which all of the stockholders of the Company would be entitled to cast at the annual meeting. Under applicable Delaware law, abstentions are counted as shares present and entitled to vote at the annual meeting and therefore will have the same effect as a vote "against" Proposal 14. Similarly, broker non-votes will have the same effect as a vote "against" Proposal 14. If Proposal 14 is approved by the required stockholder vote, the Board will take the necessary steps to amend our Certificate of Incorporation as set forth in Annex K and will make conforming changes to the Company's Amended and Restated By-Laws and other corporate governance documents to implement the stockholder vote. If Proposal 14 does not receive the required stockholder vote, the amendments and integration and restatement of the Certification of Incorporation will not be implemented. If Proposals 4-14 are adopted, the Company will adopt the Amended and Restated Certificate of Incorporation as set forth in Annex L.

Recommendation of the Board

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF PROPOSAL 14.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of March 17, 2020 concerning the beneficial ownership by each person (including any “group” as defined in Section 13(d) (3) of the Securities Exchange Act of 1934) known by the Company to own beneficially more than 5% of the outstanding shares of common stock of the Company, each director and director nominee, each named executive officer, and all executive officers and directors as a group. Unless otherwise noted below, the address of each beneficial owner listed in the table is 8770 West Bryn Mawr Avenue, Chicago, Illinois, 60631. Because the voting or dispositive power of certain stock listed in the following table is shared, in some cases the same securities are included with more than one name in the table. The total number of the Company’s shares of common stock issued and outstanding as of March 17, 2020 is 8,996,267.

	Sole Dispositive Power	Restricted Stock Awards ⁽¹⁾	Total	%
<u>Five Percent Stockholders</u>				
Luther King Capital Management Corporation 301 Commerce Suite 1600 Fort Worth, Texas 76102	4,350,556 ⁽²⁾	—	4,350,556	48.4%
Dimensional Fund Advisors LP 6300 Bee Cave Road Austin, Texas 78746	568,584 ⁽³⁾	—	568,584	6.3%
<u>Non-Executive Directors</u>				
Andrew B. Albert	49,918	2,009	51,927	0.6%
I. Steven Edelson	34,918	2,009	36,927	0.4%
Lee S. Hillman	39,207	2,009	41,216	0.5%
Charles D. Hale	—	2,009	2,009	*
J. Bryan King	4,098,056 ⁽⁴⁾	—	4,098,056	45.6%
Mark F. Moon	—	2,009	2,009	*
<u>Named Executive Officers</u>				
Michael G. DeCata	90,928	36,083	127,011	1.4%
Neil E. Jenkins	28,160	9,521	37,681	0.4%
Ronald J. Knutson	23,035	10,170	33,205	0.4%
All Officers & Directors	4,364,222	65,819	4,430,041	49.2%

(1) Unvested restricted stock awards, which have no voting or dividend rights and are non-transferable, will be exchanged for shares of the Company’s Common Stock on their respective vesting dates.

(2) Based on a Form 4 filed with the SEC on March 16, 2020. Includes (i) 1,699,871 shares held by PDLP Lawson, LLC (PDP), (ii) 250,000 shares held by LKCM Investment Partnership, L.P. (LIP), (iii) 26,827 shares held by LKCM Micro-Cap Partnership, L.P. (Micro), (iv) 10,490 shares held by LKCM Core Discipline, L.P. (Core), (v) 592,326 shares held by LKCM Headwater Investments II, L.P. (Headwater) and 1,761,494 shares held by Headwater Lawson Investors, LLC (HWLI). Luther King Capital Management Corporation is the investment manager for PDP, LIP, Micro, Core, Headwater and HWLI. J. Luther King, Jr. is a controlling stockholder of Luther King Capital Management Corporation and general partner of LIP, J. Luther King, Jr. and J. Bryan King are controlling members of the general partners of Micro and Core, and J. Bryan King is a controlling member of the general partners of Headwater. Each of the persons and entities listed in this footnote expressly disclaims membership in a group under the Securities Exchange Act of 1934, as amended, and expressly disclaims beneficial ownership of the securities reported in the table, except to the extent of its pecuniary interest therein. See also footnote 4.

(3) Based on Schedule 13G/A filed with the SEC on February 12, 2020, Dimensional Fund Advisors LP beneficially held sole voting power for 551,394 shares and held sole dispositive power for 568,584 shares on December 31, 2019.

(4) Includes (i) 1,699,871 shares held by LKCM Private Discipline Master Fund, SPC, on behalf of its wholly owned subsidiary PDP, (ii) 26,827 shares held by Micro, (iii) 10,490 shares held by Core, (iv) 592,326 shares held by Headwater and 1,761,494 shares held by HWLI. LKCM Private Discipline Management, L.P. holds the management shares of PDP, and LKCM Alternative Management, LLC (PDP GP) is its general partner. LKCM Micro-Cap Management, L.P. (Micro GP) is the general partner of Micro. LKCM Core Discipline Management, L.P. (Core GP) is the general partner of Core. LKCM Headwater Investments II GP, L.P. (Headwater GP) is the general partner of Headwater. Mr. King is a controlling member of PDP GP, Micro GP, Core GP, and Headwater GP. Mr. King expressly disclaims beneficial ownership of the securities reported herein, except to the extent of his pecuniary interest therein. See also footnote 2.

CORPORATE GOVERNANCE

Board Leadership Structure

Our Amended and Restated By-Laws provide that the roles of Board Chairman and President and Chief Executive Officer ("CEO") may be filled by the same or different individuals. This provides the Board the flexibility to determine whether these roles should be combined or separated based on the Company's circumstances and needs at any given time. The role of Chairman of the Board is currently held by J. Bryan King, who was elected by the Board on March 18, 2019, and the position of CEO is currently held by Mr. Michael G. DeCata. This separation of the Chairmanship and the CEO position has been in place since 2007. The separation of the Chairmanship and the CEO functions provides the Board with additional independence and oversight. The Board believes this leadership structure has served the Company well and believes it is in the best interest of the Company's stockholders to continue with this structure at this time. In March 2017, the Board created the position of lead independent director and appointed Mr. Lee S. Hillman to this position to help reinforce the independence of the Board as a whole. Prior to Mr. Hillman's appointment, the Board did not have a lead independent director.

Lead Independent Director

Pursuant to our Corporate Governance Principles, the lead independent director shall be an independent, non-employee director designated by our Board who shall serve in a lead capacity to coordinate the activities of the other independent directors, interface with and advise the Chairman of the Board, and perform such other duties as are specified in the charter or as our Board may determine. As a result, we believe that the lead independent director can help ensure the effective independent functioning of the Board in its oversight responsibilities. In addition, we believe that the lead independent director is better positioned to build a consensus among directors and to serve as a conduit between the other independent directors and the Board chairperson. The lead independent director's responsibilities include that he/she:

- presides at all Board meetings at which the Chairman of the Board is not present and at all executive sessions;
- has authority to call meetings of the independent directors;
- serves as a liaison between the Chairman of the Board and the independent directors, and between the Chairman of the Board and CEO if the roles are held by different individuals, when necessary to provide a supplemental channel of communication;
- works with the Chairman of the Board in developing, and approving, Board meeting agendas, schedules, and information provided to the Board;
- in conjunction with the Chair of the Compensation Committee, facilitates and communicates the Board's performance evaluation of the CEO;
- guides the CEO succession process together with the Compensation Committee and with input from the Nominating and Governance Committee (and similarly guides the Chairman of the Board succession process if the Chairman of the Board and CEO roles are held by different individuals);
- ensures the implementation of a Committee self-evaluation process; reviews reports from each Committee to the Board; and provides guidance to Committee Chairs, as needed, with respect to Committee topics, issues, and functions;
- facilitates the Board's self-evaluation process; and
- communicates with significant stockholders and other stakeholders on matters involving broad corporate policies and practices when appropriate.

Board Resignation

Effective January 21, 2019, Ronald B. Port, M. D. resigned his position as Chairman of the Board and from each committee of the Board on which he served. Dr. Port served on the Financial Strategies, Nominating and Governance, and Management Development Committees of the Board. Additionally, effective January 21, 2019, James S. Errant resigned as a member of the Board and from each committee of the Board on which he served. Mr. Errant served on the Compensation, Financial Strategies, and Management Development Committees of the Board.

Effective April 17, 2019, Thomas S. Postek resigned his position as Chairman of the Audit Committee and from each committee of the Board on which he served. Mr. Postek served on the Financial Strategies and Nominating and Governance Committees of the Board. Additionally, effective April 17, 2019, Wilma J. Smelcer resigned her position as Chairman of the Management

Development Committee and from each committee of the Board on which she served. Ms. Smelcer served on the Audit and Nominating and Governance Committees of the Board.

Board of Director Committee Dissolution

The Management Development and Financial Strategies Committees were dissolved, upon Board approval, at the Board of Directors meeting on May 14, 2019. The duties of the Management Development Committee were absorbed by the Nominating and Governance Committee. The duties of the Financial Strategies were essentially duplicative of the Board's responsibility. Both committees were dissolved to make for a more efficient use of the Board's time and resources.

Board of Director Meetings and Committees

The Board of Directors has standing Audit, Compensation, and Nominating and Governance Committees. All committees have adopted a charter for their respective committee. These charters may be viewed on the Company's website, www.lawsonproducts.com, and copies may be obtained by request to the Secretary of the Company. Those requests should be sent to Corporate Secretary, Lawson Products, Inc., 8770 W. Bryn Mawr Avenue, Chicago, Illinois, 60631.

Annual Meeting Attendance Policy

The Company expects all members of the Board of Directors to attend the Annual Meeting, but from time to time, other commitments may prevent a director from attending a meeting.

Director Attendance at Board of Directors and Committee Meetings

In 2019, the directors attended on average, either in person or via teleconference, 100% of the meetings of the Board of Directors and 100% of the respective committees' meetings on which they served. As required under the applicable Nasdaq listing standards, in the fiscal year ending December 31, 2019, our independent directors met four times in regularly scheduled executive sessions at which only our independent directors were present.

All of the directors attended the last Annual Meeting held on May 14, 2019. The following chart shows the membership and chairpersons of our board committees, committee meetings held and committee member attendance.

Director	Board of Directors	Audit	Compensation	Financial Strategies ⁽¹⁾	Management Development ⁽¹⁾	Nominating & Corporate Governance
Andrew B. Albert	4	8	5	1*	1	4*
Michael G. DeCata	4			1		
I. Steven Edelson	4	5	5	1	1	3
Charles D. Hale	3	5				3
Lee S. Hillman	4	8*	5*	1		
J. Bryan King	4*	1		1		
Mark F. Moon	3		3			3
Thomas S. Postek ⁽²⁾	1	3		1		1
Wilma J. Smelcer ⁽²⁾	1	3			1*	1
<i>Number of Meetings Held</i>	4	8	5	1	1	4

* Chairperson as of December 31, 2019

(1) Committee was dissolved at the May 14, 2019 meeting.

(2) Effective April 17, 2019, Thomas S. Postek and Wilma J. Smelcer resigned from the Board and committees they served.

The Audit Committee

The functions of the Audit Committee include (i) reviewing the Company's procedures for monitoring internal control over financial reporting; (ii) overseeing the appointment, compensation, retention and oversight of the Company's independent auditors; (iii) reviewing the scope and results of the audit by the Company's independent auditors; (iv) reviewing the annual audited financial statements and quarterly financial statements with management and the independent auditors; (v) periodically reviewing with the Company's General Counsel potentially material legal and regulatory matters and corporate compliance; and (vi) reviewing and

approving all related party transactions. Additionally, the Audit Committee provides oversight of the Company's Enterprise Risk Management program.

The Audit Committee consists of Lee S. Hillman (Chair), Andrew B. Albert, I. Steven Edelson and Charles D. Hale. J. Bryan King also served as a member of the Audit Committee from January 1, 2019 to March 17, 2019. Thomas S. Postek also served as Chair of the Audit Committee from January 1, 2019 to April 17, 2019. Wilma J. Smelcer also served as a member of the Audit Committee from January 1, 2019 to April 17, 2019. Each member of the Audit Committee satisfies the independence requirements of The Nasdaq Stock Market and the SEC and satisfies the financial sophistication requirements of The Nasdaq Stock Market. The Board of Directors has determined that Messrs. Postek and Hillman are both "audit committee financial experts" as such term is defined by the SEC.

The Compensation Committee

The Compensation Committee discharges the responsibilities of the Board of Directors relating to compensation of the CEO and establishes compensation for all other executive officers of the Company. The Compensation Committee is responsible for (i) reviewing and approving corporate goals and objectives relevant to the compensation for executive officers; (ii) evaluating the performance of executive officers in light of those goals and objectives; and (iii) setting the compensation level of executive officers based on this evaluation. The Compensation Committee also administers incentive compensation plans and equity-based plans established or maintained by the Company from time to time; makes recommendations to the Board of Directors with respect to the adoption, amendment, termination or replacement of the plans; and recommends to the Board of Directors the compensation for members of the Board of Directors. The Compensation Committee reviews and approves the compensation programs for the CEO and other executive officers whose compensation is included in this report. The CEO makes recommendations on compensation to the Compensation Committee for all executive officers except himself. The CEO may not be present in any meeting of the Compensation Committee in which his compensation is discussed.

The Compensation Committee consists of Lee S. Hillman (Chair), Andrew B. Albert, I. Steven Edelson and Mark F. Moon. Each member of the Compensation Committee has satisfied the independence requirements of The Nasdaq Stock Market (including the enhanced independence requirements for Compensation Committee members) and is an "outside director" as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

The Nominating and Governance Committee

The Nominating and Governance Committee identifies and nominates potential directors to the Board of Directors and otherwise takes a leadership role in shaping the corporate governance of the Company.

The Nominating and Governance Committee consists of Andrew B. Albert (Chair), I. Steven Edelson, Charles D. Hale and Mark F. Moon. Thomas S. Postek also served as a member of the Nominating and Governance Committee from January 1, 2019 to April 17, 2019. Wilma J. Smelcer also served as a member of the Nominating and Governance Committee from January 1, 2019 to April 17, 2019. Each member of the Nominating and Governance Committee has satisfied the independence requirements of The Nasdaq Stock Market.

Director Nominations

The Nominating and Governance Committee will consider Board of Director nominees recommended by stockholders. Those recommendations should be sent to the Chairman of the Nominating and Governance Committee, c/o Corporate Secretary of Lawson Products, Inc., 8770 West Bryn Mawr Avenue, Chicago, Illinois, 60631. In order for a stockholder to nominate a candidate for director, under the Company's Certificate of Incorporation, timely notice of the nomination must be given in writing to the Secretary of the Company. With respect to the meeting, in order to be timely, a stockholder's notice shall be mailed or delivered to the Secretary of the Company not less than 90 days nor more than 110 days prior to the first anniversary of the preceding year's meeting. The Company's Charter is not inconsistent with the By-Laws' provisions. The Company's Certificate of Incorporation specifies additional information regarding the nominee that must accompany the notice.

The Nominating and Governance Committee will follow procedures which the Nominating and Governance Committee deems reasonable and appropriate in the identification of candidates for election to the Board of Directors and evaluating the background and qualifications of those candidates. Those processes include consideration of nominees suggested by an outside search firm, by incumbent members of the Board of Directors and by stockholders. The manner in which the Nominating and Governance Committee evaluates nominees for director is the same regardless of whether the nominee is recommended by a security holder.

The Nominating and Governance Committee will seek candidates having experience and abilities relevant to serving as a director of the Company and who represent the best interests of stockholders as a whole and not any specific interest group or constituency. The Nominating and Governance Committee does not have a policy with regard to consideration of diversity in identifying director nominees. The Nominating and Governance Committee will consider a candidate's qualifications and background including, but not limited to, responsibility for operating a public company or a division of a public company, other relevant business experience, a candidate's technical background or professional qualifications and other public company boards of directors on which the candidate serves. The Nominating and Governance Committee will also consider whether the candidate would be "independent" for purposes of The Nasdaq Stock Market and the rules and regulations of the SEC. The Nominating and Governance Committee may, from time to time, engage the service of a professional search firm to identify and evaluate potential nominees.

Determination of Independence

The Company's Board of Directors has determined that directors Andrew B. Albert, I. Steven Edelson, Mark F. Moon, Charles D. Hale, Lee S. Hillman, Thomas S. Postek, and Wilma J. Smelcer are independent within the meaning of the rules of The Nasdaq Stock Market. Ronald B. Port, M.D and James S. Errant, who served on the Board from January 1, 2018 to January 21, 2019, satisfied the independence requirements of The Nasdaq Stock Market. In determining independence, the Board of Directors considered the specific criteria for independence under The Nasdaq Stock Market rules and also the facts and circumstances of any other relationships of individual directors with the Company. Mr. King, our Chairman of the Board, and Mr. DeCata, our CEO, are not considered independent directors.

The independent directors and the committees of the Board of Directors regularly meet in executive session without the presence of any management directors or representatives.

Code of Conduct

The Company has adopted a Code of Conduct (the "Code of Conduct") applicable to all employees and to senior financial executives including the principal executive officer, principal financial officer and principal accounting officer of the Company. The Code of Conduct is available on the Corporate Governance page in the Investor Relations section of the Company's website at www.lawsonproducts.com. The Company intends to post on its website any amendments to or waivers from the Code of Conduct applicable to senior financial executives.

The Board of Directors Role in Risk Oversight and Assessment

The Board is responsible for overseeing the most significant risks facing the Company and for determining whether management is responding appropriately to those risks. The Board implements its risk oversight function both as a whole and through committees. The Board has formalized much of its risk management oversight function through the Audit Committee.

The Board committees have significant roles in carrying out the risk oversight function which include, but are not limited to, the following:

- The Audit Committee oversees risks related to the Company's financial statements, the financial reporting process, accounting and legal matters and oversees the internal audit function; and
- The Compensation Committee oversees the Company's compensation programs from the perspective of whether they encourage individuals to take unreasonable risks that could result in having a materially adverse effect on the Company.

While the Board oversees risk management, Company management is charged with managing risk. Management is responsible for establishing and maintaining an adequate system of internal controls over financial reporting and establishing controls to prevent or detect any unauthorized acquisition, use or disposition of the Company's assets.

The Company has retained a consulting firm to serve as its internal audit department to monitor and test the adequacy of the internal controls and report the results of this oversight function to the Audit Committee on a regular basis. Part of the internal audit department's mission, as described in its charter, is to bring a "systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes." One way which the internal audit department carries this out is by evaluating the Company's network of risk management programs and reporting the results to the Audit Committee.

Management conducts detailed periodic business reviews of the Company's business. These reviews include discussions of future risks faced by various departments and functional areas across the organization. An example of our commitment to risk management is our adherence to the ISO 9001:2015 Standards ("ISO Standards") which is a quality management system that encompasses the supply chain and distribution centers. ISO standards require that we identify risks in the quality management system, plan actions to address the risk, and evaluate the effectiveness of those plans. We are audited by a third party ISO certifier, and as part of this audit, we must demonstrate and show evidence of three items; the risks, the plan to address the risks, and the monitoring of the effectiveness of our internal controls.

The Company has also established a Disclosure Committee which is comprised of senior management from various functional areas. The Disclosure Committee meets at least quarterly to review all disclosures and forward-looking statements made by Lawson to its security holders and ensures they are accurate and complete and fairly present Lawson's financial condition and results of operations in all material respects.

Additionally, the Company has established and communicated to its employees a Code of Conduct, as mentioned previously, and maintains an ethics helpline where employees can confidentially and anonymously express any concerns they may have of any suspected ethics violations either through a dedicated website or through a toll free telephone number. The Company requires annual ethics training of all employees.

Cybersecurity

We are committed to properly addressing the growing threat of cybersecurity that we face in today's global business environment. We have identified cybersecurity as a key enterprise risk. As a result, the Audit Committee reviews our cybersecurity risk management practices and performance, primarily through reports provided by the Chief Information Officer ("CIO") and internal audit department on the Company's cybersecurity management program. Among other things, these reports have focused on:

- recent cyber risk and cybersecurity developments;
- cyber risk governance and oversight;
- assessments by third party experts;
- key cyber risk metrics and activities; and
- major projects and initiatives.

We have also established a governance structure under our CIO/Chief Security Officer that oversees investments in tools, resources, and processes that allows for the continued maturity of our cyber security posture. We continue to invest in improving our cybersecurity posture by investing in preventative measures. We have deployed both internal information technology resources and third party resources in our continuing efforts to secure the environment.

Additionally, employees are provided with compulsory training that enables them to detect and report malware, ransomware and other malicious software or social engineering attempts that may compromise the Company's information technology systems and are tested on this routinely. Employees are also required to complete compulsory training on handling sensitive data. As the cyber landscape evolves, both in our technology systems and in the broader context of the internet and expanding connectivity, management continually updates its cybersecurity approach to safeguard the Company's sensitive information and assets.

Board Diversity Policy

The Company did not have a formalized Board Diversity Policy; however, in March 2020, the Board of Directors approved a Board Diversity Policy. The Board believes that a board made up of highly qualified directors from diverse backgrounds and who reflect the changing population demographics of the markets in which the Company operates, the talent available with the required expertise, and the Company's evolving customer and employee base, promotes better corporate governance. To support this, the Nominating and Corporate Governance Committee will, when identifying candidates to recommend for appointment/election to the Board:

- consider only candidates who are highly qualified based on their experience, functional expertise, and personal skills and qualities;
- consider diversity criteria including gender, age, ethnicity and geographic background; and

- in addition to its own search, engage qualified independent external advisors to conduct a search for candidates that meet the Board's skills and diversity criteria to help achieve its diversity aspirations.

Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board, including gender. In furtherance of this commitment, the Nominating and Corporate Governance Committee shall require that the list of candidates to be considered by the Nominating and Corporate Governance Committee and/or the Board for nomination to our Board include candidates with diversity of race, ethnicity, and gender.

Social and Environmental Responsibility Policy

The Company did not have a formalized Social and Environmental Responsibility Policy; however, in March 2020, the Board of Directors approved a Social and Environmental Responsibility Policy. Lawson is committed to understanding, monitoring and managing our social and environmental impact, and we recognize the importance of this responsibility as a discipline that helps us manage risks. In alignment with our Code of Conduct and our Corporate Governance Guidelines, we aim to ensure that matters of social and environmental responsibility are considered and supported in our operations and administrative matters and are consistent with Lawson stakeholders' best interests.

This policy applies to activities undertaken by or on behalf of Lawson and sets out the framework for managing our social and environmental commitment, for which our Board has responsibility for the overall strategy. In addition, the Board has delegated the day-to-day responsibility of implementation and adherence to this policy to various Lawson leaders within the Company whose primary goal is to ensure that appropriate organizational structures are in place to effectively identify, monitor, and manage social and environmental responsibility issues and performance relevant to our business. This policy is built on the following areas that reflect existing and emerging standards of social and environmental responsibility. We will:

- **Stakeholder Engagement:** Engage our key stakeholders including employees, customers, shareholders and suppliers, to ensure their needs and concerns are heard and addressed, and if appropriate, incorporated into our strategy;
- **Decision Making:** Integrate social and environmental considerations in our decision making processes;
- **Compliance with Laws and Regulations:** Meet or exceed all legal and regulatory requirements, including social and environmental requirements, which are applicable to our business operations;
- **Workplace:** Create a safe, healthy, fair and enriching working environment where all employees are treated with respect and are able to achieve their full potential;
- **Environment:** Identify and minimize potential negative environmental impacts of our operations where possible; and
- **Supply Chain:** Work with vendors to strengthen the social and environmental aspects of products and services we deliver to our customers.

Compensation Risk Assessment

The Compensation Committee has reviewed the compensation programs of the Company to determine if they encourage individuals to take unreasonable risks and has determined that any risks arising from these compensation programs are not reasonably likely to have a material adverse effect on the Company. The Company's existing compensation programs were reviewed, with particular attention to the performance metrics, programs and practices that mitigate risk (*e.g.*, post-vest holding requirements, clawback policies), and the mix of short-term and long-term compensation, and the Compensation Committee concluded that no further review and inquiry was necessary.

Post-Vest Holding Requirement

In 2016, the Compensation Committee instituted a two-year post-vest holding requirement on market stock units ("MSUs"), restricted stock units ("RSUs") and restricted stock awards ("RSAs") granted to the top three Named Executive Officers - the President and Chief Executive Officer, the Chief Financial Officer, Treasurer and Controller, and the Secretary and General Counsel to further align these executives' long-term interests with those of our stockholders. The executives subject to the hold requirement cannot transfer or otherwise dispose of one-hundred percent (100%) of certain equity awards granted after January 1, 2016, which vest, net of taxes, and convert to shares of common stock.

Clawback Policy

In 2011, the Board of Directors approved a policy for recoupment of incentive compensation (the “Clawback Policy”). The Board of Directors adopted the Clawback Policy in order to protect the Company in the event that the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws.

If such an event occurs, the Company will recover from any current or former executive officer of the Company who received incentive-based compensation (including stock options awarded as compensation) based on the erroneous data during the 3-year period preceding the date on which the Company is required to prepare an accounting restatement in excess of what would have been paid to the executive officer under the accounting restatement, as determined by the Compensation Committee, in accordance with Section 10D of the Securities Exchange Act of 1934 as added by Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and any applicable guidance or rules issued or promulgated thereunder.

Anti-Hedging Policy

In 2011, the Board of Directors approved an Anti-Hedging Policy. Under the Anti-Hedging Policy, the Company prohibits any executive officer of the Company or member of the Company's Board of Directors (or any designee of such executive officer or director) from purchasing financial instruments (including prepaid variable forward contracts, equity swaps, collars, and exchange funds) that are designed to hedge or offset any decrease in the market value of Company common stock (a) granted to the executive officer or director by the Company as part of the compensation of the executive officer or director; or (b) held, directly or indirectly, by the executive officer or director.

Corporate Governance Principles (Guidelines)

The Corporate Governance Principles and the charters of the five standing committees of the Board of Directors describe our governance framework. The Corporate Governance Principles and charters are intended to ensure our Board has the necessary authority and practices in place to review and evaluate our business operations and to make decisions that are independent of management. Our Corporate Governance Principles also are intended to align the interests of directors and management with those of our stockholders, and comply with or exceed the requirements of the Nasdaq Stock Market and applicable law. They establish the practices our Board follows with respect to:

- Responsibilities of directors
- Board size
- Director independence
- Attendance at meetings
- Access to senior management

Copies of these Corporate Governance Principles are available through our website at www.lawsonproducts.com. The Company will also provide a copy of the Code of Conduct without charge upon written request directed to the Company at c/o Corporate Secretary, Lawson Products, Inc., 8770 W. Bryn Mawr Avenue, Chicago, Illinois, 60631.

Stockholder Communications with the Board of Directors

Stockholders may send communications to members of the Board of Directors by either sending a communication to the Board of Directors or a committee thereof and/or a particular member c/o Corporate Secretary, Lawson Products, Inc., 8770 W. Bryn Mawr Avenue, Chicago, Illinois, 60631. All such communications will be reviewed promptly and, as appropriate, forwarded to the Board of Directors or the relevant committee or individual member of the Board of Directors or committee based on the subject matter of the communication.

REMUNERATION OF EXECUTIVE OFFICERS

COMPENSATION OVERVIEW

We qualify as a “smaller reporting company,” as defined in Item 10 of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), because our public float was less than \$250,000,000 as of the last business day of our most recently completed second fiscal quarter. We have elected to provide in this proxy statement certain scaled disclosures as permitted under the Exchange Act for smaller reporting companies. Therefore, we do not provide in this proxy statement a compensation discussion and analysis or a compensation committee report, compensation and risk and compensation ratio disclosures, among other disclosures.

This section of the Proxy Statement explains how our executive compensation programs are designed and operate in practice with respect to our executives and specifically the following Named Executive Officers (“NEOs”).

Named Executive Officer	Title
Michael G. DeCata	President and Chief Executive Officer
Ronald J. Knutson	Executive Vice President, Chief Financial Officer, Treasurer and Controller
Neil E. Jenkins	Executive Vice President, Secretary and General Counsel

The 2019 Summary Compensation Table (“SCT”) on page 58 represents compensation earned by the NEOs in fiscal 2019.

Executive Summary

Overview of 2019 Performance and Compensation

2019 Business Environment and Company Performance

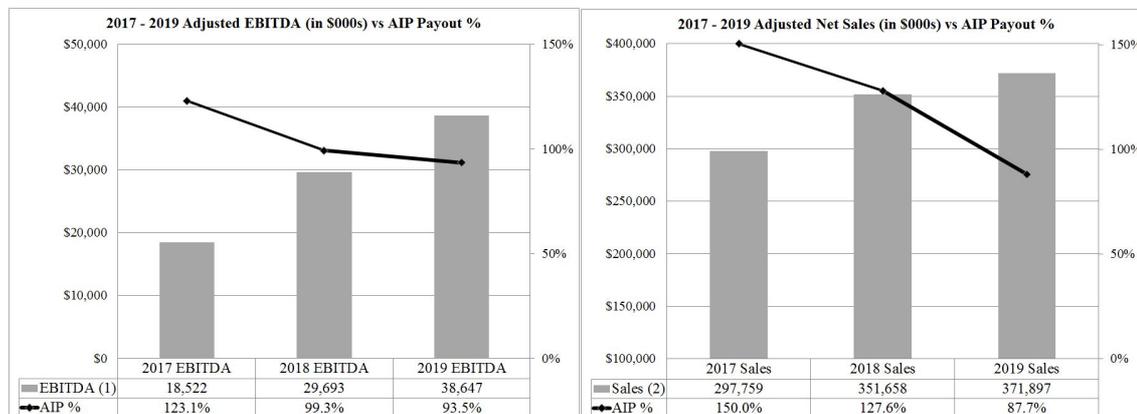
Lawson serves the industrial, commercial, institutional and government maintenance, repair and operations (“MRO”) market. Our strategic focus in 2019 was to continue to invest in the business and leverage our infrastructure to accelerate profitability while continuing to drive sales growth by hiring sales representatives, improving sales representative productivity and acquiring companies. The Company’s 2019 financial performance, described below, including continued benefits from our previous investments and process improvements, leads us to believe we have created a scalable infrastructure that will allow us to take full advantage of future growth opportunities. Our efforts in 2019 resulted in the following strategic accomplishments:

- *Increased Net Sales* - Our Net Sales increased 6.0% from \$349.6 million in 2018 to \$370.8 million in 2019.
- *Increased AIP (defined below) Adjusted EBITDA* - Our AIP Adjusted EBITDA increased 30.0% from \$29.7 million in 2018 to \$38.6 million in 2019.
- *Stock Price* - The Company’s stock price increased 64.9% from \$31.60 on December 31, 2018 to \$52.10 on December 31, 2019.
- *Increased Gross Profit Dollars* - Gross profit dollars increased 4.1% from \$189.5 million in 2018 to \$197.4 million in 2019.
- *Increased Market Capitalization* - Market capitalization increased 66.5% from \$283.0 million in 2018 to \$471.2 million in 2019.
- *New Credit Agreement* - The Company signed a new credit agreement which increased our borrowing level from \$40 million to \$100 million.
- *Lean Six Sigma* - Over the past five years we have had well over 100 employees complete Lean Six Sigma training, which is a systematic data driven approach to analyzing and improving business processes.

Executive Compensation in 2019 Relative to Company Performance and Performance Measures

Pay-for-performance continues to be a fundamental tenet of our compensation philosophy, which includes the core principles of rewarding the attainment of performance goals and aligning our executives' objectives with our stockholders. We seek to closely align the interests of our Named Executive Officers with the interests of our stockholders. Our compensation programs are designed to reward our NEOs for the achievement of short-term and long-term strategic and operational goals and the achievement of increased total stockholder return ("TSR") (for additional detail, see the Total Stockholder Return section), while at the same time mitigating unnecessary or excessive risk-taking. We believe that Adjusted EBITDA and Adjusted Net Sales are the most critical factors driving our stock price.

Our NEOs' total compensation is comprised of a mix of base salary, annual cash incentive awards and long-term incentive awards that include performance-based cash and equity awards. The following tables highlight the year-over-year relationship of the performance on the two key financial metrics of Company performance relative to incentive compensation payable in our Annual Incentive Plan ("AIP"). The AIP payout to our NEOs declined over each of the last two years, even though both Adjusted EBITDA and Adjusted Net Sales increased, due to the increasing target goals set by our Compensation Committee.



- (1) "Adjusted EBITDA" is a performance measure that is equal to our operating income adjusted to eliminate the effects of interest expense, income tax expense, depreciation and amortization, our AIP and our long-term incentive plan ("LTIP") compensation, foreign exchange impact, unplanned acquisition activity and other certain non-routine and non-operating items (for additional detail, see the Annual Incentive Plan section).
- (2) "Adjusted Net Sales" is a performance measure that is equal to our net sales adjusted to eliminate the effects of the net effect of foreign exchange changes and unplanned acquisition sales (for additional detail, see the Annual Incentive Plan section).

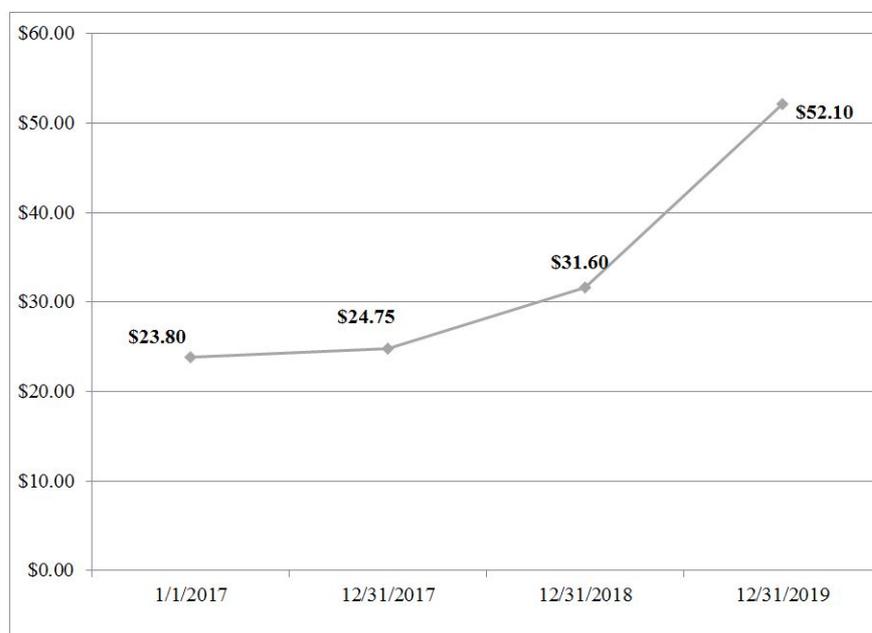
Rigorous Pay for Attainment of Performance Measures. The close relationship between pay and stockholder value has resulted from the performance-based structure of our AIP and our LTIP. Our 2019 financial results as compared to our pre-established performance targets set for the 2019 AIP and 2017-2019 LTIP are described below:

- Mr. DeCata and other NEOs did not receive a base salary increase in 2019.
- 90% of our CEO and other NEO's 2019 AIP award opportunities are based upon performance relative to Adjusted EBITDA and Adjusted Net Sales. In 2019, to support a key Company strategic growth initiative we continued to include Net Sales from Acquisitions as a performance measure for the other 10% of our CEO and other NEO's AIP award opportunity.
- The Company established aggressive AIP performance goals for 2019. As a result, 2019 AIP performance with respect to each of these metrics was as follows: above the threshold, but below the target performance level for Adjusted EBITDA and Adjusted Net Sales, and below threshold performance level for Net Sales from Acquisitions. Our detailed AIP results are provided below:
 - \$38.6 million in Adjusted EBITDA (for additional detail, see the 2019 AIP section) compared to a \$39.4 million target
 - \$371.9 million in Adjusted Net Sales (for additional detail, see the 2019 AIP section) compared to a \$374.8 million target
 - \$0.0 in Net Sales from Acquisitions (for additional detail, see the 2019 AIP section) compared to a \$20.0 million target
- As a result, the 2019 AIP payouts were 82.4% of the CEO and other NEOs' target bonus award opportunity; whereas, the 2018 AIP payouts were equal to 97.9% of the aggregate target award opportunity for our CEO and other NEOs.

- Our LTIP is a significant portion of the compensation awarded to each of our NEOs. The 2017-2019 LTIP was comprised of performance-based cash in the form of Stock Performance Rights ("SPRs") and equity awards in the form of Restricted Stock Units ("RSUs") and Market Stock Units ("MSUs"), with value delivered to the NEOs determined by our stock price, directly linking our NEO's compensation to increases to stockholder value. See "Rationale for 2019-2021 LTIP Awards" under the Long-Term Incentive Plan section for additional information on the selection of these award vehicles. For the 2017-2019 LTIP, three types of NEO LTI awards vested on December 31, 2019, SPRs (at an exercise price of \$22.75), RSUs, and 150.0% of each NEO's target MSU award, granted in 2017.
- The MSUs were awarded based on the Company's trailing 60 trading day average closing stock price as of December 31, 2019, of \$47.88, which was above LTIP's maximum price goal of \$32.00.

Compensation Program is aligned with Long-Term Stockholder Value. The following represents important elements of our long-term incentive plan:

- We encourage a long-term orientation of our executives by requiring three-year cliff vesting under the terms of our LTIP cash and equity-based awards.
- Our Amended and Restated 2009 Equity Plan does not permit repricing or replacing underwater stock options or stock appreciation rights without prior stockholder approval (including cash buyouts).
- The NEOs are rewarded for growth in the same manner as stockholders and will realize value for the majority of their awards if the Company's stock price appreciates in value from the date the award is approved.
- We require a post-vest holding period for our three most senior NEOs.
- We are highlighting the Company's stock price performance from January 1, 2017, through December 31, 2019, reflecting an appreciation of 118.9% over the three-year performance period.

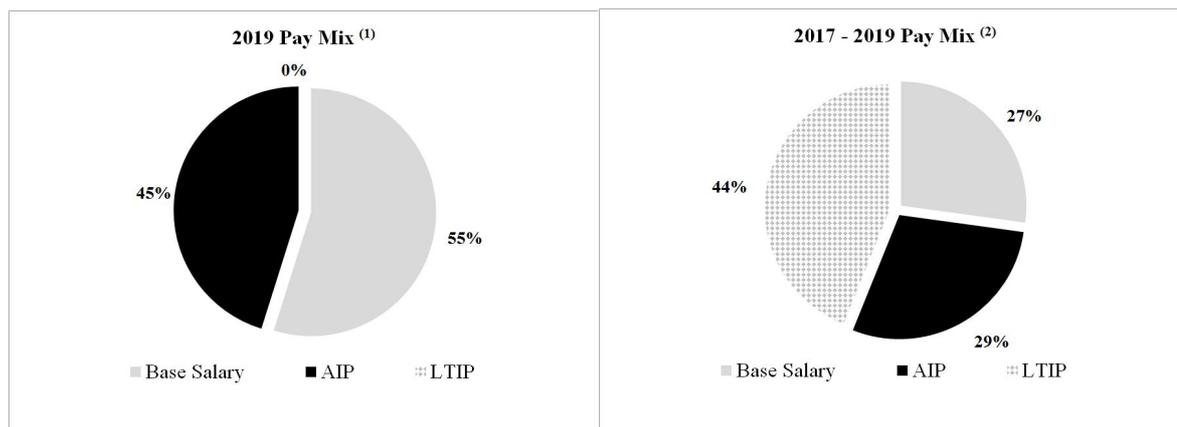


CEO Compensation is aligned with Performance and Stockholder Value

To summarize how our CEO and other NEOs' compensation have been aligned with performance over the 2017-2019 performance cycle, the narrative and tables provided in this Overview illustrate the grant date value of the AIP and LTIP pay opportunities, as well as the compensation realizable and realized from these awards over the same time period. We believe the inclusion of realizable compensation enhances our compensation disclosure as realizable pay is compensation that focuses on the middle of our compensation lifecycle - after award opportunities have been granted, but not yet vested. Additionally, realized compensation sets forth the compensation that has been earned based upon awards granted throughout the three-year performance cycle.

The Board has taken concerted actions to align the compensation of our CEO to tangible financial results and increases in stockholder value. We do this primarily by considering several key factors: the CEO's pay mix, our performance-based AIP, long-term incentives with potential value to be realized aligned with tangible growth in stockholder value, and by encouraging share ownership. We are providing additional discussion on each of these factors.

CEO pay mix emphasizes alignment to long-term stockholder return (SCT)



(1) Mr. DeCata did not participate in the 2019-2021 LTIP plan and, therefore, the LTIP portion of his pay mix for 2019 is 0%.

(2) The 2017- 2019 pay mix represents the sum of the three prior years (i.e., 2017-2019): (i) Salary (as reported in the SCT on page 58), (ii) target award opportunity of AIP, and (iii) the grant date fair-value of LTIP awards as reported in the SCT.

Our CEO's mix is oriented towards pay-for-performance and is in line with our peer company CEOs.

Pay Mix Element	Lawson	Core Peer Group	Supplemental Peer Group
Base Salary	27%	28%	27%
Annual Incentive	29%	22%	27%
Long-Term Incentive	44%	50%	46%

CEO AIP payout is 100% formula-based, linked to three key drivers of long-term value

Our CEO's annual incentive opportunity is tied directly to organic growth in net sales, growth in adjusted EBITDA, and net sales growth via acquisitions (added in 2017), the three key strategic drivers which we believe drive long-term growth in stockholder value. Over the 2017-2019 performance period, our CEO's annual bonus and performance relative to these performance metrics has been as follows:

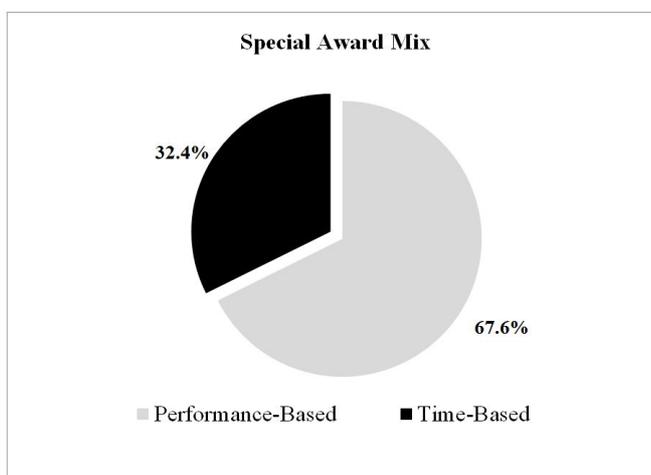
	2017	2018	2019
Adjusted EBITDA (in \$000s)	\$ 18,522	\$ 29,693	\$ 38,647
Payout percentage	123.1%	99.3%	93.5%
Adjusted EBITDA payout	\$ 413,616	\$ 333,648	\$ 314,194
Adjusted Net Sales (in \$000s)	\$ 297,759	\$ 351,658	\$ 371,897
Payout percentage	150.0%	127.6%	87.7%
Adjusted Net Sales payout	\$ 252,000	\$ 214,368	\$ 147,336
Net Sales from Acquisitions (in \$000s)	\$ 32,770	\$ 2,858	\$ —
Payout percentage	131.2%	—%	—%
Net Sales from Acquisitions payout	\$ 73,864	\$ —	\$ —
Annual AIP payout	\$ 739,480	\$ 548,016	\$ 461,530

CEO LTI Awards aligned with meaningful increases in share price

In 2017, Mr. DeCata was granted a cash and equity award in lieu of his LTIP participation in future years (the equity portion of this award was canceled and replaced with an identical award in 2018). Mr. DeCata is not eligible for the regular cycle annual LTIP grants for the following three-year performance cycles: 2018-2020; 2019-2021; and 2020-2022. The Compensation Committee considered the following factors in determining the level of the award opportunity:

- the relationship between growth in stockholder value over this time period and the realizable value to our CEO;
- the proportion of the opportunity that would require meaningful increase in value beyond grant date; and
- peer group CEO LTI opportunities and total direct compensation ("TDC") levels.

As shown in the table below, 67.6% of the LTI grant is contingent upon performance and at risk.



The Company granted Mr. DeCata 81,000 SPRs/stock options, with a significant portion "out-of-the-money" as of grant date. The SPRs vest ratably over three years from the grant date. The table below summarizes the realized value based on the Company's closing stock price at vesting date and realizable value, based on the Company's closing stock price on December 31, 2019, of \$52.10 per share.

SPRs/Options Granted ⁽¹⁾	Exercise Price	Vest Date	Realized Value	Realizable Value
34,000	\$ 23.70	8/14/2018	\$ 732,700	\$ —
27,000	27.70	8/14/2019	401,490	—
20,000	31.70	8/14/2020	—	408,000

(1) The Company's stock price on August 14, 2017, the effective date of the grant, was \$23.70 per share.

In addition, Mr. DeCata was granted 57,934 MSUs at target and 86,901 shares vested at maximum on December 31, 2019, the vest date established for the MSU portion of the LTIP approved by the Board for other LTIP participants. The number of MSUs that vested was based on the Company's trailing 60-day average closing stock price as of December 31, 2019, of \$47.88, which was above stretch price of \$32.00 (a 35% growth in value from grant date). Accordingly, Mr. DeCata received 150.0% of the target MSU award. The realized value of the vested MSUs based on the Company's closing stock on December 31, 2019 of \$52.10 per share is \$4,527,542.

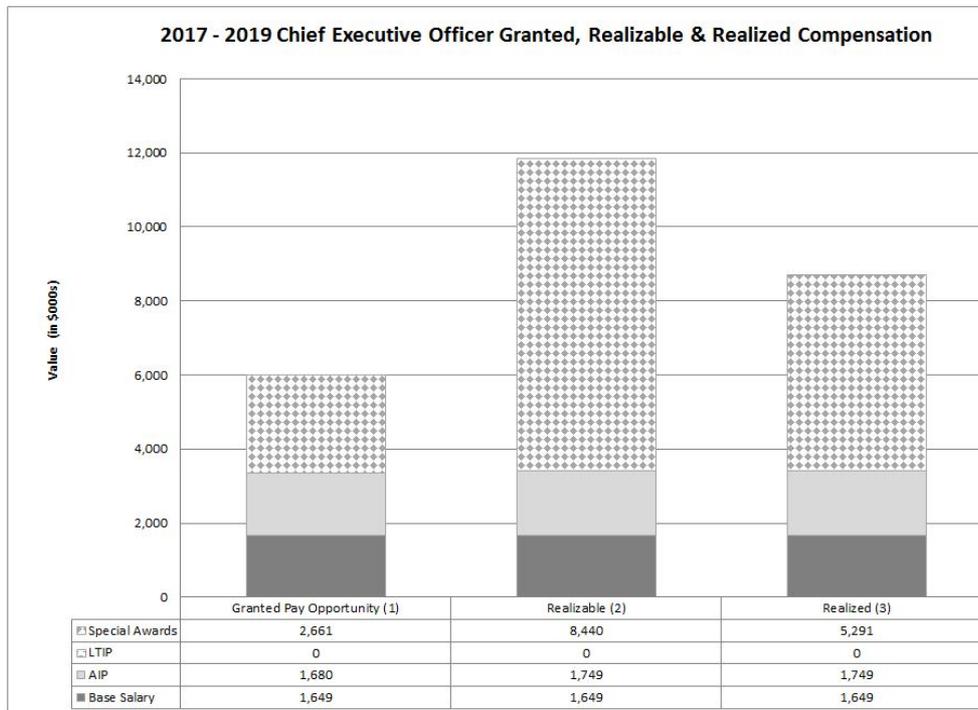
To reinforce retention, Mr. DeCata was also granted 29,083 shares of restricted stock that will cliff vest contingent upon continued employment through August 14, 2020. The realizable value of the unvested RSA portion of the award based on the Company's closing stock on December 31, 2019 of \$52.10 per share is \$1,515,224.

Mr. DeCata was granted 2,000 shares of restricted stock on April 11, 2018, in lieu of a 2017 base salary increase during the regular annual merit cycle, effective March 16, 2017. The shares cliff vested based on Mr. DeCata's continued employment through

December 31, 2019. The realized value of the vested RSA portion of the award based on the Company's closing stock on December 31, 2019 of \$52.10 per share is \$104,200.

Mr. DeCata was awarded a matching grant of 5,000 RSAs in connection with his purchase of 5,000 shares of Company common stock following the payment of his 2017 AIP bonus. The right to receive shares of common stock related to these RSAs shall vest in full on March 7, 2021, provided Mr. DeCata does not sell or transfer the purchased shares prior to this date. The realizable value of the unvested RSA portion of the award based on the Company's closing stock on December 31, 2019 of \$52.10 per share is \$260,500.

The chart below illustrates the realizable and realized compensation for Mr. DeCata over the three-year performance period. The Company's stock price appreciation over the last year has resulted in realized and realizable compensation above the granted pay opportunity. This is due to the structure of the award granted to Mr. DeCata in connection with his employment agreement in 2017, as amended in 2018, and illustrates our commitment to a pay-for-performance philosophy.

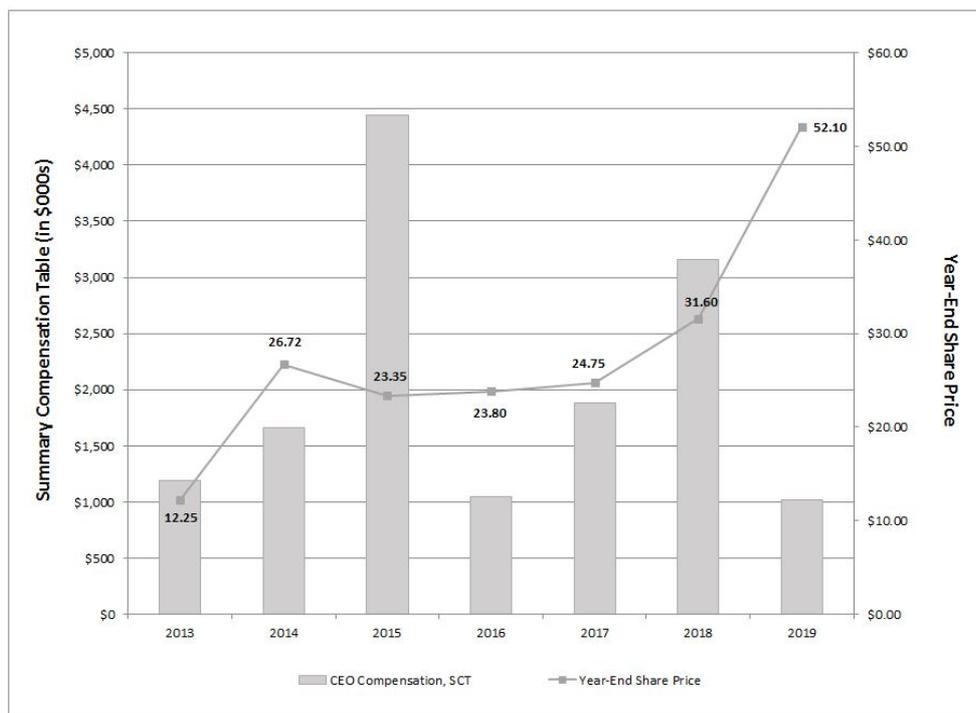


(1) "Granted Pay Opportunity" equals the sum of the three prior years (i.e., 2017-2019): (i) the grant date fair value of Mr. DeCata's performance-based special awards, (ii) Salary (as reported in the SCT), (iii) target award opportunity of AIP, and (iv) the grant date fair value of LTIP awards as reported in the SCT.

(2) "Realizable Pay" equals the sum of the three prior years: (i) the value of Mr. DeCata's performance-based special awards based on our stock price as of December 31, 2019, (ii) Salary earned, (iii) AIP earned, and (iv) the value of all earned LTIP awards for the completed performance cycle and unvested long-term incentive awards for the ongoing performance cycle. This includes Mr. DeCata's grant of 2,000 RSUs on April 11, 2018, in lieu of a 2017 base salary increase during the regular annual merit cycle, effective March 16, 2017. This also includes Mr. DeCata grant of 5,000 RSAs in connection with his purchase of Company common stock following the payment of his 2017 AIP bonus. All unvested long-term incentive awards are valued based on our stock price as of December 31, 2019 of \$52.10. The realizable value of the Mr. DeCata's MSU awards is shown in the table above, as the Company's stock price as of December 31, 2019 exceeded stretch price of \$32.00.

(3) "Realized Pay" equals the sum of the three prior years: (i) the value of Mr. DeCata's performance-based special awards based on our stock price as of December 31, 2019, (ii) Salary earned, (iii) AIP earned, and (iv) the value of all earned LTIP awards for the completed performance cycle.

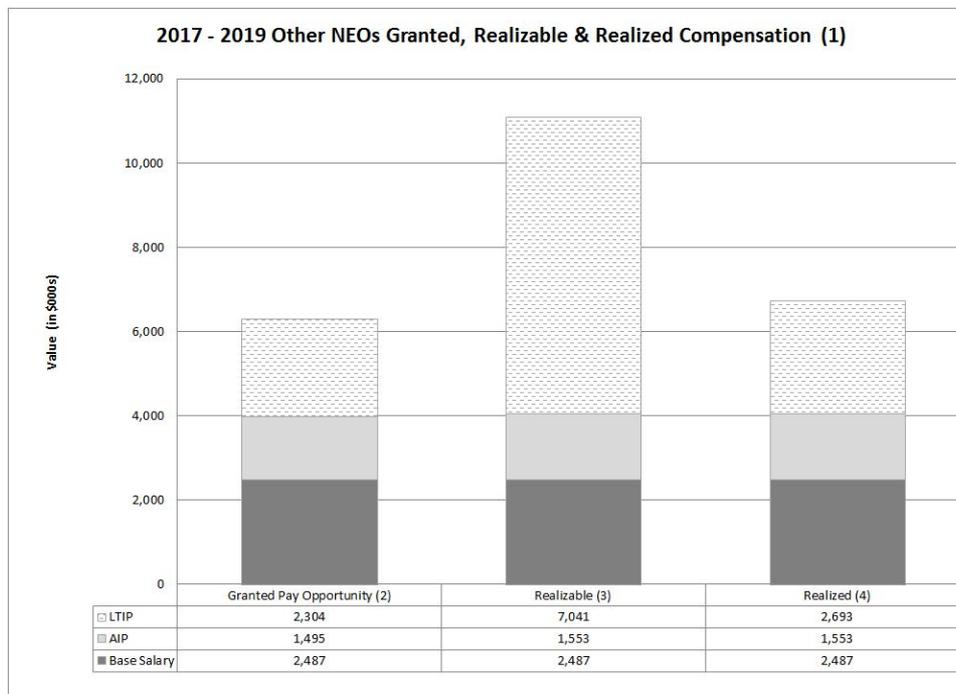
Total Stockholder Return. Additionally, in accordance with our pay-for-performance philosophy, our CEO's total direct compensation has been closely aligned with our TSR over the most recent 7-year period.



NEOs Compensation Aligns With Performance

The total compensation cost of our NEOs continues to be aligned with our business results and the market value of the Company. For the 2017-2019 performance cycle, we are disclosing the granted pay opportunity, realizable and realized compensation of our NEOs. At the same time, a meaningful portion of our NEO total compensation is provided in the form of SPRs and MSUs, with the actual value of these awards tied 100% to the Company's share price performance.

Our NEO realized compensation is greater than the granted pay opportunity as a result of the vesting of 2017-2019 LTIP MSU awards at 150.0%. Realizable compensation is also higher than the granted pay opportunity as a result of the Company's stock price appreciation over the past year of 64.9%.



(1) The 2017-2019 aggregate granted pay opportunity, realizable and realized compensation for Messrs. Jenkins and Knutson are included in the chart above.

(2) In the chart above, "Granted Pay Opportunity" equals the sum of the three prior years (i.e., 2017-2019): (i) Salary (as reported in the SCT on page 58), (ii) target award opportunity of AIP, and (iii) the grant date fair-value of LTIP awards as reported in the SCT.

(3) In the chart above, "Realizable Pay" equals the sum of the three prior years: (i) Salary earned, (ii) AIP earned, and (iii) the value of all earned long-term incentive awards for the completed performance cycle, as well as invested LTIP awards for the ongoing performance cycle. This also includes Mr. Knutson's grant of 1,000 RSUs on January 13, 2017, in lieu of a 2017 base salary increase during the regular annual merit cycle, effective March 16, 2017. All invested long-term incentive awards are valued based on our stock price as of December 31, 2019 of \$52.10. The realizable value of the NEOs' 2018-2020 MSU awards is shown in the table above, as the Company's stock price as of December 31, 2019 exceeds maximum price of \$37.00. The realizable value of the NEOs' 2019-2021 MSU awards is shown in the table above, as the Company's stock price as of December 31, 2019 exceeds maximum price of \$49.00.

(4) In the chart above, "Realized Pay" equals the sum of the three prior years: (i) Salary earned, (ii) AIP earned, and (iii) the value of all earned LTIP awards for the completed performance cycle.

Corporate Governance Practices Impacting Executive Compensation

The continued focus on our overall pay-for-performance philosophy is supported by the Company's compensation governance framework, which is demonstrated by the following policies:

- **Post-Vest Holding Requirement** - In January 2016, the Compensation Committee instituted a two-year post-vest holding requirement for the CEO; Executive Vice President, Chief Financial Officer, Treasurer and Controller; and the Executive Vice President, Secretary and General Counsel. We believe this change better aligns these executives' long-term interests with those of our stockholders. The executives are required to hold and not transfer or otherwise dispose of one-hundred percent (100%) of MSUs, RSUs and RSAs granted after January 1, 2016 (including those granted in 2020), which vest and are then issued as shares of common stock, net of taxes. In addition, future awards granted in the form of equity may also be subject to this holding requirement. The holding period requirement survives their potential separation from the Company through the applicable hold period.
- **Anti-Hedging Policy** - Our Anti-Hedging policy prohibits our directors, NEOs and other key executive officers from hedging the economic interest in the Company securities that they hold (as described in more detail under "Anti-Hedging Policy" on page 36).
- **Clawback Policy** - Our Clawback Policy protects the Company in the event that the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws (as described in more detail under "Clawback Policy" on page 36).

- Gross-Up on Change-in-Control Payments - We do not pay tax gross-ups for change in control ("CIC") payments under Code Section 280G.
- Independent Compensation Consultant - The Compensation Committee's engagement of an independent compensation consultant that does not provide any services to management and that had no prior relationship with management prior to the engagement.
- Compensation Practices Not Permitted:
 - A supplemental executive retirement plan (SERP);
 - Single-trigger golden parachute payments;
 - Perquisites for former or retired executives;
 - Personal use of corporate aircraft, personal security systems maintenance and/or installation, car allowance, or executive life insurance; and
 - Payments for cause terminations or resignations other than for good reason following a change-in-control.

Response to Say-On-Pay Vote

The advisory stockholder vote on the executive compensation for the Company's NEOs Say-on-Pay Proposal is non-binding. However, the Compensation Committee has considered, and will continue to consider, the outcome of this vote each year such a vote is taken when making compensation decisions for our CEO and other NEOs. At our annual meeting of stockholders held on May 14, 2019, our Say-on-Pay Proposal received 96.5% support from our stockholders (excluding broker non-votes and abstentions). The Compensation Committee believes that this stockholder vote strongly endorsed the compensation philosophy of the Company. Accordingly, the Compensation Committee did not take any specific actions with respect to its executive compensation programs as a direct result of the 2019 Say-on-Pay Proposal. The Compensation Committee will continue to consider the outcome of the Company's Say-on-Pay votes when making future compensation decisions for the NEOs. In 2017, the stockholders favored an annual frequency for the Say-on-Pay Proposal; therefore, the Compensation Committee implemented a stockholder vote on executive compensation on an annual basis.

Compensation Philosophy and Objectives

Our compensation programs are designed to encourage and reward the creation of long-term stockholder value. The Company's executive compensation programs reward executives for the development and execution of successful business strategies that lead to profitable growth. To deliver the appropriate mix of compensation for each NEO, we provide annual cash compensation, which includes a base salary and an annual incentive opportunity, and a long-term incentive opportunity, which is largely based on increases to share price of the Company's common stock from the date of grant. We believe the mix of these forms of compensation, in the aggregate, balances the reward for each executive's contributions to our Company.

The Company guides its executive compensation programs with a compensation philosophy expressed in these three principles:

1. *Talent Acquisition & Retention.* We believe that having qualified people at every level of our Company is critical to our success. Our compensation programs are designed to encourage talented executives to join and continue their careers as part of our senior management team.
2. *Accountability for Lawson's Business Performance.* To achieve alignment between the interests of our executives and our stockholders, we use short-term and long-term incentive awards. Our NEOs' compensation increases or decreases are based on how well they achieve the established performance goals and the increase in stockholder value.
3. *Accountability for Individual Performance.* We believe teams and individuals should be rewarded when their contributions are exemplary and significantly support Company performance and value creation.

When making compensation decisions, the various elements of compensation are evaluated together, and the level of compensation opportunity provided for one element may impact the level and design of other elements. We attempt to balance our NEO total compensation program to promote the achievement of both current and long-term performance goals. The Company's overall compensation philosophy is to pay at the median of market competitive practices, with the ability of actual pay to exceed market median for exceeding goals. A NEO's compensation opportunity may benchmark above median levels reflecting individual qualifications, experience and position complexity, but the amount of compensation earned and/or realizable is designed to adjust with the results of our performance.

Determination of Competitive Practices

Peer Group for Compensation Benchmarking

Lawson maintains two peer groups of public companies - a “core” and a “supplemental” group of companies - in order to assist Lawson, the Compensation Committee and the Board to understand the current competitiveness of the TDC of the NEOs as compared to market practices. Lawson uses the data from the peer groups to benchmark total direct compensation which includes the level of base salaries and the mix, form and size of annual and long-term incentives provided to executives of similar companies to Lawson in terms of industry and size. In 2019, the Compensation Committee engaged FGМК, LLC (“FGМК”), an independent advisory firm, to review these peer groups to help determine their continued relevance for helping make sound compensation decisions.

As a result of this review, Lawson made modifications to the composition of the core and supplemental peer group from the prior year. Three companies were removed from the core peer group and one company was removed from the supplemental peer group. The core peer group consists of companies within Lawson's industry with revenues and market capitalization similar to that of Lawson. The core peer group companies had 2018 median revenue of approximately \$438 million and a market capitalization of \$341 million compared to Lawson's 2018 revenue of \$350 million and market capitalization of \$283 million. Lawson also uses this peer group to benchmark Lawson's financial and stockholder return performance as part of making executive pay decisions, as this group comprises many of our direct business competitors. Many of these companies are also used by institutional investors as stockholder return comparators to Lawson.

The 2019 supplemental peer group consists of 21 companies, with median revenue of \$359 million and market capitalization of \$240 million, thus similar to Lawson in terms of size. The supplemental peer group served as an additional reference point so Lawson could make appropriate compensation decisions based upon comprehensive market reference points.

The core and supplemental peer groups include the following companies:

Lawson Products, Inc. Core Peer Group

AMPCO-Pittsburgh Corp.	Houston Wire & Cable Inc.
Applied Industrial Technologies, Inc.	Insteel Industries
Circor International Inc.	Kadant Inc.
DXP Enterprises Inc.	NN Inc.
Gorman-Rupp Co	Starrett (L.S.) Co - CLA
Hurco Companies Inc	Twin Disc Inc.

Lawson Products, Inc. Supplemental Peer Group

Allied Motion Technologies	P.A.M. Transportation Svcs
Badger Meter Inc	Patrick Industries Inc
Columbus McKinnon Corp	Perma-Pipe International Holdings, Inc.
Culp Inc	Powell Industries Inc
Dynamic Materials Corp	Preformed Line Products Co
Eastern Co	Synalloy Corp
Foster (LB) Co	Trex Co Inc
Haynes International Inc	USA Truck Inc
Helios Technologies	Vicor Corp
LSI Industries Inc	Vishay Precision Group Inc
Lydall Inc	

The Compensation Committee believes that the proxy peer group benchmarking provides an accurate indicator of total compensation paid by companies with executives that have skills and responsibilities similar to Lawson's executives. Compensation for Lawson's executives is generally managed within the ranges of compensation paid by companies in the core and supplemental peer groups (“the Peer Group”).

NEO Compensation Competitiveness Compared to the Peer Group

Below is a summary of how the 2019 actual TDC (base salary, three-year average AIP bonus payout and the three-year average LTI grant value) of the Lawson's NEOs compares to the combined core and supplemental peer groups' median and 75th percentiles. In addition to overseeing the Legal Department and Corporate Secretary functions, Mr. Jenkins also has management responsibility for the Human Resources Department.

Title	Median TDC, in (\$000s)	75th Percentile TDC, in (\$000s)	Lawson, in (\$000s) TDC ⁽¹⁾
Michael G. DeCata President and Chief Executive Officer	\$1,827.6	\$2,730.2	\$2,030.1
Ronald J. Knutson Executive Vice President, Chief Financial Officer, Treasurer and Controller	767.8	969.4	971.4
Neil E. Jenkins Executive Vice President, Secretary and General Counsel	807.4	1,093.5	1,153.0

(1) Represents the NEO's 2019 Base Salary, average AIP earned for 2017 - 2019 performance cycle and the average grant date fair value from the 2017 - 2019, 2018 - 2020 and 2019 - 2021 LTIP plans.

Elements of Total Compensation

In determining the type and amount of compensation for each executive, we use both annual cash compensation, which includes a base salary and an annual incentive award, and a long-term incentive opportunity, which is equity based. Our compensation programs are designed to encourage and reward the creation of long-term stockholder value, while at the same time avoiding the encouragement of unnecessary or excessive risk-takings. The Compensation Committee believes the mix of these forms of compensation, in the aggregate, supports the Company's overall compensation objectives of attracting top talent for executive positions, incentivizing such executive officers, motivating and rewarding the achievement of individual and company goals and aligning the interests of executive officers with those of our stockholders. Our annual and long-term incentive plans provide for additional compensation for achievement above set performance targets such that an executive's compensation may reach the 75th percentile of market levels based upon performance.

The following table describes each executive compensation element utilized in 2019 for our NEOs based on the philosophy and objectives described above as well as each element's link to our compensation philosophy.

Compensation Element	Philosophy Statement	Talent Acquisition and Retention	Accountability for Business Performance (Align to Stockholder Interests)	Accountability for Individual Performance (Support Company Performance and Value Creation)
Base Salary	We intend to provide base pay competitive to the market of industry peers across other industries where appropriate. Our goal is to strike a balance between attracting and retaining talent, expecting superior results and finding individuals who can focus on transforming our business. Base salary maintains a standard of living, is used to compete in the market for talent and forms the foundation for other reward vehicles.	X		
Annual Incentive Plan	The 2019 AIP was designed to reward specific annual performance against business measures set by the Board. The amount of the 2019 AIP reward was determined by formula and can vary from 0% to 150% of an individual executive's original target incentive.	X	X	X
2019-2021 Long-Term Incentive Plan	The 2019-2021 LTIP was designed to align executives with the long-term interests of stockholders. The Committee believes that SPRs align the interests of executives with stockholders in that SPRs only have value to the extent the price of our stock on the date of exercise exceeds the exercise price on the grant date. MSUs are an incentive to meaningfully increase share price over a three-year performance cycle. The MSUs are scheduled to vest from 0% to 150% of an individual executive's target incentive, based on share price performance. RSUs were granted as a retention incentive aligned with future changes to share price. All three LTIP incentives cliff-vest at the end of fiscal year 2021.	X	X	X
Other Compensation and Benefit Programs	Lawson offers employee benefits programs that provide protections for health, welfare and retirement. These programs are standard within the United States and include healthcare, life, disability, dental and vision benefits as well as a 401(k) program and other federally provided programs outside of the United States. A deferred compensation program is also provided to a select group of our management, including our NEOs, to provide for tax-advantaged savings beyond the limits of qualified plans.	X		

Base Salary

We provide NEOs and other employees with a base salary to compensate them for services rendered during the fiscal year. Base salary represents the only fixed component of the three principal elements of our executive compensation program and is intended to provide a baseline minimum amount of annual compensation for our NEOs. Our base salary philosophy is intended to keep our fixed costs at an appropriate level for each role. In setting base salaries for the CEO and other executives, the Compensation Committee considers:

- Competitive market data based upon peer group benchmarking;
- The experience, skills and competencies of the individual;
- The duties and responsibilities of the respective executive;
- The ability of the individual to effectively transform our company and culture; and
- The individual's ability to achieve superior results.

We typically consider adjustments to NEO base salaries on an annual basis as part of our review process, as well as upon a promotion. Our NEOs are eligible to receive the same percentage annual merit percentage increase applicable to all other employees and may receive an increase that is more or less than our merit increase guideline as a result of each NEO's current base salary vs. market levels, changes in duties, performance or retention considerations. 2019 base salary increases were 0.0% for our CEO and 0.0% for the other NEOs.

The base salaries for the NEOs in 2018 and 2019 were as follows:

Executive Name	2018 Base Salary ⁽¹⁾	2019 Base Salary ⁽²⁾	Change in Base Salary
Michael G. DeCata	\$ 560,000	\$ 560,000	\$ —
Ronald J. Knutson	381,924	381,924	—
Neil E. Jenkins	456,983	456,983	—

(1) 2018 base salaries were effective March 16, 2018.

(2) 2019 base salaries were effective March 16, 2019.

Annual Incentive Plan

We require our NEOs to be focused on achievement of the critical, strategic and tactical objectives that lead to annual Company success. Therefore, performance goals under our AIP align their compensation with our annual business objectives. The design of the AIP, the selected performance measures and targets and the timing of payouts are designed to drive positive business performance on an annual basis.

2019 AIP

Pursuant to the terms of the 2019 AIP, each NEO was granted a threshold, target and maximum bonus award opportunity expressed as a percentage of base salary. These bonus award opportunities range from 0% to 150% of the target AIP opportunity for our NEOs.

At the beginning of each year, the Compensation Committee approves the assignment of a threshold, target and maximum objective for each financial performance measure. The target objectives are established based upon the operating budget approved by the Board. Actual year-end financial results are compared to plan objectives in order to determine the amount of any NEO bonus. If actual financial results fall between the threshold and target or the target and maximum objectives, bonuses are proportionately increased as a result of the threshold or target objective being exceeded. Notwithstanding the other provisions of the AIP, the Committee may reduce or eliminate any bonus payable to a NEO based upon the Committee's determination of individual performance or other factors it deems relevant. The Compensation Committee may not increase any bonus payable to a NEO.

The Company utilized pre-established performance criteria that are intended to align executive compensation with our 2019 business objectives. The 2019 AIP financial performance targets, which were set at levels in excess of the actual 2018 results, were as follows (dollars in thousands):

	AIP Performance Targets		
	Threshold	Target	Maximum
Adjusted EBITDA	\$ 33,600	\$ 39,400	\$ 43,000
Payout percentage	50%	100%	150%
Adjusted Net Sales	\$ 363,000	\$ 374,800	\$ 380,200
Payout percentage	50%	100%	150%
Net Sales from Acquisitions	\$ 12,000	\$ 20,000	\$ 40,000
Payout percentage	50%	100%	150%

The Compensation Committee approved AIP short-term performance goals to focus our NEOs on business priorities for the upcoming year. Under the 2019 AIP, target opportunities as a percent of each NEO's salary were set as follows:

	2019 AIP Target		2019 AIP Goal Weighting		
	Amount	Percent of Base Salary	Adjusted EBITDA	Adjusted Net Sales Dollars	Net Sales from Acquisitions
Michael G. DeCata	\$ 560,000	100%	60%	30%	10%
Ronald J. Knutson	229,154	60%	60%	30%	10%
Neil E. Jenkins	274,190	60%	60%	30%	10%

The 2019 AIP financial performance measure targets and actual results were as follows (dollars in thousands):

	Actual Results	2019 AIP Performance Targets		
		Threshold	Target	Maximum
Adjusted EBITDA	\$ 38,647	\$ 33,600	\$ 39,400	\$ 43,000
Payout percentage	93.5%	50%	100%	150%
Adjusted Net Sales	\$ 371,897	\$ 363,000	\$ 374,800	\$ 380,200
Payout percentage	87.7%	50%	100%	150%
Net Sales from Acquisitions	\$ —	\$ 12,000	\$ 20,000	\$ 40,000
Payout percentage	—%	50%	100%	150%

- **Adjusted EBITDA**

- The Adjusted EBITDA target of \$39.4 million was established based on our planned 2019 Adjusted EBITDA. Actual 2019 Adjusted EBITDA, including the AIP and LTIP plans was \$36.8 million. This amount was then adjusted for foreign exchange rate changes, the impact of the adoption of ASC 842 - leases, net savings from not filling all board seats and a portion of incurred severance expenses, which were not included in the established target. The aggregate amount of all approved adjustments was an increase of \$1.9 million resulting in an Adjusted EBITDA of approximately \$38.6 million for 2019.

- **Adjusted Net Sales**

- Adjusted Net Sales consisted of Net Sales, increased for the net effect of foreign exchange rate changes which were not included in the established target. The aggregate amount of all approved adjustments was an increase of \$1.1 million.

The actual financial results finished slightly below target objective for Adjusted EBITDA and Adjusted Net Sales, and below threshold objective for Net Sales from Acquisitions. This resulted in 2019 AIP payouts equal to 82.4% of the aggregate target award opportunity for our NEOs.

	2019 AIP Payout	
	Target Payout	Actual Payout
Michael G. DeCata	\$ 560,000	\$ 461,530
Ronald J. Knutson	229,154	188,860
Neil E. Jenkins	274,190	225,976

Long-Term Incentive Plan

Background - LTIP

The Compensation Committee directly engaged independent compensation consultant FGMK to make LTIP recommendations intended to be competitive with market practices, aligned with the Company's business goals and supportive of the Company's strategy for retaining and motivating leadership talent, as well as rewarding for superior performance. The LTIP design process allows the Committee to evaluate and consider the specific plan components each year. The LTIP is designed to incentivize financial performance over a longer time period than the AIP. The LTIP opportunity, calculated as a percentage of base salary, is formulated to be competitive with market practices and aligned with our compensation philosophy and objectives.

2019-2021 LTIP

In 2019, long-term incentive awards were granted to the NEOs in three vehicles: thirty percent (30%) of the total target opportunity was granted in the form of RSUs, twenty percent (20%) in SPRs and fifty percent (50%) in MSUs. The target value of each award and the total 2019-2021 LTIP opportunity to each NEO is as follows:

Executive	RSU Target Award ⁽¹⁾	SPR Target Award	MSU Target Award ⁽¹⁾	Total 2019-2021 Opportunity
Michael G. DeCata ⁽²⁾	\$ —	\$ —	\$ —	\$ —
Ronald J. Knutson	91,662	61,107	152,770	305,539
Neil E. Jenkins	109,676	73,117	182,793	365,586

(1) Additional shares are granted to Messrs. Jenkins and Knutson in consideration for the two-year post-vest holding period applicable to vested shares. The additional shares are based on a two-year discount of 17.0%, as determined by an independent valuation.

(2) Mr. DeCata did not participate in the 2019-2021 LTIP; however, he was granted cash and equity awards pursuant to his employment agreement entered into on August 14, 2017, and amended on April 11, 2018, as described in the "Compensation Agreements" section.

Rationale for 2019-2021 LTIP Awards

Why award RSUs? RSUs were granted as a retention incentive that are aligned to the long-term interests of stockholders by rewarding executives for Lawson's share price change. The RSUs cliff vest in full upon the completion of the three-year performance cycle on December 31, 2021, provided that the participant remains continuously employed by the Company through such date. Messrs. Knutson and Jenkins are subject to a two-year post-vest holding requirement on RSUs granted as part of the 2019-2021 LTIP. The executives cannot transfer or otherwise dispose of one-hundred percent (100%) of these awards until January 1, 2024.

Why award SPRs? The SPRs were granted with an exercise price equal to the fair market value of Lawson stock as of the date of grant. SPRs are cash-settled awards that operate in the same manner as stock options in that each participant will only realize value in an amount equal to the difference between fair market value at exercise date and the underlying exercise price. Therefore, NEOs are rewarded for share price growth in the same manner as stockholders. For the 2019-2021 LTIP, the SPRs were granted with the following terms:

- The SPRs cliff vest in full upon the completion of the three-year performance cycle on December 31, 2021, provided that the participant remains continuously employed by the Company through such date. Each participant will then have five years after this vest date to exercise the vested SPRs. Additional details on the SPRs include:
 - The exercise price of the SPR award was equal to \$30.54.
 - The executive will realize ordinary income on the difference between the exercise price and the fair market value of the SPRs at exercise date.

Why award MSUs? MSUs are stock-settled awards that have a direct link to long-term interests of stockholders by rewarding executives for Lawson's share price change vs. threshold, target and maximum stock price goals as recommended by the Committee, measured over the three-year performance cycle from grant date. The actual number of shares of our common stock issuable under MSUs is, therefore, variable based on the Company's stock price over the three-year performance period. Messrs. Knutson and Jenkins are subject to a two-year post-vest holding requirement on MSUs granted as part of the 2019-2021 LTIP. The executives cannot transfer or otherwise dispose of any of these awards until January 1, 2024.

For the 2019-2021 LTIP, the potential value of MSUs is determined as follows:

- The number of MSUs that will vest is based upon share price attainment determined by the trailing 60-trading day average closing price of the Company's common stock on the vest date of December 31, 2021. Each participant will vest in the MSUs as follows:

	Threshold	Target	Maximum
Average Closing Stock Price (as of December 31, 2021)	\$ 40.00	\$ 44.00	\$ 49.00
% of Target MSUs Vested	50%	100%	150%

If the final stock price is between each of the above as stated, the number of MSUs vested will be calculated using straight-line interpolation between each defined share price level. If the stock price is below \$40.00, the executive would not receive an award. If the stock price exceeds \$49.00, the executive would receive 150% of their target award. The executive will realize ordinary income, if any, on the MSUs based upon the fair market value of each MSU at vest date.

2018-2020 LTIP

In 2018, long-term incentive awards were granted to the NEOs in three vehicles: thirty percent (30%) of the total target opportunity was granted in the form of RSUs, thirty percent (30%) in SPRs and forty percent (40%) in MSUs. The target value of each award and the total 2018-2020 LTIP opportunity to each NEO is as follows:

Executive	RSU Target Award ⁽¹⁾	SPR Target Award	MSU Target Award ⁽¹⁾	Total 2018-2020 Opportunity
Michael G. DeCata ⁽²⁾	\$ —	\$ —	\$ —	\$ —
Ronald J. Knutson	88,993	88,993	118,656	296,642
Neil E. Jenkins	106,482	106,483	141,975	354,940

(1) Additional shares are granted to Messrs. Jenkins and Knutson in consideration for the two-year post-vest holding period applicable to vested shares. The additional shares are based on a two-year discount of 17.0%, as determined by an independent valuation.

(2) Mr. DeCata did not participate in the 2018-2020 LTIP plan; however, he was granted cash and equity awards pursuant to his employment agreement entered into on August 14, 2017, and amended on April 11, 2018, as described in the "Compensation Agreements" section.

- The RSUs cliff vest in full upon the completion of the three-year performance cycle on December 31, 2020, provided that the participant remains continuously employed by the Company through such date. Messrs. Knutson and Jenkins are subject to a two-year post-vest holding requirement on RSUs granted as part of the 2018-2020 LTIP. The executives cannot transfer or otherwise dispose of one-hundred percent (100%) of these awards until January 1, 2023.
- The SPRs cliff vest in full upon the completion of the three-year performance cycle on December 31, 2020, provided that the participant remains continuously employed by the Company through such date. Each participant will then have five years after this vest date to exercise the vested SPRs. Additional details on the SPRs include:
 - The exercise price of the SPR award was equal to \$24.70.
 - The executive will realize ordinary income on the difference between the exercise price and the fair market value of the SPRs at exercise date.
- The number of MSUs that will vest is based upon share price attainment determined by the trailing 60-trading day average closing price of the Company's common stock on the vest date of December 31, 2020. Messrs. Knutson and Jenkins are subject to a two-year post-vest holding requirement on MSUs granted as part of the 2018-2020 LTIP. The executives cannot transfer or otherwise dispose of any of these awards until January 1, 2023. Each participant will vest in the MSUs as follows:

	Threshold	Target	Maximum
Average Closing Stock Price (as of December 31, 2020)	\$ 28.00	\$ 32.00	\$ 37.00
% of Target MSUs Vested	50%	100%	150%

If the final stock price is between each of the above as stated, the number of MSUs vested will be calculated using straight-line interpolation between each defined share price level. If the stock price is below \$28.00, the executive would not receive an award. If the stock price exceeds \$37.00, the executive would receive 150% of their target award. The executive will realize ordinary income, if any, on the MSUs based upon the fair market value of each MSU at vest date.

2017-2019 LTIP

In 2017, long-term incentive awards were granted to the NEOs in three vehicles: twenty-five percent (25%) of the total target opportunity was granted in the form of RSUs, twenty-five percent (25%) in SPRs and fifty percent (50%) in MSUs. The target value of each award and the total 2017-2019 LTIP opportunity to each NEO is as follows:

Executive	RSU Target Award ⁽¹⁾	SPR Target Award	MSU Target Award ⁽¹⁾	Total 2017-2019 Opportunity
Michael G. DeCata ⁽²⁾	\$ —	\$ —	\$ —	\$ —
Ronald J. Knutson	74,160	74,160	148,320	296,640
Neil E. Jenkins	88,735	88,735	177,469	354,939

(1) Additional shares are granted to Messrs. Jenkins and Knutson in consideration for the two-year post-vest holding period applicable to vested shares. The additional shares are based on a two-year discount of 17.0%, as determined by an independent valuation.

(2) Mr. DeCata did not participate in the 2017-2019 LTIP plan; however, he was granted cash and equity awards pursuant to his employment agreement entered into on August 14, 2017 and amended on April 11, 2018, as discussed in the "Compensation Agreements" and "Outstanding Equity Awards" sections.

- The RSUs vested in full upon the completion of the three-year performance cycle on December 31, 2019, provided that the participant remained continuously employed by the Company through such date. Messrs. Knutson and Jenkins are subject to a two-year post-vest holding requirement on RSUs granted as part of the 2017-2019 LTIP. The executives cannot transfer or otherwise dispose of one-hundred percent (100%) of these awards until January 1, 2022.
- The SPRs cliff vested in full on December 31, 2019, provided that the participant remained continuously employed by the Company through such date. Each participant has five years after this vest date to exercise some or all of the vested SPRs. Additional details on the SPRs include:
 - The exercise price of the SPR award was equal to \$22.75.
 - The executive will realize ordinary income, if any, on the difference between the exercise price and the fair market value of the SPR at exercise date.
- The Company's trailing 60-day average closing stock price as of December 31, 2019 was \$47.88. The MSU award was awarded at Maximum, as the 60-day average closing stock price exceeded \$32.00 and the executives received 150.0% of their target MSU award. Messrs. Knutson and Jenkins are subject to a two-year post-vest holding requirement on MSUs granted as part of the 2017-2019 LTIP. The executives cannot transfer or otherwise dispose of any of these awards until January 1, 2022.

	Threshold	Target	Maximum
Average Closing Stock Price (as of December 31, 2019)	\$ 24.50	\$ 27.50	\$ 32.00
% of Target MSUs Vested	50%	100%	150%

Benefits and Retirement Plans

The NEOs are eligible for both “standard” and “non-qualified” benefits. Standard benefits are generally available to all of our employees and in some cases are subject to favorable tax treatment. Our standard benefit plans cover such items as health insurance, life insurance, vacation, profit sharing and 401(k) retirement savings. NEOs and employees are required to contribute to offset a portion of the cost of certain plans. In contrast to our standard benefits plans, non-qualified plans are not generally available to all employees and are not subject to favorable tax treatment under the Code.

Non-qualified benefits available to executives include the opportunity to receive Company profit sharing and 401(k) matching contributions in excess of the 2019 IRS annual compensation limit of \$280,000, but not to exceed their current base salary, as well as the opportunity to defer compensation in a deferred compensation plan. The deferred compensation plan allows participants to defer the receipt of compensation arising from cash or vested stock-based compensation until a later year from the year earned and, therefore, defer payment of income taxes into retirement years when their personal income and tax levels are generally lower. A feature of the deferred compensation plan allows participants to select a set of mutual funds for cash compensation deferrals, which are then tracked for growth. The Company purchases life insurance policies which have been deposited into a rabbi trust to offset the Company's deferred compensation liability. Executives in the plan are unsecured creditors of the Company.

The Company has broad-based, qualified profit-sharing and 401(k) plans available to the NEOs, along with other employees, to facilitate retirement savings. Along with other employees, the Company matches 100% of the first 3% and 50% of the next 2% of NEO contributions to the 401(k) plan. The Company does not offer any other post-retirement benefits to the CEO or other NEOs. For 2019, the Company made a profit sharing contribution of 0.75% of eligible earnings, which was allocated among participants, pro-rata, according to their compensation.

Perquisites

We occasionally offer relocation benefits to certain executives under our executive relocation policy. However, we do not offer other perquisites for our executives such as country club memberships, executive life insurance or car allowances. Nor do we provide executives with the use of a company aircraft, the services of an executive dining room or vehicles. Each NEO is eligible to receive up to \$1,000 for financial planning.

Separation and Change-in-Control

Employment and Change-in-Control Contracts

Certain NEOs have employment contracts with the Company as further described in the "Compensation Agreements" section on the following page. Employment and change-in-control contracts help attract executives to work for the Company by protecting them from certain risks, such as position elimination in the event of a business reorganization or a change-in-control or sale of the Company. The executives or their heirs may also be protected in case of disability or death.

Role of Executives in Setting Compensation

The Company's CEO makes recommendations on compensation to the Compensation Committee for all executive officers except himself. Executive officers will generally make compensation recommendations to the CEO regarding employees who report to them. Executives are not involved in decisions regarding their own compensation. The Compensation Committee has overall responsibility for the compensation programs for the CEO and other NEOs as described in the Corporate Governance section under “The Compensation Committee”. The CEO may not be present in any meeting of the Compensation Committee in which his compensation is discussed.

Role of the Independent Compensation Consultant

In 2019, the Compensation Committee engaged FGMK to perform benchmarking analyses of executive officer compensation and make recommendations on peer group determination, performance metrics and incentive opportunity levels for the NEOs. FGMK was asked to make recommendations related to the LTIP awards, including plan design, performance metrics and goals, and related incentive opportunities and estimated plan costs. FGMK performs no other services for the Company. The Compensation Committee has reviewed the independence of FGMK in light of SEC rules and Nasdaq listing standards regarding compensation consultants and has concluded that FGMK's work for the Compensation Committee does not raise any conflict of interest. All work performed by FGMK is subject to review and approval of the Compensation Committee.

Tax & Accounting Considerations

Policy with Respect to Code Section 162(m)

Code Section 162(m) limits the Company's ability to deduct compensation paid in any given year to our "covered employees" (as defined by Section 162(m), generally, our current and former named executive officers) in excess of \$1.0 million. Prior to the enactment of legislation commonly referred to as the Tax Cuts and Jobs Act (the "TCJA"), Section 162(m) provided an exception from this deduction limit for certain forms of "performance-based compensation," which included the gain recognized by covered employees upon the exercise of compensatory stock options and on the vesting of performance share awards. The TCJA repealed the performance-based compensation exemption under Section 162(m), effective for taxable years beginning after December 31, 2017, subject to certain transition relief. This repeal means that compensation paid to our covered employees in excess of the \$1.0 million compensation limitation under Code Section 162(m) will not be deductible unless it qualifies for the limited transition relief applicable to certain arrangements in place as of November 2, 2017, commonly referred to as grandfathered amounts. While our Compensation Committee will continue to consider tax deductibility in determining executive compensation, the Compensation Committee will use its business judgment (as done from time to time in the past) when it is in our best interest to provide for compensation that may not be deductible.

Stock-Based Compensation

The fair value of stock-based compensation, which includes equity incentives such as stock options, restricted stock awards, RSUs and MSUs as well as cash-based SPRs, is measured in accordance with GAAP and is expensed over the applicable vesting period.

Code Sections 280G and 4999

Code Sections 280G and 4999 relate to a 20% excise tax that may be levied on a payment made to an executive as a result of a change-in-control ("CIC") if the payment exceeds three times the executive's base earnings (as defined by Code Section 280G). The Company seeks to minimize the tax consequences that might arise under a potential CIC of Lawson by limiting the amount of compensation that may be paid to an executive in such a circumstance. In the event the excise tax is triggered, the existing CIC agreements provide that the Company will reduce the CIC payment by the amount necessary so that the payment will not be subject to the excise tax, if this would result in the most beneficial outcome for the executive, net of all federal state and excise taxes. Should the Company not reduce the payment as noted, the existing agreements do not provide for any gross-up payment related to potential Code Section 280G excise taxes, which are the sole responsibility of the executive.

COMPENSATION AGREEMENTS

Key terms of compensation agreements currently in effect between the Company and its NEOs are summarized below.

Mr. Michael G. DeCata

Mr. DeCata became employed under an October 16, 2012 agreement. Mr. DeCata has been instrumental to the Company's business turnaround and path to future profitable growth. The Board believed it was important to retain Mr. DeCata on a long-term basis. Therefore, on August 14, 2017, the Company entered into an employment agreement ("Employment Agreement") with Michael G. DeCata, as President and Chief Executive Officer. This Employment Agreement replaced and superseded the employment agreement, dated January 12, 2015, by and between the Company and Mr. DeCata. Mr. DeCata's annual base salary was set at \$560,000 effective August 16, 2017.

Pursuant to this Employment Agreement, Mr. DeCata is eligible for a performance-based annual incentive opportunity as determined each year by the Board-approved Annual Incentive Plan. On or before the tenth day following the payment of an AIP bonus to Mr. DeCata, he is entitled to elect to use all or a portion of his after tax AIP bonus to purchase shares of the Company's common stock. In connection with this election, Mr. DeCata will be entitled to receive an award of RSAs in an amount equal to the number of shares purchased, which vests 3 years from the grant date of the award.

As part of his Employment Agreement, Mr. DeCata was granted cash and equity awards in lieu of his LTIP participation in future years. Mr. DeCata would not be eligible for the regular cycle annual LTIP grants for the following three-year performance cycles: 2018-2020; 2019-2021; and 2020-2022. However, to address a potential inconsistency with the Company's Equity Plan, the Company and Mr. DeCata entered into an amendment of the Employment Agreement (the "Employment Agreement Amendment") on April 11, 2018, to make changes to the equity award structure set forth in the Employment Agreement (as described further in the "Outstanding Equity Awards at December 31, 2019" section).

If the Company terminates Mr. DeCata without cause, or he terminates his employment for good reason (each as defined in the employment agreement), Mr. DeCata will receive 300% of his then current base salary payable in monthly installments for a period of 24 months; coverage under the Company's health benefit plans for an additional 24 months following termination for Mr. DeCata and his family; and all outstanding unvested equity awards that would have otherwise vested during the 24 month period had he remained employed during this period, if any, shall immediately vest upon the effective date of the termination. Mr. DeCata will have until the earlier of (A) one year following the effective date of termination (or such longer exercise period that may be provided in an award agreement evidencing such equity award) and (B) the expiration of the term of such equity award to exercise any vested equity award that is subject to being exercised. This shall apply only to unvested equity awards where vesting is solely service-based, but shall not apply to unvested equity awards where vesting is performance-based in whole or in part.

If within 24 months following a CIC the Company terminates Mr. DeCata's employment without cause or if he terminates his employment for good reason, he will be entitled to receive a lump sum payment equal to two times his then current annual base salary and two times the higher of the target bonus or the actual bonus for the prior year. In addition, Mr. DeCata and his family will be covered under the Company's health benefit plans for two years following termination. All of Mr. DeCata's outstanding equity awards, if any, shall immediately vest upon the effective date of termination to the extent not already vested, and he shall have until the earlier of (A) one year following the effective date of termination (or such longer exercise period that may be provided in an award agreement evidencing such equity award) and (B) the expiration of the term of such equity award to exercise any equity award that is subject to being exercised.

In the event Mr. DeCata dies while employed by the Company, his designated beneficiaries will receive an amount equal to two times Mr. DeCata's then current annual base salary and they will be entitled to coverage under the Company's health benefit plans for an additional 24 months.

If Mr. DeCata becomes disabled, the Company will pay his compensation at a rate equal to 100% of his then current salary for twelve months plus his target bonus with respect to the year in which the termination occurs and at a rate equal to 60% of his then current salary for 24 months thereafter plus his target bonus with respect to the year in which the termination occurs. Coverage under the Company's health benefit plan will be continued for five and one-half years.

Mr. DeCata has agreed not to compete with the Company during the period of employment and for a period of 18 months thereafter.

Mr. Ronald J. Knutson

Mr. Knutson is employed under an amended and restated employment agreement as of August 29, 2012. Mr. Knutson's annual base salary was set at \$381,924 effective March 16, 2018. The agreement provides that he will be eligible for performance-based annual incentive bonuses, he is eligible to participate in the LTIP and he is eligible to receive various equity-based compensation awards including stock options, SPRs, MSUs, RSAs and stock award grants.

If the Company terminates Mr. Knutson without cause, or he terminates his employment for good reason (each as defined in the employment agreement), Mr. Knutson will receive his then current base salary for two years, a pro rata bonus based on the most recent annual bonus, outplacement services not to exceed \$25,000, and coverage under the Company's health benefit plans for an additional two years following termination.

If within 12 months following a CIC the Company terminates Mr. Knutson's employment without cause or if he terminates his employment for good reason, he will be entitled to receive a lump sum payment equal to two times his then current annual base salary and two times the most recent annual bonus. In addition, all previously unvested equity-based compensation awards granted to him will immediately vest and become fully exercisable as of the date of termination for a period of 90 days. Mr. Knutson and his family will be covered under the Company's health benefit plans for two years following termination, as well as outplacement services not to exceed \$25,000.

In the event Mr. Knutson dies while employed by the Company, his designated beneficiaries will receive an amount equal to two times Mr. Knutson's then current annual base salary and they will be entitled to coverage under the Company's health benefit plans for an additional 24 months.

If Mr. Knutson becomes disabled, the Company will pay his compensation at a rate equal to 100% of his then current salary for twelve months and at a rate equal to 60% of his then current base salary for 24 months thereafter. Coverage under the Company's health benefit plan will be continued for five and one-half years.

Mr. Knutson has agreed not to compete with the Company during the period of employment and for a period of two years thereafter.

Mr. Neil E. Jenkins

Mr. Jenkins is employed under an amended and restated employment agreement as of August 29, 2012. Mr. Jenkins' annual base salary was set at \$456,983 effective March 16, 2018. The agreement provides that he will be eligible for performance-based annual incentive bonuses, he is eligible to participate in the LTIP and he is eligible to receive various equity-based compensation awards including stock options, SPRs, MSUs, RSAs and stock award grants.

If the Company terminates Mr. Jenkins without cause, or he terminates his employment for good reason (each as defined in the employment agreement), Mr. Jenkins will receive his then current base salary for two years, a pro rata bonus based on the most recent annual bonus, and coverage under the Company's health benefit plans for an additional two years following termination.

If within 12 months following a CIC the Company terminates Mr. Jenkins' employment without cause or if he terminates his employment for good reason, he will be entitled to receive a lump sum payment equal to two times his then current annual base salary and two times the most recent annual bonus. In addition, all previously unvested equity-based compensation awards granted to him will immediately vest and become fully exercisable as of the date of termination for a period of 90 days. Mr. Jenkins and his family will be covered under the Company's health benefit plans for two years following termination.

In the event Mr. Jenkins dies while employed by the Company, his designated beneficiaries will receive an amount equal to two times Mr. Jenkins' then current annual base salary and they will be entitled to coverage under the Company's health benefit plans for an additional 24 months.

If Mr. Jenkins becomes disabled, the Company will pay his compensation at a rate equal to 100% of his then current salary for twelve months and at a rate equal to 60% of his then current salary for twenty-four months thereafter. Coverage under the Company's health benefit plan will be continued for five and one-half years.

Mr. Jenkins has agreed not to compete with the Company during the period of employment and for a period of two years thereafter.

EXECUTIVE COMPENSATION

2019 SUMMARY COMPENSATION TABLE

The following table sets forth the compensation for the last two fiscal years awarded to or earned by individuals who served during 2019 as the Company's CEO and each of the Company's two other most highly compensated executive officers in 2019.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	SPR/Option Awards (\$)(2)	Non-Equity Incentive Plan Compensation (\$)(3)	All Other Compensation (\$)(4)	Total (\$)
Michael G. DeCata ⁽⁵⁾	2019	\$ 560,000	\$ —	\$ —	\$ —	\$ 461,530	\$ 28,796	\$ 1,050,326
President and Chief Executive Officer	2018	560,000	—	2,050,373	—	548,016	28,796	3,187,185
Ronald J. Knutson	2019	381,924	—	294,493	61,107	188,860	20,811	947,195
Executive Vice President, Chief Financial Officer, Treasurer and Contoller	2018	379,606	—	250,186	88,994	224,250	20,702	963,738
Neil E. Jenkins	2019	456,983	—	352,382	73,117	225,976	25,843	1,134,301
Executive Vice President, Secretary and General Counsel	2018	454,210	—	299,347	106,483	268,322	25,296	1,153,658

- (1) The amounts in this column represent the aggregate grant date fair value of the MSU-based portion of the 2018-2020 LTIP, 2019-2021 LTIP and the amended stock-based portion of Mr. DeCata's 2017 award to be awarded at the end of the three-year performance period determined in accordance with FASB Accounting Standards Codification ("ASC") 718 using a generally accepted valuation methodology. On April 11, 2018, the Company and Mr. DeCata agreed to cancel and reissue the MSU and RSA portion of the award under identical terms. The assumptions used in calculating the grant date fair value of each award are disclosed in the notes to the consolidated financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019. The maximum award that can be earned in year three of the 2019-2021 LTIP if maximum performance is achieved, based on the grant date value of our common stock and assuming a per share price of \$49.00, which is the maximum performance goal, is as follows: Mr. DeCata - not eligible for the 2019-2021 LTIP; Mr. Knutson - \$632,759 and Mr. Jenkins - \$757,115. The amounts in this column also represent the restricted stock awards granted in 2018, which cliff vest subject to recipient's continued employment with the Company.
- (2) The amounts in this column represent the aggregate grant date fair value of the SPRs and Non-Qualified Stock Options awarded using the Black-Scholes option valuation model. These amounts reflect fair value of these awards at the date of grant and may not correspond to the actual value that will be recognized by the NEO.
- (3) Amounts represent AIP bonuses earned (rather than paid) in the respective year. The AIP bonuses awarded in 2019 reported above were paid out in 2020.
- (4) See All Other Compensation table for details regarding the amounts in this column for 2019.
- (5) In 2017, Mr. DeCata was granted cash and equity awards in lieu of his LTIP participation in future years. Mr. DeCata is not eligible for the regular cycle annual LTIP grants for the following three-year performance cycles: 2018-2020; 2019-2021; and 2020-2022.

ALL OTHER COMPENSATION IN 2019

Name and Principal Position	Profit Sharing Contribution (1)	401(k) Matching Contribution (2)	Deferred Compensation Contributions (3)	Disability Insurance (4)	Financial Planning	Total
Michael G. DeCata President and Chief Executive Officer	\$ 2,100	\$ 11,200	\$ 13,300	\$ 2,196	\$ —	\$ 28,796
Ronald J. Knutson Executive Vice President, Chief Financial Officer, Treasurer and Controller	2,100	11,200	4,841	2,670	—	20,811
Neil E. Jenkins Executive Vice President, Secretary and General Counsel	2,100	11,200	8,407	4,136	—	25,843

- (1) The Company made a profit sharing contribution of 0.75% of base salary up to the 2019 IRS annual compensation limit of \$280,000 to all plan participants, including the NEOs.
- (2) The Company matches all plan participant contributions equal to 100% on the first 3% of the employee's contributions and 50% on the next 2% of contributions.
- (3) The Company made a deferred compensation contribution of 4.75% of participants' base salary in excess of the 2019 IRS annual compensation limit of \$280,000 to all plan participants, including the NEOs as described above under the "Nonqualified Deferred Compensation" table.
- (4) The Company provides individual disability insurance coverage for all Vice Presidents, Executive Vice Presidents and the CEO/President.

OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2019

Named Executive Officer	Stock Performance Rights and Stock Option Awards (1)				Stock Awards		Stock Awards		
	Number of Securities Underlying Unexercised Options/SPRs		Options/SPR Exercise Price	Options/SPR Expiration Date	Number of shares or units of stock that have not vested	Market value of shares or units of stock that have not vested (2)	Equity Incentive Plan Awards: Number of unearned shares, units or other rights that have not yet vested	Equity Incentive Plan Awards: Market or payout value of unearned shares, units or other rights that have not yet vested	
	Exercisable	Unexercisable							
Michael G. DeCata	162,857	—	25.16	(3)	1/12/2022				
	126,667	—	29.16	(3)	1/12/2022				
	90,476	—	33.16	(3)	1/12/2022				
	17,143	—	25.16	(3)	1/12/2022				
	13,333	—	29.16	(3)	1/12/2022				
	9,524	—	33.16	(3)	1/12/2022				
	15,977	—	18.98	(4)	12/31/2023				
	17,210	—	23.70	(5)	8/14/2024				
	13,667	—	27.70	(5)	8/14/2024				
	—	10,123	31.70	(5)	8/14/2024				
	16,790	—	23.70	(5)	8/14/2024				
	13,333	—	27.70	(5)	8/14/2024				
	—	9,877	31.70	(5)	8/14/2024				
				(6)		5,000	260,500		
				(7)		29,083	1,515,224		
Ronald J. Knutson	6,208	—	25.16	(8)	12/31/2022				
	9,023	—	18.98	(4)	12/31/2023				
	7,983	—	22.75	(9)	12/31/2024				
	—	8,742	24.70	(10)	12/31/2025				
	—	5,017	30.54	(11)	12/31/2026				
				(12)		4,341	226,166		
				(13)		3,616	188,394		
				(14)				10,451	544,497
				(15)				12,914	672,819
	Neil E. Jenkins	7,713	—	25.16	(8)	12/31/2022			
10,796		—	18.98	(4)	12/31/2023				
9,552		—	22.75	(9)	12/31/2024				
—		10,460	24.70	(10)	12/31/2025				
—		6,003	30.54	(11)	12/31/2026				
				(12)		5,194	270,607		
				(13)		4,327	225,437		
				(14)				12,504	651,458
			(15)				15,452	805,049	

(1) The data in this chart represents grants under SPRs, which have similar characteristics to options as they are tied to performance of the Company's stock price but are settled in cash upon exercise.

(2) RSUs are valued at closing stock price at December 31, 2019 of \$52.10.

(3) Mr. DeCata was awarded an option to purchase 40,000 shares of common stock and 380,000 SPRs in lieu of his participation in the 2015-2017 LTIP. The options and SPRs were granted as follows: (a) 17,143 of the options and 162,857 of the SPRs have an exercise price of \$25.16, (b) 13,333 of the options and 126,667 of the SPRs have an exercise price of \$29.16 and (c) 9,524 of the options and 90,476 of the SPRs have an exercise price of \$33.16. One-third of each tranche of options and SPRs shall vest and become exercisable on the first, second and third anniversaries of the grant date.

- (4) Represents the SPRs granted on 1/15/16, as part of the 2016-2018 LTIP, which vested on 12/31/2018.
- (5) Mr. DeCata was awarded an option to purchase 40,000 shares of common stock and 41,000 SPRs in lieu of his participation in the regular cycle annual LTIP grants for the following three-year performance cycles: 2018-2020, 2019-2021 and 2020-2022. The options and SPRs were granted as follows: (a) 16,790 of the options and 17,210 of the SPRs have an exercise price of \$23.70, (b) 13,333 of the options and 13,667 of the SPRs have an exercise price of \$27.70 and (c) 9,877 of the options and 10,123 of the SPRs have an exercise price of \$31.70. One-third of each tranche of options and SPRs shall vest and become exercisable on the first, second and third anniversaries of the grant date.
- (6) Mr. DeCata was awarded 5,000 RSAs in connection with his purchase of Company common stock following the payment of his AIP bonus. The right to receive shares of common stock shall vest in full on March 7, 2021, provided Mr. DeCata does not sell or transfer the purchased shares prior to this date.
- (7) Mr. DeCata was awarded 29,083 RSAs in lieu of his participation in the regular cycle annual LTIP grants for the following three-year performance cycles: 2018-2020, 2019-2021 and 2020-2022. The right to receive shares of common stock shall vest in full on August 14, 2020, provided the employee remains continuously employed by the Company through such date.
- (8) Represents the SPRs granted on 1/13/15 as part of the 2015-2017 LTIP, which vested on 12/31/2017.
- (9) Represents the SPRs granted on 1/12/17 as part of the 2017-2019 LTIP, which cliff vest on 12/31/2019 subject to the recipient's continued employment with the Company.
- (10) Represents the SPRs granted on 1/8/18 as part of the 2018-2020 LTIP, which cliff vest on 12/31/2020 subject to the recipient's continued employment with the Company.
- (11) Represents the SPRs granted on 3/5/19 as part of the 2019-2021 LTIP, which cliff vest on 12/31/2021 subject to the recipient's continued employment with the Company.
- (12) Represents the RSUs granted on 1/8/18 as part of the 2018-2020 LTIP, which cliff vest on 12/31/2020 subject to the recipient's continued employment with the Company.
- (13) Represents the RSUs granted on 3/5/19 as part of the 2019-2021 LTIP, which cliff vest on 12/31/2021 subject to the recipient's continued employment with the Company.
- (14) Represents the MSUs granted on 1/8/18 as part of the 2018-2020 LTIP award, which cliff vest on 12/31/2020 based on the trailing 60 trading day average closing price of the Company's common stock at vest date on December 31, 2020 and subject to the recipient's continued employment with the Company. MSUs reflect stretch awards (i.e., the maximum payout level), as closing stock price at December 31, 2019 of \$52.10 per share exceeds stretch price of \$37.00.
- (15) Represents the MSUs granted on 3/5/19 as part of the 2019-2021 LTIP award, which cliff vest on 12/31/2021 based on the trailing 60 trading day average closing price of the Company's common stock at vest date on December 31, 2021 and subject to the recipient's continued employment with the Company. MSUs reflect stretch awards (i.e., the maximum payout level), as closing stock price at December 31, 2019 of \$52.10 per share exceeds stretch price of \$49.00.

NONQUALIFIED DEFERRED COMPENSATION

Under the Company's 2004 Executive Deferral Plan, certain executives, including NEOs, may defer portions of their base salary, bonus, and LTIP award amounts. Deferral elections are made by eligible executives by the end of the year proceeding the plan year for which the election is made. An executive may defer a minimum of \$2,000 aggregate of base salary, bonus and/or LTIP award. The maximum deferral amount for any plan year is 80% of base salary, 100% of bonus and 100% of LTIP amounts. The Company also makes a contribution to the Deferral Plan equal to the amount the executives, including NEOs, would have received under the Company's tax-qualified 401(k) plan, but for Internal Revenue Code limits.

The investment options available to an executive include funds generally similar to or as available through the Company's qualified retirement plan. The Company does not provide for any above market return for participants in the 2004 Executive Deferral Plan.

An executive may elect to receive distributions under three scenarios, receiving benefits in either a lump sum or in annual installments up to five years in the event of termination and up to fifteen years in the event of death or disability. Upon demonstrating an unforeseeable financial emergency and receipt of approval from the Compensation Committee, an executive may interrupt deferral or be allowed to access funds in his deferred compensation account. In the event of a change in control of the Company, an independent third party administrator would be appointed to oversee the plan.

Named Executive Officer	Executive Contributions in Last FY (1)	Registrant Contributions in Last FY (2)	Aggregate Earnings in Last FY	Aggregate Balance at Last FYE (3)
Michael G. DeCata	\$ —	\$ 13,300	\$ 877,106	\$ 2,619,025
Ronald J. Knutson	328,177	4,841	398,156	1,554,050
Neil E. Jenkins	—	8,407	1,003,776	4,607,097

(1) Represents contributions in 2020 pertaining to 2019 earnings.

(2) Represents profit sharing and 401(k) contributions in excess of the 2019 IRS annual compensation limit of \$280,000.

(3) Amounts reported at the beginning of the fiscal year were \$1,728,619, \$822,876 and \$3,594,914 for Messrs. DeCata, Knutson, and Jenkins.

Defined Benefit Plans

We do not maintain or contribute to any defined benefit pension plans or supplemental executive retirement plans for our NEOs.

DIRECTOR COMPENSATION IN 2019

Director Compensation

In 2019, Lawson's non-employee directors received an annual cash retainer of \$75,000 for participating in the Board and Board committee meetings. The directors also received a regular cycle annual restricted stock grant with a grant date fair value of \$75,000 that cliff-vests upon the one-year anniversary of the date of grant. Directors' travel expenses for attending meetings are reimbursed by the Company.

The Chairman of the Board received an additional \$25,000 for his service as Chairman, the independent Lead Director received an additional \$25,000 for his services, and the Chairpersons of the respective Board committees received additional compensation as follows:

Committee Chairperson	Additional Annual Compensation
Audit	\$ 20,000
Compensation	15,000
Financial Strategies ⁽¹⁾	7,500
Management Development ⁽¹⁾	5,000
Nominating and Governance	7,500

(1) Committee was dissolved at the May 14, 2019 meeting.

Director Compensation Table

The following table shows compensation earned in 2019 by non-employee directors.

Director	2019 Fees Earned or Paid In Cash	2019 Stock Awards ⁽¹⁾	2019 Total
Andrew B. Albert	\$ 86,250	\$ 75,000	\$ 161,250
I. Steven Edelson	75,000	75,000	150,000
Charles D. Hale ⁽²⁾	56,250	75,000	131,250
Lee S. Hillman	125,000	75,000	200,000
J. Bryan King ⁽³⁾	43,750		43,750
Mark F. Moon ⁽²⁾	56,250	75,000	131,250
Thomas S. Postek ⁽⁴⁾	47,500	—	47,500
Wilma J. Smelcer ⁽⁴⁾	40,000	—	40,000

(1) Represents the fair market value of the RSUs for 2019 Board Service. As of December 31, 2019, each of our non-employee directors held 3,260 shares of unvested restricted stock.

(2) Effective March 18, 2019, Charles D. Hale and Mark F. Moon were elected to the Board and respective committees they serve.

(3) J. Bryan King waived his right to the regular cycle annual restricted stock grant for 2019, as well as any director fees effective July 1, 2019.

(4) Effective April 17, 2019, Thomas S. Postek and Wilma J. Smelcer resigned from the Board and committees, on which they served.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company's policy regarding related party transactions is outlined in the Code of Conduct which is applicable to all employees and sales representatives and is available on our website at www.lawsonproducts.com in the investor relations corporate governance section. Additionally, all directors and senior officers of the Company must complete an annual questionnaire in which they are required to disclose in writing any related party transactions. There were no related party transactions in 2019.

The Company's policy is for all transactions between the Company and any related person to be promptly reported to the Company's Secretary and General Counsel who will gather the relevant information about the transaction and present the information to the Audit Committee. The Audit Committee then determines whether the transaction is a material related party transaction to be presented to the Board of Directors. The Board of Directors then approves, ratifies, or rejects the transaction. A majority of the members of the Company's Board of Directors and a majority of independent and disinterested directors must approve the transaction for it to be ratified. The Board of Directors only approves those proposed transactions that are in, or not inconsistent with, the best interests of the Company and its stockholders.

FEES BILLED TO THE COMPANY BY BDO USA, LLP

BDO USA, LLP was the Company's independent registered public accounting firm ("independent auditor") in 2019 and 2018. Aggregate fees for professional services rendered for the Company by BDO USA, LLP for such years were as follows:

	Year Ended December 31,	
	2019	2018
Audit Fees	\$ 541,000	\$ 551,100
Audit-Related Fees	—	—
Tax Fees	148,817	152,100
All Other Fees	15,750	5,043
Percentage of Total Fees Attributable to Non-Audit ("Other") Fees	2.23%	0.71%
Total Fees	\$ 705,567	\$ 708,243

Audit Fees

Audit services include fees for the annual audit, review of the Company's reports on Form 10-Q each year, consulting on accounting and auditing matters and fees related to BDO USA, LLP's audit of the Company's effectiveness of internal control over financial reporting as required by the Rule 404 Sarbanes-Oxley Act of 2002.

Audit-Related Fees

The Company did not pay to BDO USA, LLP any audit-related fees in 2019 or 2018.

Tax Fees

Aggregate fees of \$148,817 and \$152,100 billed by BDO USA, LLP in 2019 and 2018, respectively, are comprised of domestic and international income tax compliance and tax consulting services.

All Other Fees

The Company paid \$15,750 in other fees to BDO USA, LLP in Fiscal 2019 in relation to a filing for a S-3 and S-8 shelf registration. The Company paid \$5,043 in other fees to BDO USA, LLP in Fiscal 2018 in relation to a filing for a S-3 shelf registration.

Pre-Approval of Services by Independent Auditor

The Audit Committee has adopted policies and procedures for the pre-approval of the audit and non-audit services performed by the independent auditor to assure that the provision of such services does not impair the auditor's independence. The Audit Committee approves all audit fees and terms for all services provided by the independent auditor and considers whether these services are compatible with the auditor's independence. The Chairman of the Audit Committee may approve additional proposed services that arise between Audit Committee meetings provided that the decision to approve the service is presented at the next scheduled Audit Committee meeting. All non-audit services provided by the independent auditor must be pre-approved by the Audit Committee Chairman prior to the engagement and ratified by the Audit Committee. The Audit Committee pre-approved all audit and permitted non-audit services by the Company's independent auditors in 2019.

Any proposed engagement that does not fit within the definition of a pre-approved service may be presented to the Audit Committee for consideration at its next regular meeting or, if earlier consideration is required, to the Audit Committee or one or more of its members. The member or members to whom such authority is delegated shall report any specific approval of services at the Audit Committee's next regular meeting. The Audit Committee will regularly review summary reports detailing all services being provided to the Company by its independent auditor.

Report of the Audit Committee of the Board of Directors

The responsibilities of the Audit Committee, which are set forth in the Audit Committee Charter adopted by the Board of Directors in 2019, include providing oversight to the Company's financial reporting process through periodic meetings with the Company's independent auditors and management to review accounting, auditing, internal controls, and financial reporting matters. The management of the Company is responsible for the preparation and integrity of the financial reporting information and related systems of internal controls. The Audit Committee, in carrying out its role, relies on the Company's senior management, including senior financial management, and its independent auditors.

With regard to the 2019 audit, the Audit Committee discussed with the Company's independent auditors the scope, extent and procedures for their audit. Following the completion of the audit, the Audit Committee met with the independent auditors, with and without management present, to discuss the results of their examinations, the cooperation received by the auditors during the audit examination, their evaluation of the Company's internal control over financial reporting and the overall quality of the Company's financial reporting.

The Audit Committee reviewed and discussed the audited financial statements included in the 2019 Annual Report on Form 10-K with management. Management has confirmed to us that such financial statements (i) have been prepared with integrity and objectivity and are the responsibility of management and (ii) have been prepared in conformity with accounting principles generally accepted in the United States.

We have discussed with BDO USA, LLP, our independent auditors, the matters required to be discussed under Auditing Standard No. 16, Communication with Audit Committees ("AS 16"), issued by the Public Company Accounting Oversight Board ("PCAOB"). AS 16, as amended, requires our independent auditors to provide us with additional information regarding the scope and results of their audit of the Company's financial statements with respect to (i) their responsibility under auditing standards of the PCAOB (United States), (ii) significant accounting policies, (iii) management judgments and estimates, (iv) any significant audit adjustments, (v) any disagreements with management, and (vi) any difficulties encountered in performing the audit.

We have received from BDO USA, LLP a letter providing the disclosures required by the PCAOB Rule 3526 (Independence Discussions with Audit Committees), with respect to any relationships between BDO USA, LLP and the Company that, in its professional judgment, may reasonably be thought to bear on independence. BDO USA, LLP has discussed its independence with us. BDO USA, LLP confirmed in its letter that, in its professional judgment, it is independent of the Company.

Based on the review and discussions described above with respect to the Company's audited financial statements included in the Company's 2019 Annual Report on Form 10-K, we have recommended to the Board of Directors that such financial statements be included in the Company's Annual Report on Form 10-K.

The Audit Committee has reviewed management's process designed to achieve compliance with Section 404 of the Sarbanes-Oxley Act of 2002 and received periodic updates regarding management's progress.

As specified in the Audit Committee Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with accounting principles generally accepted in the United States. That is the responsibility of management and the Company's independent auditors. In giving our recommendation to the Board of Directors, we have relied on (i) management's representation that such financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States and (ii) the report of the Company's independent auditors with respect to such financial statements.

Respectfully submitted by the Audit Committee:

Lee S. Hillman (Chairman)
Andrew B. Albert
I. Steven Edelson
Charles Hale

The foregoing report of the Audit Committee does not constitute soliciting material and shall not be deemed incorporated by reference by any general statement incorporating by reference the proxy statement into any filing by the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such acts.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than 10% of shares of the Company's Common Stock (collectively, "Reporting Persons"), to file reports of ownership and changes in ownership with the SEC. Reporting Persons are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. Based solely on its review of the copies of such forms received or written representations from the Reporting Persons, the Company believes that with respect to the year ended December 31, 2019 all of the Reporting Persons complied with all applicable Section 16(a) filing requirements except for four late filings with respect to the awards granted on March 5, 2019 under the 2019-2021 LTIP as described above under the "Long-Term Incentive Plan" section which was filed with the SEC on March 20, 2019, instead of the required due date of March 7, 2019.

Householding of Annual Meeting Materials

A copy of our Annual Report on Form 10-K for the year ended December 31, 2019, excluding certain of the exhibits, Notice of Annual Meeting, or Proxy Statement may be obtained without charge by writing to: Corporate Secretary, Lawson Products, Inc., 8770 W. Bryn Mawr Avenue, Chicago, Illinois, 60631. Copies are also available to the public free of charge on or through our website at www.lawsonproducts.com. Information on our website is not incorporated by reference into this report.

Some banks, brokers, and other nominee record holders may be participating in the practice of "householding" proxy statements and annual reports. This means that only one copy of this Notice of Annual Meeting and Proxy Statement and the 2019 Annual Report on Form 10-K may have been sent to multiple stockholders in your household. If you would prefer to receive separate copies of these documents either now or in the future, please contact your bank, broker or other nominee.

Deadline for Receipt of Stockholder Proposals for 2021 Annual Meeting

We expect that our 2021 annual meeting of stockholders will be held within 30 days of May 12, 2021, which will be the first anniversary of the upcoming annual meeting. In order to be properly evaluated for inclusion in the Proxy relating to next year's annual meeting, any stockholder proposals must be in writing and received by the Corporate Secretary at the Company's corporate headquarters located at 8770 W. Bryn Mawr Avenue, Chicago, Illinois, 60631 by November 27, 2020.

In addition, in order to be properly presented at next year's annual meeting, notice of a stockholder proposal must be received by the Corporate Secretary between January 22, 2021 and February 11, 2021, at the Company's corporate headquarters, 8770 W. Bryn Mawr, Chicago, Illinois, 60631, unless the meeting is advanced by more than 30 days or delayed by more than 60 days from the anniversary of the May 12, 2020 meeting. Refer to the Company's by-laws for further details regarding the proper timing and procedures for submitting proposals.

The Board of Directors knows of no other proposals which may be presented for action at this year's annual meeting. However, if any other proposal properly comes before the meeting, the persons named in the proxy form enclosed will vote in accordance with their judgment upon such matter.

Conclusion

Stockholders are urged to execute and return promptly the enclosed form of proxy in the envelope provided or to vote your shares by telephone or via the Internet.

By Order of the Board of Directors

Neil E. Jenkins
Secretary

March 31, 2020

ANNEX A

AMENDMENT OF OUR CERTIFICATE OF INCORPORATION TO DECLASSIFY THE BOARD OF DIRECTORS

Pursuant to Proposal 4 contained in this proxy statement, the Articles listed below are proposed to be amended as follows, with additions underlined and deletions marked by ~~strikethroughs~~:

NINTH:

.....

~~The~~ Until the election of directors at the 2022 annual meeting of stockholders, the Board of Directors shall be divided into three classes as nearly equal in number as possible, with the term of office of Class I classified with respect to the time for which they severally hold office into three classes of directors. Class I, Class II and Class III. Directors in Class II elected at the annual meeting of stockholders in 2020 have a term expiring at the annual meeting of stockholders in 1983 ~~2021, of Class II expiring at the annual meeting of stockholders in 1984, and of directors in Class III have a term expiring at the annual meeting of stockholders in 1985. At each~~ 2021, and directors in Class I have a term expiring at the annual meeting of stockholders in 2022, directors chosen to succeed those whose terms then expire with directors of each class to hold office until their successors are duly elected and qualified, provided that the term of each director shall be subject to such director's earlier death, resignation, retirement, disqualification or removal from office. At each annual meeting of stockholders commencing with the 2021 annual meeting of stockholders, successors to the class of directors whose terms expire at that annual meeting of stockholders shall be elected for a term of office expiring at the third succeeding annual meeting of stockholders after their election ~~one-year term, with directors of each class to hold office until their successors are duly elected and qualified, provided that the term of each director shall be subject to such director's earlier death, resignation, retirement, disqualification or removal from office. From and after the election of directors at the 2022 annual meeting of stockholders, the Board of Directors shall cease to be classified.~~

If the office of any director or directors becomes vacant by reason of death, resignation, retirement, disqualification, removal from office, or otherwise, or a new directorship is created, a majority of the remaining directors, though less than a quorum, shall choose a successor or successors, or a director to fill the newly created directorship. Directors elected to fill a vacancy shall hold office for a term expiring at the annual meeting of stockholders at which the term of the class to which they shall have been elected expires. Until the 2022 annual meeting of stockholders, any director elected to fill a newly created directorship that results from an increase in the number of directors shall be elected for a term expiring at the next succeeding annual meeting of stockholders.

ELEVENTH: Subject to the rights of the holders of any series of Preferred Stock then outstanding, (a) any director, or the entire Board of Directors, may be removed at any time, ~~but only~~ provided that until the 2022 annual meeting of stockholders, any director may only be

removed for cause; and (b) the affirmative vote of the holders of not less than 75% of the total voting power of all outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) outstanding at the time a determination is made shall be required to remove a director from office.

ANNEX B

**AMENDMENT OF OUR CERTIFICATE OF INCORPORATION TO REMOVE
CURRENT SUPERMAJORITY VOTING REQUIREMENTS FOR FUTURE
AMENDMENTS TO OUR BY-LAWS**

Pursuant to Proposal 5 contained in this proxy statement, Article Seventh listed below is proposed to be amended as follows, with deletions marked by ~~strike throughs~~:

SEVENTH: In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized and empowered to make, alter, amend or repeal the By-Laws of the Corporation. ~~By-Laws shall not be altered, amended or repealed by the stockholders of this Corporation except by the vote of holders of not less than 75% of the total voting power of all outstanding shares of capital stock of the Corporation.~~

ANNEX C

**AMENDMENT OF OUR CERTIFICATE OF INCORPORATION TO REMOVE
CURRENT SUPERMAJORITY VOTING REQUIREMENTS FOR REMOVAL OF
DIRECTORS**

Pursuant to Proposal 6 contained in this proxy statement, Article Eleventh listed below is proposed to be amended as follows, with additions underlined and deletions marked by ~~strikethroughs~~:

ELEVENTH: Subject to the rights of the holders of any series of Preferred Stock then outstanding, (a) any director, or the entire Board of Directors, may be removed at any time, but only for cause; and (b) the affirmative vote of the holders of not less than ~~75%~~ majority of the total voting power of all outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) outstanding at the time a determination is made shall be required to remove a director from office.

ANNEX D

**AMENDMENT OF OUR CERTIFICATE OF INCORPORATION TO REMOVE
CURRENT SUPERMAJORITY VOTING REQUIREMENTS FOR FUTURE
AMENDMENTS TO OUR CERTIFICATE OF INCORPORATION**

Pursuant to Proposal 7 contained in this proxy statement, current Article Eighteenth listed below is proposed to be amended as follows, with additions underlined and deletions marked by ~~strikethroughs~~:

~~EIGHTEENTH:~~ SIXTEENTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation. Notwithstanding any other provision of the Certificate of Incorporation or the By-Laws of the Corporation (and in addition to any other vote that may be required by law, by the terms of any series of Preferred Stock then outstanding, by this Certificate of Incorporation or by the By-Laws of the Corporation), the affirmative vote of the holders of not less than ~~75%~~ a majority of the total voting power of all outstanding shares of capital stock of the Corporation shall be required to amend, alter, change or repeal ~~all Articles of~~ any provision contained in this Certificate of Incorporation ~~except Articles FIRST, SECOND, THIRD, FOURTH and EIGHTH.~~

ANNEX E

**AMENDMENT OF OUR CERTIFICATE OF INCORPORATION TO REMOVE
LIMITS ON THE NUMBER OF DIRECTORS**

Pursuant to Proposal 8 contained in this proxy statement, Article Ninth listed below is proposed to be amended as follows, with additions underlined and deletions marked by ~~strikethroughs~~:

NINTH: The number of directors shall ~~not be less than five nor more than nine, the exact number of directors to be determined from time to time by resolution adopted by a majority of the whole Board, and such exact number shall be six until otherwise determined by resolution adopted by a majority of the whole Board. As used in this Article "whole Board" means the total number of directors which at the time are to constitute~~ be fixed, and may be altered from time to time, only by resolution of the Board of Directors, either as designated in this Article or as determined by the Board of Directors in accordance herewith, as the case may be. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

ANNEX F

**AMENDMENT OF OUR CERTIFICATE OF INCORPORATION TO REMOVE
CUMULATIVE VOTING**

Pursuant to Proposal 9 contained in this proxy statement, Article Tenth listed below is proposed to be amended as follows, with additions underlined and deletions marked by ~~strikethroughs~~:

TENTH:—~~In all elections of directors of the Corporation, each stockholder shall be entitled to as many votes as shall equal the number of votes which, except for this Article providing for cumulative voting, he would be entitled to cast for the election of directors with respect to his shares multiplied by the number of directors to be elected, and he may cast all of such votes for a single director or may distribute them among the number to be voted for, or any two or more of them as he may see fit. On all other~~On all matters submitted to a vote at a meeting of stockholders, each share of Common Stock shall be entitled to one vote on each matter submitted, and each share of Preferred Stock shall be entitled to such number of votes (if any) as specified by the terms thereof.

ANNEX G

AMENDMENT OF OUR CERTIFICATE OF INCORPORATION TO MODIFY STOCKHOLDER PROPOSAL PROCEDURES

Pursuant to Proposal 10 contained in this proxy statement, Article Twelfth listed below is proposed to be amended as follows, with additions underlined and deletions marked by ~~strikethroughs~~:

~~TWELFTH: Nominations for~~ Subject to the election of directors ~~provisions of this Certificate of Incorporation, the By-Laws may be made by the Board of Directors or by any stockholder entitled to vote for~~ establish procedures regulating the election of directors. Any stockholder desiring to nominate an individual for election as a director shall so indicate by notice in writing, delivered or mailed by first class United States mail, postage prepaid, to the Secretary ~~submission by stockholders of nominations and proposals for consideration at meetings of stockholders of the Corporation not less than 14 days prior to any meeting of the stockholders called for the election of directors; provided, however, that if less than 21 days notice of the meeting is given to stockholders, such written notice shall be delivered or mailed, as prescribed, to the Secretary of the Corporation not later than the close of the seventh day following the day on which notice of the meeting was mailed to stockholders.~~

~~Each such stockholder notice hereunder shall set forth (i) the name, age, business address and, if known, residence address of each nominee proposed in such notice, (ii) the principal occupation or employment of each such nominee, and (iii) the number of shares of capital stock of the Corporation which are beneficially owned by each such nominee; and in addition, evidence of the nominee's willingness to serve shall also be provided.~~

ANNEX H

AMENDMENT OF OUR CERTIFICATE OF INCORPORATION TO ALLOW STOCKHOLDERS TO CALL SPECIAL MEETINGS OF STOCKHOLDERS

Pursuant to Proposal 11 contained in this proxy statement, the Articles listed below are proposed to be amended as follows, with additions underlined and deletions marked by ~~strikethroughs~~:

~~FIFTEENTH:—Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute may be called by the Chairman of the Executive Committee, if any, the Chairman of the Board or by the President and shall be called by the Secretary at the request in writing of a majority of the Board of Directors. Such request shall state the purpose or purposes of the proposed meeting. Unless otherwise prescribed by statute, stockholders of the Corporation shall not be entitled to request a special meeting of stockholders.~~

FOURTEENTH:

- (a) Subject to the terms of any class or series of Preferred Stock and except as required by law, special meetings of the stockholders of the Corporation may be called only by:
- (i) the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption);
 - (ii) the Chairman of the Board;
 - (iii) the Chief Executive Officer; and in the case of special meetings called pursuant to clauses (a)(i) – (a)(iii) of this Article Fourteenth shall be held at such place, if any, and on such date, and at such time as they shall fix;
 - (iv) subject to the provisions of this Article Fourteenth and the other applicable provisions of this Certificate of Incorporation, a special meeting of the stockholders shall be called by the Secretary of the Corporation upon the written request (a “Stockholder Requested Special Meeting”) of one or more stockholders of record of the Corporation that together have continuously held, for their own account or on behalf of others, beneficial ownership of at least a twenty-five percent (25%) “net long position” of the outstanding Common Stock (the “Requisite Percent”) for at least thirty (30) days as of the Delivery Date (as defined below).
- (b) For purposes of determining the Requisite Percent, “net long position” shall be determined with respect to each requesting holder in accordance with the definition thereof set forth in Rule 14e-4 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”); provided, that (x) for purposes of such definition, (1) “the date that a tender offer is first publicly announced or otherwise

made known by the bidder to the holders of the security to be acquired” shall be the date of the relevant Special Meeting Request (as defined below). (2) the “highest tender offer price or stated amount of the consideration offered for the subject security” shall refer to the closing sales price of the Common Stock on the Nasdaq Global Select Market (or such other securities exchange designated by the Board of Directors if the Common Stock is not listed for trading on the Nasdaq Global Select Market) on such date (or, if such date is not a trading day, the next succeeding trading day). (3) the “person whose securities are the subject of the offer” shall refer to the Corporation, and (4) a “subject security” shall refer to the outstanding Common Stock; and (y) the “net long position” of such holder shall be reduced by the number of shares of Common Stock as to which the Board of Directors determines that such holder does not, or will not, have the right to vote or direct the vote at the special meeting or as to which the Board of Directors determines that such holder has entered into any derivative or other agreement, arrangement or understanding that hedges or transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of such shares.

- (c) Whether the requesting holders have complied with the requirements of this Article Fourteenth and related provisions of this Certificate of Incorporation shall be determined in good faith by the Board of Directors, which determination shall be conclusive and binding on the Corporation and its stockholders.
- (d) In order for a Stockholder Requested Special Meeting to be called, one or more requests for a special meeting (each, a “Special Meeting Request,” and collectively, the “Special Meeting Requests”) must be signed by the Requisite Percent of stockholders submitting such request and by each of the beneficial owners, if any, on whose behalf the Special Meeting Request is being made and must be delivered to the Secretary of the Corporation. The Special Meeting Request(s) shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation by overnight express courier or registered mail, return receipt requested. Each Special Meeting Request shall (i) set forth a statement of the specific purpose(s) of the meeting and the matters proposed to be acted on at it, (ii) bear the date of signature of each such stockholder signing the Special Meeting Request, (iii) set forth (1) the name and address, as they appear in the Corporation’s books, of each stockholder signing such request and the beneficial owners, if any, on whose behalf such request is made, and (2) the class, if applicable, and the number of shares of Common Stock that are owned of record and beneficially (within the meaning of Rule 13d-3 under the Exchange Act) by each such stockholder and the beneficial owners, if any, on whose behalf such request is made, (iv) include documentary evidence that the stockholders requesting the special meeting own the Requisite Percent as of the Delivery Date; provided, that if the stockholders are not the beneficial owners of the shares constituting all or part of the Requisite Percent, then to be valid, the Special Meeting Request must also include documentary evidence (or, if not simultaneously provided with the Special Meeting Request, such documentary evidence must be delivered to the Secretary of the Corporation within ten (10) days after the Delivery Date) that the beneficial owners on whose behalf the

Special Meeting Request is made beneficially own such shares as of the Delivery Date, (v) include an agreement by each of the stockholders requesting the special meeting and each beneficial owner, if any, on whose behalf the Special Meeting Request is being made to notify the Corporation promptly in the event of any decrease in the "net long position" held by such stockholder or beneficial owner following the delivery of such Special Meeting Request and prior to the special meeting and an acknowledgement that any such decrease shall be deemed to be a revocation of such Special Meeting Request by such stockholder or beneficial owner to the extent of such reduction, and (vi) contain all of the information required by the By-Laws to be disclosed pursuant to the By-Laws as if the stockholders requesting the special meeting and the beneficial owners, if any, on whose behalf the Special Meeting Request is being made were proposing business to be considered at an annual meeting of stockholders, provided that (1) all references to "Proposing Person" in the By-Laws shall, for purposes of this clause (d) of this Article Fourteenth, mean (x) the stockholders of record making the Special Meeting Request and (y) any beneficial owner or beneficial owners, if different, on whose behalf the Special Meeting Request is being made and (2) all references to "Associated Person" in the By-Laws shall, for purposes of this clause (d) of this Article Fourteenth, mean any affiliate or associate (each within the meaning of Rule 12b-2 under the Exchange Act for purposes hereof) of a Proposing Person. The stockholders of record and beneficial owners making the Special Meeting Request shall update the information required by clause (d)(vi) of this Article Fourteenth at such times and in the manner contemplated by the By-Laws as if the stockholders requesting the special meeting and the beneficial owners, if any, on whose behalf the Special Meeting Request is being made were proposing business to be considered at an annual meeting of stockholders. Each stockholder making a Special Meeting Request and each beneficial owner, if any, on whose behalf the Special Meeting Request is being made is required to update the notice delivered pursuant to this Article Fourteenth in accordance with the applicable provisions of the By-Laws. Any requesting stockholder may revoke his, her or its Special Meeting Request at any time prior to the special meeting by written revocation delivered to the Secretary of the Corporation at the principal executive offices of the Corporation. If at any time after sixty (60) days following the earliest dated Special Meeting Request, the unrevoked (whether by specific written revocation by the stockholder or pursuant to clause (d)(v) of this Article Fourteenth) valid Special Meeting Requests represent in the aggregate less than the Requisite Percent, then the requesting stockholder(s) or beneficial owner(s) shall be deemed to have withdrawn such request (in connection with which the Board of Directors may cancel the meeting).

In determining whether a special meeting of stockholders has been requested by stockholders holding in the aggregate at least the Requisite Percent, multiple Special Meeting Requests delivered to the Secretary of the Corporation will be considered together only if each Special Meeting Request identifies substantially the same purpose or purposes of the special meeting and substantially the same matters proposed to be acted on at the special meeting (in each case as determined in good faith by the Board of Directors), and such Special Meeting Requests have

been delivered to the Secretary of the Corporation within sixty (60) days of the earliest dated Special Meeting Request.

- (e) Except as provided in the next sentence, a special meeting requested by stockholders shall be held at such date, time and place within or without the State of Delaware as may be fixed by the Board of Directors; provided, however, that the date of any such special meeting shall be not more than ninety (90) days after the date on which valid Special Meeting Request(s) constituting the Requisite Percent are delivered to the Secretary of the Corporation (such date of delivery being the "Delivery Date"). Notwithstanding the foregoing, the Secretary of the Corporation shall not be required to call a special meeting of stockholders if (i) the Board of Directors calls an annual meeting of stockholders, or a special meeting of stockholders at which a Similar Item (as defined below) is to be presented pursuant to the notice of such meeting, in either case to be held not later than sixty (60) days after the Delivery Date; (ii) the Delivery Date is during the period commencing one hundred twenty (120) days prior to the first anniversary of the date of the immediately preceding annual meeting and ending on the earlier of (1) the date of the next annual meeting and (2) thirty (30) days after the first anniversary of the date of the immediately preceding annual meeting; or (iii) the Special Meeting Request(s) (1) contain an identical or substantially similar item (as determined in good faith by the Board of Directors, a "Similar Item") to an item that was presented at any meeting of stockholders held not more than one hundred and twenty (120) days before the Delivery Date (and for purposes of this clause (iii), the election of directors shall be deemed a Similar Item with respect to all items of business involving the election or removal of directors); (2) relate to an item of business that is not a proper subject for action by the stockholders under applicable law and this Article Fourteenth; (3) were made in a manner that involved a violation of Regulation 14A under the Exchange Act or other applicable law; or (4) do not comply with the provisions of this Article Fourteenth.
- (f) Business transacted at any Stockholder Requested Special Meeting shall be limited to the purpose(s) stated in the Special Meeting Request for such special meeting; provided, that the Board of Directors shall have the authority in its discretion to submit additional matters to the stockholders and to cause other business to be transacted pursuant to the Corporation's notice of meeting. If none of the stockholders who submitted a Special Meeting Request appears (in person or by proxy) at or sends a duly authorized representative to the Stockholder Requested Special Meeting to present the matters to be presented for consideration that were specified in the Special Meeting Request, the Corporation need not present such matters for a vote at such meeting.

ANNEX I

AMENDMENT OF OUR CERTIFICATE OF INCORPORATION TO ELIMINATE SUPERMAJORITY VOTING REQUIREMENTS FOR SPECIFIED TRANSACTIONS AND OPT OUT OF DGCL SECTION 203

Pursuant to Proposal 12 contained in this proxy statement, the Articles listed below are proposed to be amended as follows, with additions underlined and deletions marked by ~~strikethroughs~~:

SIXTEENTH:

- (a) ~~Except as set forth below, and in addition to such vote as may be required by the terms of any series of Preferred Stock then outstanding, the affirmative vote of the holders of not less than 75% of the total voting power of all outstanding shares of capital stock of the Corporation shall be required to authorize~~
 - (i) ~~any merger, reorganization or consolidation of the Corporation or of any subsidiary with or into any other corporation, person or other entity;~~
 - (ii) ~~any sale, lease, hypothecation, exchange or other disposition (in one transaction or in a series of related transactions) of all or any substantial part of the assets of the Corporation or of any subsidiary to or with any other corporation, person or other entity; or~~
 - (iii) ~~any issuance or transfer by the Corporation or by any subsidiary of any of its securities to any other corporation, person or other entity in exchange for assets or securities or a combination thereof having an aggregate fair market value of five percent or more of the consolidated assets of the Corporation and its subsidiaries as of the end of the fiscal year of the Corporation next preceding the record date for determination of stockholders entitled to notice thereof and to vote thereon;~~

~~if in any such case, as of the record date for the determination of stockholders entitled to notice thereof and to vote thereon, the other corporation, person or other entity which is a party to such transaction beneficially owns, directly or indirectly, 10% or more of the total voting power of all outstanding shares of capital stock of the Corporation (any such other corporation, person or other entity being referred to in this Article as a "10% Owner").~~

~~Any such transaction must also be approved by the affirmative vote of the holders of a majority of the total voting power of all outstanding shares of capital stock of the Corporation which is not beneficially owned by the 10% Owner who is a party to the transaction.~~

- (b) ~~For purposes of this Article, any corporation, person or other entity shall be deemed to be the beneficial owner of any shares of capital stock of the Corporation~~
 - (i) ~~which it owns directly, whether or not of record; or~~

- (ii) ~~which it has the right to acquire pursuant to any agreement or understanding or upon the exercise of conversion rights, warrants or options or otherwise, whether or not presently exercisable; or~~
- (iii) ~~which are beneficially owned, directly or indirectly (including shares deemed to be owned through application of clause (ii) above) by an "affiliate" or "associate" as those terms are defined herein; or~~
- (iv) ~~which are beneficially owned, directly or indirectly by any other corporation, person or other entity (including any shares which such other corporation, person or other entity has the right to acquire pursuant to any agreement or understanding or upon the exercise of conversion rights, warrants or options or otherwise, whether or not presently exercisable) with which it or its "affiliates" or "associates" has any agreement or arrangement or understanding for the purpose of acquiring, holding, voting or disposing of capital stock of the Corporation.~~

~~For the purposes of this Article, the outstanding shares of capital stock of the Corporation shall include shares deemed owned through the application of clauses (b)(ii), (iii) and (iv) above, but shall not include any other shares which may be issuable pursuant to any agreement or upon exercise of conversion rights, warrants, options or otherwise.~~

- (c) ~~The provisions of this Article shall not apply to (i) any transaction described in the preceding paragraphs if the Board of Directors of the Corporation has approved a memorandum of understanding with respect to the transaction prior to the time such other corporation, person or other entity becomes a 10% Owner, or (ii) any transaction described in the preceding paragraphs if at any time prior to its consummation the transaction has been approved by a resolution adopted by at least two thirds of the directors of the Corporation who are not representatives or affiliates or associates of the 10% Owner.~~
- (d) ~~For purposes of this Article:~~
 - (i) ~~The term "affiliate" includes any person who directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such corporation, person or other entity.~~
 - (ii) ~~The term "associate" includes (1) any person of which the person specified is an officer or partner or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities, (2) any trust or other estate in which the specified person has a substantial beneficial interest or as to which the person specified serves as trustee or in a similar capacity, or (3) any relative or spouse of the person specified or any relative of such spouse, who has the same home as the person specified or who is a director or officer of the person specified or any corporation which controls or is controlled by the person specified.~~

~~(iii) The term “subsidiary” means a corporation of which a majority of the outstanding shares of capital stock is owned by the Corporation directly, and/or indirectly through one or more other subsidiaries.~~

~~(e) The Board of Directors shall have the power and duty to determine for the purpose of this Article on the basis of information known to the Board whether any corporation, person or other entity is a 10% Owner, affiliate or associate. Any such determination shall be conclusive and binding for all purposes of this Article.~~

FIFTEENTH: The Corporation elects not to be governed by Section 203 of the General Corporation Law of the State of Delaware.

ANNEX J

AMENDMENT OF OUR CERTIFICATE OF INCORPORATION TO ELIMINATE CURRENT ARTICLE SEVENTEENTH REGARDING COMBINATION PROPOSALS

Pursuant to Proposal 13 contained in this proxy statement, Article Seventeenth listed below is proposed to be amended as follows, with deletions marked by ~~strikethroughs~~:

~~SEVENTEENTH: In evaluating a "Combination Proposal," it shall be proper for the Board of Directors to consider:~~

- ~~(i) the best interests of the stockholders; for this purpose the Board shall consider, among other factors, not only the consideration being offered in the Combination Proposal, in relation to the then current market price, but also in relation to the then current value of the Corporation in a freely negotiated transaction and in relation to the Board of Directors' then estimate of the future value of the Corporation as an independent entity; and~~
- ~~(ii) such other factors as the Board of Directors determines to be relevant, including, among other factors, the social, legal and economic effects of the Combination Proposal upon employees, suppliers, customers and other constituents of the Corporation, and the communities in which the Corporation operates.~~

~~"Combination Proposal" means any proposal of any person (a) for a tender offer or exchange offer for any equity security of the Corporation, (b) to merge or consolidate the Corporation with another corporation, or (c) to purchase or otherwise acquire all or substantially all of the properties and assets of the Corporation.~~

ANNEX K

**AMEND THE CERTIFICATE OF INCORPORATION FOR ADDITIONAL
CONFORMING EDITS**

Pursuant to Proposal 14 contained in this proxy statement, the Articles listed below are proposed to be amended as follows, with additions underlined and deletions marked by ~~strike~~throughs:

SECOND: The address of ~~its~~the Corporation's registered office in the State of Delaware is ~~306 South State Street~~The Corporation Trust Company, City of Dover Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, County of Kent~~New Castle~~. The name of ~~its~~the Corporation's registered agent at such address is ~~United States~~The Corporation Trust Company.

THIRD: The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FIFTH: ~~The name and mailing address of the sole incorporator is as follows:~~

<u>Name</u>	<u>Mailing Address</u>
H. George Mann	111 West Monroe Street Chicago, Illinois 60603

SIXTH: ~~In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized and empowered:~~

~~To provide indemnification and insurance to the full extent not inconsistent with Delaware and other applicable law.~~

~~To exercise all such powers and do all such acts as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the laws of the State of Delaware, this Certificate of Incorporation and the By-Laws of the Corporation.~~

~~Any contract, transaction or act of the Corporation or of the directors or of any committee which shall be ratified by the holders of a majority of the total voting power of all outstanding shares of capital stock of the Corporation present in person or by proxy and voting at any annual meeting, or at any special meeting called for such purpose, shall, insofar as permitted by law or by this Certificate of Incorporation, be as valid and as binding as though ratified by every stockholder of the Corporation.~~

FIFTH: [Reserved]

SIXTH: To the fullest extent permitted by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended, the Corporation shall indemnify and advance expenses to the directors and officers of the Corporation. The rights provided by this Article Sixth shall not limit or exclude any rights, indemnities or limitations of liability to which

any director or officer of the Corporation may be entitled, whether as a matter of law, under the By-Laws of the Corporation, by agreement, vote of the stockholders, approval of the directors of the Corporation or otherwise. Any amendment or repeal of this Article Sixth shall not adversely affect any right or protection of a director or officer of the Corporation existing at the time of such amendment or repeal.

Each person who is or was an employee or agent of the Corporation may be similarly indemnified and receive an advance of expenses at the discretion of the Board of Directors.

EIGHTH: The books of the Corporation may be kept (~~subject to any provision contained in the statutes~~) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-Laws of the Corporation. Election of directors need not be by ballot unless the By-Laws of the Corporation shall so provide.

THIRTEENTH: ~~In case of an equality of votes on any question before the Board of Directors of the Corporation, the director who holds the office of Chairman of the Executive Committee, if any, Chairman of the Board, or the President (if a director), in that order if present, shall have a second and deciding vote.~~

ANNEX L

AMEND AND RESTATE THE CERTIFICATE OF INCORPORATION

Pursuant to Proposals 4-14 contained in this proxy statement, the Certificate of Incorporation is proposed to be amended as follows, with additions underlined and deletions marked by ~~strikethroughs~~:

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF LAWSON PRODUCTS, INC.

FIRST LAWSON PRODUCTS, INC., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), hereby certifies as follows:

1. The name of the Corporation is Lawson Products, Inc.
2. The original Certificate of Incorporation was filed on April 16, 1982.
3. This Amended and Restated Certificate of Incorporation was duly adopted in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware.
4. This Amended and Restated Certificate of Incorporation amends and restates the Certificate of Incorporation to read in its entirety as follows:

FIRST: The name of the Corporation is Lawson Products, Inc.

SECOND: The address of ~~its~~ the Corporation's registered office in the State of Delaware is ~~306 South State Street~~ The Corporation Trust Company, City of Dover Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, County of ~~Kent~~ New Castle. The name of ~~its~~ the Corporation's registered agent at such address is ~~United States~~ The Corporation Trust Company.

THIRD: The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH:

- (a) The total number of shares of stock which the Corporation is authorized to issue is 35,500,000 of which 35,000,000 shares are designated as Common Stock, \$1.00 par value per share (hereinafter referred to as "Common Stock") and 500,000 shares are designated as Preferred Stock, \$1.00 par value per share (hereinafter referred to as "Preferred Stock").

- (b) The Preferred Stock may be issued from time to time in series as may from time to time be determined by the Board of Directors. The Board of Directors is hereby expressly granted authority to fix by resolution or resolutions adopted prior to the issuance of any shares of a particular series of Preferred Stock, voting powers and the designations, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions of such series, subject to such limitations as may be prescribed by statute. Without limiting the generality of the foregoing, the Board of Directors may establish, designate and fix by resolution or resolutions the following with respect to each series of Preferred Stock: establish and specify a designation of such series; fix the dividend rights of holders of shares of each such series; fix the terms on which shares of each such series may be redeemed if the shares of such series are to be redeemable; fix the rights of the holders of shares of each such series upon dissolution or any distribution of assets; fix the terms or amount of the sinking fund, if any, to be provided for the purchase or redemption of shares of each such series; fix the terms upon which the shares of each such series may be converted into or exchanged for shares of any other class or classes or of any one or more series of Preferred Stock if the shares of such series are to be convertible or exchangeable; fix the voting rights, if any, of the shares of each such series; and any other relative rights, preferences, or limitations of shares of the series consistent with this Article and applicable law.

~~FIFTH: The name and mailing address of the sole incorporator is as follows:~~

<u>Name</u>	<u>Mailing Address</u>
H. George Mann	111 West Monroe Street Chicago, Illinois 60603

~~SIXTH: In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized and empowered:~~

~~To provide indemnification and insurance to the full extent not inconsistent with Delaware and other applicable law.~~

~~To exercise all such powers and do all such acts as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the laws of the State of Delaware, this Certificate of Incorporation and the By Laws of the Corporation.~~

~~Any contract, transaction or act of the Corporation or of the directors or of any committee which shall be ratified by the holders of a majority of the total voting power of all outstanding shares of capital stock of the Corporation present in person or by proxy and voting at any annual meeting, or at any special meeting called for such purpose, shall, insofar as permitted by law or by this Certificate of Incorporation, be as valid and as binding as though ratified by every stockholder of the Corporation.~~

FIFTH: [Reserved]

SIXTH: To the fullest extent permitted by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended, the Corporation shall indemnify and advance expenses to the directors and officers of the Corporation. The rights provided by this Article Sixth shall not limit or exclude any rights, indemnities or limitations of liability to which any director or officer of the Corporation may be entitled, whether as a matter of law, under the By-Laws of the Corporation, by agreement, vote of the stockholders, approval of the directors of the Corporation or otherwise. Any amendment or repeal of this Article Sixth shall not adversely affect any right or protection of a director or officer of the Corporation existing at the time of such amendment or repeal.

Each person who is or was an employee or agent of the Corporation may be similarly indemnified and receive an advance of expenses at the discretion of the Board of Directors.

SEVENTH: In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized and empowered to make, alter, amend or repeal the By-Laws of the Corporation. ~~By-Laws shall not be altered, amended or repealed by the stockholders of this Corporation except by the vote of holders of not less than 75% of the total voting power of all outstanding shares of capital stock of the Corporation.~~

EIGHTH: The books of the Corporation may be kept ~~(subject to any provision contained in the statutes)~~ outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-Laws of the Corporation. Election of directors need not be by ballot unless the By-Laws of the Corporation shall so provide.

NINTH: ~~The number of directors shall not be less than five nor more than nine, the exact number of directors to be determined from time to time by resolution adopted by a majority of the whole Board, and such exact number shall be six until otherwise determined by resolution adopted by a majority of the whole Board. As used in this Article "whole Board" means the total number of directors which at the time are to constitute be fixed, and may be altered from time to time, only by resolution of the Board of Directors, either as designated in this Article or as determined by the Board of Directors in accordance herewith, as the case may be. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.~~

~~The~~ Until the election of directors at the 2022 annual meeting of stockholders, the Board of Directors shall be divided into three classes as nearly equal in number as possible, with the term of office of Class I classified with respect to the time for which they severally hold office into three classes of directors. Class I, Class II and Class III. Directors in Class II elected at the annual meeting of stockholders in 2020 have a term expiring at the annual meeting of stockholders in 1983 2021, of Class II expiring at the annual meeting of stockholders in 1984, and of directors in Class III have a term expiring at the annual meeting of stockholders in 1985. At each 2021, and directors in Class I have a term expiring at the annual meeting of stockholders

in 2022, directors chosen to succeed those whose terms then expire with directors of each class to hold office until their successors are duly elected and qualified, provided that the term of each director shall be subject to such director's earlier death, resignation, retirement, disqualification or removal from office. At each annual meeting of stockholders commencing with the 2021 annual meeting of stockholders, successors to the class of directors whose terms expire at that annual meeting of stockholders shall be elected for a term of office expiring at the third succeeding annual meeting of stockholders after their election one-year term, with directors of each class to hold office until their successors are duly elected and qualified, provided that the term of each director shall be subject to such director's earlier death, resignation, retirement, disqualification or removal from office. From and after the election of directors at the 2022 annual meeting of stockholders, the Board of Directors shall cease to be classified.

If the office of any director or directors becomes vacant by reason of death, resignation, retirement, disqualification, removal from office, or otherwise, or a new directorship is created, a majority of the remaining directors, though less than a quorum, shall choose a successor or successors, or a director to fill the newly created directorship. Directors elected to fill a vacancy shall hold office for a term expiring at the annual meeting of stockholders at which the term of the class to which they shall have been elected expires. Until the 2022 annual meeting of stockholders, any director elected to fill a newly created directorship that results from an increase in the number of directors shall be elected for a term expiring at the next succeeding annual meeting of stockholders.

TENTH:—~~In all elections of directors of the Corporation, each stockholder shall be entitled to as many votes as shall equal the number of votes which, except for this Article providing for cumulative voting, he would be entitled to cast for the election of directors with respect to his shares multiplied by the number of directors to be elected, and he may cast all of such votes for a single director or may distribute them among the number to be voted for, or any two or more of them as he may see fit. On all other~~ On all matters submitted to a vote at a meeting of stockholders, each share of Common Stock shall be entitled to one vote on each matter submitted, and each share of Preferred Stock shall be entitled to such number of votes (if any) as specified by the terms thereof.

ELEVENTH: Subject to the rights of the holders of any series of Preferred Stock then outstanding, (a) any director, or the entire Board of Directors, may be removed at any time, ~~but only provided that until the 2022 annual meeting of stockholders, any director may only be removed~~ for cause; and (b) the affirmative vote of the holders of not less than ~~75% majority~~ of the total voting power of all outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) outstanding at the time a determination is made shall be required to remove a director from office.

TWELFTH: ~~Nominations for~~ Subject to the election of directors provisions of this Certificate of Incorporation, the By-Laws may be made by the Board of Directors or by any stockholder entitled to vote for ~~establish procedures regulating the election of directors. Any stockholder desiring to nominate an individual for election as a director shall so indicate by notice in writing, delivered or mailed by first class United States mail, postage prepaid, to the~~

~~Secretary submission by stockholders of nominations and proposals for consideration at meetings of stockholders of the Corporation not less than 14 days prior to any meeting of the stockholders called for the election of directors; provided, however, that if less than 21 days notice of the meeting is given to stockholders, such written notice shall be delivered or mailed, as prescribed, to the Secretary of the Corporation not later than the close of the seventh day following the day on which notice of the meeting was mailed to stockholders.~~

~~Each such stockholder notice hereunder shall set forth (i) the name, age, business address and, if known, residence address of each nominee proposed in such notice, (ii) the principal occupation or employment of each such nominee, and (iii) the number of shares of capital stock of the Corporation which are beneficially owned by each such nominee; and in addition, evidence of the nominee's willingness to serve shall also be provided.~~

~~THIRTEENTH: In case of an equality of votes on any question before the Board of Directors of the Corporation, the director who holds the office of Chairman of the Executive Committee, if any, Chairman of the Board, or the President (if a director), in that order if present, shall have a second and deciding vote.~~

~~FOURTEENTH: THIRTEENTH: No action required to be taken or which may be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, and the power of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.~~

~~FIFTEENTH: Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute may be called by the Chairman of the Executive Committee, if any, the Chairman of the Board or by the President and shall be called by the Secretary at the request in writing of a majority of the Board of Directors. Such request shall state the purpose or purposes of the proposed meeting. Unless otherwise prescribed by statute, stockholders of the Corporation shall not be entitled to request a special meeting of stockholders.~~

~~SIXTEENTH:~~

- ~~(a) Except as set forth below, and in addition to such vote as may be required by the terms of any series of Preferred Stock then outstanding, the affirmative vote of the holders of not less than 75% of the total voting power of all outstanding shares of capital stock of the Corporation shall be required to authorize~~
- ~~(i) any merger, reorganization or consolidation of the Corporation or of any subsidiary with or into any other corporation, person or other entity;~~
 - ~~(ii) any sale, lease, hypothecation, exchange or other disposition (in one transaction or in a series of related transactions) of all or any substantial part of the assets of the Corporation or of any subsidiary to or with any other corporation, person or other entity; or~~

~~(iii) — any issuance or transfer by the Corporation or by any subsidiary of any of its securities to any other corporation, person or other entity in exchange for assets or securities or a combination thereof having an aggregate fair market value of five percent or more of the consolidated assets of the Corporation and its subsidiaries as of the end of the fiscal year of the Corporation next preceding the record date for determination of stockholders entitled to notice thereof and to vote thereon;~~

~~if in any such case, as of the record date for the determination of stockholders entitled to notice thereof and to vote thereon, the other corporation, person or other entity which is a party to such transaction beneficially owns, directly or indirectly, 10% or more of the total voting power of all outstanding shares of capital stock of the Corporation (any such other corporation, person or other entity being referred to in this Article as a “10% Owner”).~~

~~Any such transaction must also be approved by the affirmative vote of the holders of a majority of the total voting power of all outstanding shares of capital stock of the Corporation which is not beneficially owned by the 10% Owner who is a party to the transaction.~~

~~(b) — For purposes of this Article, any corporation, person or other entity shall be deemed to be the beneficial owner of any shares of capital stock of the Corporation~~

~~(i) — which it owns directly, whether or not of record; or~~

~~(ii) — which it has the right to acquire pursuant to any agreement or understanding or upon the exercise of conversion rights, warrants or options or otherwise, whether or not presently exercisable; or~~

~~(iii) — which are beneficially owned, directly or indirectly (including shares deemed to be owned through application of clause (ii) above) by an “affiliate” or “associate” as those terms are defined herein; or~~

~~(iv) — which are beneficially owned, directly or indirectly by any other corporation, person or other entity (including any shares which such other corporation, person or other entity has the right to acquire pursuant to any agreement or understanding or upon the exercise of conversion rights, warrants or options or otherwise, whether or not presently exercisable) with which it or its “affiliates” or “associates” has any agreement or arrangement or understanding for the purpose of acquiring, holding, voting or disposing of capital stock of the Corporation.~~

~~For the purposes of this Article, the outstanding shares of capital stock of the Corporation shall include shares deemed owned through the application of clauses (b)(ii), (iii) and (iv) above, but shall not include any other shares which may be issuable pursuant to any agreement or upon exercise of conversion rights, warrants, options or otherwise.~~

- ~~(c) — The provisions of this Article shall not apply to (i) any transaction described in the preceding paragraphs if the Board of Directors of the Corporation has approved a memorandum of understanding with respect to the transaction prior to the time such other corporation, person or other entity becomes a 10% Owner, or (ii) any transaction described in the preceding paragraphs if at any time prior to its consummation the transaction has been approved by a resolution adopted by at least two thirds of the directors of the Corporation who are not representatives or affiliates or associates of the 10% Owner.~~
- ~~(d) — For purposes of this Article:~~
- ~~(i) — The term “affiliate” includes any person who directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such corporation, person or other entity.~~
 - ~~(ii) — The term “associate” includes (1) any person of which the person specified is an officer or partner or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities, (2) any trust or other estate in which the specified person has a substantial beneficial interest or as to which the person specified serves as trustee or in a similar capacity, or (3) any relative or spouse of the person specified or any relative of such spouse, who has the same home as the person specified or who is a director or officer of the person specified or any corporation which controls or is controlled by the person specified.~~
 - ~~(iii) — The term “subsidiary” means a corporation of which a majority of the outstanding shares of capital stock is owned by the Corporation directly, and/or indirectly through one or more other subsidiaries.~~
- ~~(e) — The Board of Directors shall have the power and duty to determine for the purpose of this Article on the basis of information known to the Board whether any corporation, person or other entity is a 10% Owner, affiliate or associate. Any such determination shall be conclusive and binding for all purposes of this Article.~~

~~SEVENTEENTH: — In evaluating a “Combination Proposal,” it shall be proper for the Board of Directors to consider:~~

- ~~(i) — the best interests of the stockholders; for this purpose the Board shall consider, among other factors, not only the consideration being offered in the Combination Proposal, in relation to the then current market price, but also in relation to the then current value of the Corporation in a freely negotiated transaction and in relation to the Board of Directors’ then estimate of the future value of the Corporation as an independent entity; and~~

- ~~(ii) such other factors as the Board of Directors determines to be relevant, including, among other factors, the social, legal and economic effects of the Combination Proposal upon employees, suppliers, customers and other constituents of the Corporation, and the communities in which the Corporation operates.~~

~~“Combination Proposal” means any proposal of any person (a) for a tender offer or exchange offer for any equity security of the Corporation, (b) to merge or consolidate the Corporation with another corporation, or (c) to purchase or otherwise acquire all or substantially all of the properties and assets of the Corporation.~~

FOURTEENTH:

- (a) Subject to the terms of any class or series of Preferred Stock and except as required by law, special meetings of the stockholders of the Corporation may be called only by:
- (i) the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption);
 - (ii) the Chairman of the Board;
 - (iii) the Chief Executive Officer; and in the case of special meetings called pursuant to clauses (a)(i) – (a)(iii) of this Article Fourteenth shall be held at such place, if any, and on such date, and at such time as they shall fix;
 - (iv) subject to the provisions of this Article Fourteenth and the other applicable provisions of this Certificate of Incorporation, a special meeting of the stockholders shall be called by the Secretary of the Corporation upon the written request (a “Stockholder Requested Special Meeting”) of one or more stockholders of record of the Corporation that together have continuously held, for their own account or on behalf of others, beneficial ownership of at least a twenty-five percent (25%) “net long position” of the outstanding Common Stock (the “Requisite Percent”) for at least thirty (30) days as of the Delivery Date (as defined below).
- (b) For purposes of determining the Requisite Percent, “net long position” shall be determined with respect to each requesting holder in accordance with the definition thereof set forth in Rule 14e-4 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”); provided, that (x) for purposes of such definition, (1) “the date that a tender offer is first publicly announced or otherwise made known by the bidder to the holders of the security to be acquired” shall be the date of the relevant Special Meeting Request (as defined below), (2) the “highest tender offer price or stated amount of the consideration offered for the

subject security” shall refer to the closing sales price of the Common Stock on the Nasdaq Global Select Market (or such other securities exchange designated by the Board of Directors if the Common Stock is not listed for trading on the Nasdaq Global Select Market) on such date (or, if such date is not a trading day, the next succeeding trading day). (3) the “person whose securities are the subject of the offer” shall refer to the Corporation, and (4) a “subject security” shall refer to the outstanding Common Stock; and (v) the “net long position” of such holder shall be reduced by the number of shares of Common Stock as to which the Board of Directors determines that such holder does not, or will not, have the right to vote or direct the vote at the special meeting or as to which the Board of Directors determines that such holder has entered into any derivative or other agreement, arrangement or understanding that hedges or transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of such shares.

- (c) Whether the requesting holders have complied with the requirements of this Article Fourteenth and related provisions of this Certificate of Incorporation shall be determined in good faith by the Board of Directors, which determination shall be conclusive and binding on the Corporation and its stockholders.
- (d) In order for a Stockholder Requested Special Meeting to be called, one or more requests for a special meeting (each, a “Special Meeting Request,” and collectively, the “Special Meeting Requests”) must be signed by the Requisite Percent of stockholders submitting such request and by each of the beneficial owners, if any, on whose behalf the Special Meeting Request is being made and must be delivered to the Secretary of the Corporation. The Special Meeting Request(s) shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation by overnight express courier or registered mail, return receipt requested. Each Special Meeting Request shall (i) set forth a statement of the specific purpose(s) of the meeting and the matters proposed to be acted on at it, (ii) bear the date of signature of each such stockholder signing the Special Meeting Request, (iii) set forth (1) the name and address, as they appear in the Corporation’s books, of each stockholder signing such request and the beneficial owners, if any, on whose behalf such request is made, and (2) the class, if applicable, and the number of shares of Common Stock that are owned of record and beneficially (within the meaning of Rule 13d-3 under the Exchange Act) by each such stockholder and the beneficial owners, if any, on whose behalf such request is made, (iv) include documentary evidence that the stockholders requesting the special meeting own the Requisite Percent as of the Delivery Date; provided, that if the stockholders are not the beneficial owners of the shares constituting all or part of the Requisite Percent, then to be valid, the Special Meeting Request must also include documentary evidence (or, if not simultaneously provided with the Special Meeting Request, such documentary evidence must be delivered to the Secretary of the Corporation within ten (10) days after the Delivery Date) that the beneficial owners on whose behalf the Special Meeting Request is made beneficially own such shares as of the Delivery

Date, (v) include an agreement by each of the stockholders requesting the special meeting and each beneficial owner, if any, on whose behalf the Special Meeting Request is being made to notify the Corporation promptly in the event of any decrease in the "net long position" held by such stockholder or beneficial owner following the delivery of such Special Meeting Request and prior to the special meeting and an acknowledgement that any such decrease shall be deemed to be a revocation of such Special Meeting Request by such stockholder or beneficial owner to the extent of such reduction, and (vi) contain all of the information required by the By-Laws to be disclosed pursuant to the By-Laws as if the stockholders requesting the special meeting and the beneficial owners, if any, on whose behalf the Special Meeting Request is being made were proposing business to be considered at an annual meeting of stockholders, provided that (1) all references to "Proposing Person" in the By-Laws shall, for purposes of this clause (d) of this Article Fourteenth, mean (x) the stockholders of record making the Special Meeting Request and (y) any beneficial owner or beneficial owners, if different, on whose behalf the Special Meeting Request is being made and (2) all references to "Associated Person" in the By-Laws shall, for purposes of this clause (d) of this Article Fourteenth, mean any affiliate or associate (each within the meaning of Rule 12b-2 under the Exchange Act for purposes hereof) of a Proposing Person. The stockholders of record and beneficial owners making the Special Meeting Request shall update the information required by clause (d)(vi) of this Article Fourteenth at such times and in the manner contemplated by the By-Laws as if the stockholders requesting the special meeting and the beneficial owners, if any, on whose behalf the Special Meeting Request is being made were proposing business to be considered at an annual meeting of stockholders. Each stockholder making a Special Meeting Request and each beneficial owner, if any, on whose behalf the Special Meeting Request is being made is required to update the notice delivered pursuant to this Article Fourteenth in accordance with the applicable provisions of the By-Laws. Any requesting stockholder may revoke his, her or its Special Meeting Request at any time prior to the special meeting by written revocation delivered to the Secretary of the Corporation at the principal executive offices of the Corporation. If at any time after sixty (60) days following the earliest dated Special Meeting Request, the unrevoked (whether by specific written revocation by the stockholder or pursuant to clause (d)(v) of this Article Fourteenth) valid Special Meeting Requests represent in the aggregate less than the Requisite Percent, then the requesting stockholder(s) or beneficial owner(s) shall be deemed to have withdrawn such request (in connection with which the Board of Directors may cancel the meeting).

In determining whether a special meeting of stockholders has been requested by stockholders holding in the aggregate at least the Requisite Percent, multiple Special Meeting Requests delivered to the Secretary of the Corporation will be considered together only if each Special Meeting Request identifies substantially the same purpose or purposes of the special meeting and substantially the same matters proposed to be acted on at the special meeting (in each case as determined

in good faith by the Board of Directors), and such Special Meeting Requests have been delivered to the Secretary of the Corporation within sixty (60) days of the earliest dated Special Meeting Request.

- (e) Except as provided in the next sentence, a special meeting requested by stockholders shall be held at such date, time and place within or without the State of Delaware as may be fixed by the Board of Directors; provided, however, that the date of any such special meeting shall be not more than ninety (90) days after the date on which valid Special Meeting Request(s) constituting the Requisite Percent are delivered to the Secretary of the Corporation (such date of delivery being the "Delivery Date"). Notwithstanding the foregoing, the Secretary of the Corporation shall not be required to call a special meeting of stockholders if (i) the Board of Directors calls an annual meeting of stockholders, or a special meeting of stockholders at which a Similar Item (as defined below) is to be presented pursuant to the notice of such meeting, in either case to be held not later than sixty (60) days after the Delivery Date; (ii) the Delivery Date is during the period commencing one hundred twenty (120) days prior to the first anniversary of the date of the immediately preceding annual meeting and ending on the earlier of (1) the date of the next annual meeting and (2) thirty (30) days after the first anniversary of the date of the immediately preceding annual meeting; or (iii) the Special Meeting Request(s) (1) contain an identical or substantially similar item (as determined in good faith by the Board of Directors, a "Similar Item") to an item that was presented at any meeting of stockholders held not more than one hundred and twenty (120) days before the Delivery Date (and for purposes of this clause (iii), the election of directors shall be deemed a Similar Item with respect to all items of business involving the election or removal of directors); (2) relate to an item of business that is not a proper subject for action by the stockholders under applicable law and this Article Fourteenth; (3) were made in a manner that involved a violation of Regulation 14A under the Exchange Act or other applicable law; or (4) do not comply with the provisions of this Article Fourteenth.
- (f) Business transacted at any Stockholder Requested Special Meeting shall be limited to the purpose(s) stated in the Special Meeting Request for such special meeting; provided, that the Board of Directors shall have the authority in its discretion to submit additional matters to the stockholders and to cause other business to be transacted pursuant to the Corporation's notice of meeting. If none of the stockholders who submitted a Special Meeting Request appears (in person or by proxy) at or sends a duly authorized representative to the Stockholder Requested Special Meeting to present the matters to be presented for consideration that were specified in the Special Meeting Request, the Corporation need not present such matters for a vote at such meeting.

FIFTEENTH: The Corporation elects not to be governed by Section 203 of the General Corporation Law of the State of Delaware.

~~EIGHTEENTH:—SIXTEENTH:~~ The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation. Notwithstanding any other provision of the Certificate of Incorporation or the By-Laws of the Corporation (and in addition to any other vote that may be required by law, by the terms of any series of Preferred Stock then outstanding, by this Certificate of Incorporation or by the By-Laws of the Corporation), the affirmative vote of the holders of not less than ~~75%~~ a majority of the total voting power of all outstanding shares of capital stock of the Corporation shall be required to amend, alter, change or repeal ~~all Articles of any provision contained in this Certificate of Incorporation except Articles FIRST, SECOND, THIRD, FOURTH and EIGHTH.~~

~~NINETEENTH:SEVENTEENTH:~~ A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of the State of Delaware or (iv) for any transaction from which the director derived an improper personal benefit.

If the General Corporation Law of the State of Delaware is amended after approval of this Article by the stockholders to authorize the further elimination or limitation of the liability of directors, then the liability of directors shall be eliminated or limited to the full extent authorized by the General Corporation Law of the State of Delaware, as so amended.

Any repeal or modification of this Article Seventeenth shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

~~THE UNDERSIGNED, being the sole incorporator herein before named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, does make this certificate, hereby declaring and certifying that this is his act and deed and the facts herein stated are true, and accordingly, has hereunto set his hand this 15th day of April, 1982.~~

~~_____ H. George Mann _____ (Seal)
_____ H. George Mann~~

IN WITNESS WHEREOF, the undersigned officer of the Corporation has executed this Amended and Restated Certificate of Incorporation of the Corporation on the _____ day of _____, 2020.

LAWSON PRODUCTS, INC.

By _____
Name:
Title:

EXHIBIT A

TEXT OF DELAWARE GENERAL CORPORATION LAW SECTION 203

§ 203 Business combinations with interested stockholders.

(a) Notwithstanding any other provisions of this chapter, a corporation shall not engage in any business combination with any interested stockholder for a period of 3 years following the time that such stockholder became an interested stockholder, unless:

(1) Prior to such time the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

(2) Upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

(3) At or subsequent to such time the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66²/₃% of the outstanding voting stock which is not owned by the interested stockholder.

(b) The restrictions contained in this section shall not apply if:

(1) The corporation's original certificate of incorporation contains a provision expressly electing not to be governed by this section;

(2) The corporation, by action of its board of directors, adopts an amendment to its bylaws within 90 days of February 2, 1988, expressly electing not to be governed by this section, which amendment shall not be further amended by the board of directors;

(3) The corporation, by action of its stockholders, adopts an amendment to its certificate of incorporation or bylaws expressly electing not to be governed by this section; provided that, in addition to any other vote required by law, such amendment to the certificate of incorporation or bylaws must be adopted by the affirmative vote of a majority of the outstanding stock entitled to vote thereon. In the case of a corporation that both (i) has never had a class of voting stock that falls within any of the 2 categories set out in paragraph (b)(4) of this section, and (ii) has not elected by a provision in its original certificate of incorporation or any amendment thereto to be governed by this section, such amendment shall become effective upon (i) in the case of an amendment to the certificate of incorporation, the date and time at which the certificate filed in accordance with § 103 of this title becomes effective thereunder or (ii) in the case of an amendment to the bylaws,

the date of the adoption of such amendment. In all other cases, an amendment adopted pursuant to this paragraph shall become effective (i) in the case of an amendment to the certificate of incorporation, 12 months after the date and time at which the certificate filed in accordance with § 103 of this title becomes effective thereunder or (ii) in the case of an amendment to the bylaws, 12 months after the date of the adoption of such amendment, and, in either case, the election not to be governed by this section shall not apply to any business combination between such corporation and any person who became an interested stockholder of such corporation on or before (A) in the case of an amendment to the certificate of incorporation, the date and time at which the certificate filed in accordance with § 103 of this title becomes effective thereunder; or (B) in the case of an amendment to the bylaws, the date of the adoption of such amendment. A bylaw amendment adopted pursuant to this paragraph shall not be further amended by the board of directors;

(4) The corporation does not have a class of voting stock that is: (i) Listed on a national securities exchange; or (ii) held of record by more than 2,000 stockholders, unless any of the foregoing results from action taken, directly or indirectly, by an interested stockholder or from a transaction in which a person becomes an interested stockholder;

(5) A stockholder becomes an interested stockholder inadvertently and (i) as soon as practicable divests itself of ownership of sufficient shares so that the stockholder ceases to be an interested stockholder; and (ii) would not, at any time within the 3-year period immediately prior to a business combination between the corporation and such stockholder, have been an interested stockholder but for the inadvertent acquisition of ownership;

(6) The business combination is proposed prior to the consummation or abandonment of and subsequent to the earlier of the public announcement or the notice required hereunder of a proposed transaction which (i) constitutes 1 of the transactions described in the second sentence of this paragraph; (ii) is with or by a person who either was not an interested stockholder during the previous 3 years or who became an interested stockholder with the approval of the corporation's board of directors or during the period described in paragraph (b)(7) of this section; and (iii) is approved or not opposed by a majority of the members of the board of directors then in office (but not less than 1) who were directors prior to any person becoming an interested stockholder during the previous 3 years or were recommended for election or elected to succeed such directors by a majority of such directors. The proposed transactions referred to in the preceding sentence are limited to (x) a merger or consolidation of the corporation (except for a merger in respect of which, pursuant to § 251(f) of this title, no vote of the stockholders of the corporation is required); (y) a sale, lease, exchange, mortgage, pledge, transfer or other disposition (in 1 transaction or a series of transactions), whether as part of a dissolution or otherwise, of assets of the corporation or of any direct or indirect majority-owned subsidiary of the corporation (other than to any direct or indirect wholly-owned subsidiary or to the corporation) having an aggregate market value equal to 50% or more of either that aggregate market value of all of the assets of the corporation determined on a consolidated basis or the aggregate market value of all the outstanding stock of the corporation; or (z) a proposed tender or exchange offer for 50% or more of the outstanding voting stock of the corporation. The corporation shall give not less than 20 days' notice to

all interested stockholders prior to the consummation of any of the transactions described in clause (x) or (y) of the second sentence of this paragraph; or

(7) The business combination is with an interested stockholder who became an interested stockholder at a time when the restrictions contained in this section did not apply by reason of any of paragraphs (b)(1) through (4) of this section, provided, however, that this paragraph (b)(7) shall not apply if, at the time such interested stockholder became an interested stockholder, the corporation's certificate of incorporation contained a provision authorized by the last sentence of this subsection (b).

Notwithstanding paragraphs (b)(1), (2), (3) and (4) of this section, a corporation may elect by a provision of its original certificate of incorporation or any amendment thereto to be governed by this section; provided that any such amendment to the certificate of incorporation shall not apply to restrict a business combination between the corporation and an interested stockholder of the corporation if the interested stockholder became such before the date and time at which the certificate filed in accordance with § 103 of this title becomes effective thereunder.

(c) As used in this section only, the term:

(1) "Affiliate" means a person that directly, or indirectly through 1 or more intermediaries, controls, or is controlled by, or is under common control with, another person.

(2) "Associate," when used to indicate a relationship with any person, means: (i) Any corporation, partnership, unincorporated association or other entity of which such person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting stock; (ii) any trust or other estate in which such person has at least a 20% beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and (iii) any relative or spouse of such person, or any relative of such spouse, who has the same residence as such person.

(3) "Business combination," when used in reference to any corporation and any interested stockholder of such corporation, means:

(i) Any merger or consolidation of the corporation or any direct or indirect majority-owned subsidiary of the corporation with (A) the interested stockholder, or (B) with any other corporation, partnership, unincorporated association or other entity if the merger or consolidation is caused by the interested stockholder and as a result of such merger or consolidation subsection (a) of this section is not applicable to the surviving entity;

(ii) Any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in 1 transaction or a series of transactions), except proportionately as a stockholder of such corporation, to or with the interested stockholder, whether as part of a dissolution or otherwise, of assets of the corporation or of any direct or indirect majority-owned subsidiary of the corporation which assets have an aggregate market value equal to 10% or more of either the aggregate market value of all the assets of the corporation

determined on a consolidated basis or the aggregate market value of all the outstanding stock of the corporation;

(iii) Any transaction which results in the issuance or transfer by the corporation or by any direct or indirect majority-owned subsidiary of the corporation of any stock of the corporation or of such subsidiary to the interested stockholder, except: (A) Pursuant to the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of such corporation or any such subsidiary which securities were outstanding prior to the time that the interested stockholder became such; (B) pursuant to a merger under § 251(g) of this title; (C) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of such corporation or any such subsidiary which security is distributed, pro rata to all holders of a class or series of stock of such corporation subsequent to the time the interested stockholder became such; (D) pursuant to an exchange offer by the corporation to purchase stock made on the same terms to all holders of said stock; or (E) any issuance or transfer of stock by the corporation; provided however, that in no case under items (C)-(E) of this subparagraph shall there be an increase in the interested stockholder's proportionate share of the stock of any class or series of the corporation or of the voting stock of the corporation;

(iv) Any transaction involving the corporation or any direct or indirect majority-owned subsidiary of the corporation which has the effect, directly or indirectly, of increasing the proportionate share of the stock of any class or series, or securities convertible into the stock of any class or series, of the corporation or of any such subsidiary which is owned by the interested stockholder, except as a result of immaterial changes due to fractional share adjustments or as a result of any purchase or redemption of any shares of stock not caused, directly or indirectly, by the interested stockholder; or

(v) Any receipt by the interested stockholder of the benefit, directly or indirectly (except proportionately as a stockholder of such corporation), of any loans, advances, guarantees, pledges or other financial benefits (other than those expressly permitted in paragraphs (c)(3)(i)-(iv) of this section) provided by or through the corporation or any direct or indirect majority-owned subsidiary.

(4) "Control," including the terms "controlling," "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting stock, by contract or otherwise. A person who is the owner of 20% or more of the outstanding voting stock of any corporation, partnership, unincorporated association or other entity shall be presumed to have control of such entity, in the absence of proof by a preponderance of the evidence to the contrary; Notwithstanding the foregoing, a presumption of control shall not apply where such person holds voting stock, in good faith and not for the purpose of circumventing this section, as an agent, bank, broker, nominee, custodian or trustee for 1 or more owners who do not individually or as a group have control of such entity.

(5) "Interested stockholder" means any person (other than the corporation and any direct or indirect majority-owned subsidiary of the corporation) that (i) is the owner of 15% or more of the outstanding voting stock of the corporation, or (ii) is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within the 3-year period immediately prior to the date on which it is sought to be determined whether such person is an interested stockholder, and the affiliates and associates of such person; provided, however, that the term "interested stockholder" shall not include (x) any person who (A) owned shares in excess of the 15% limitation set forth herein as of, or acquired such shares pursuant to a tender offer commenced prior to, December 23, 1987, or pursuant to an exchange offer announced prior to the aforesaid date and commenced within 90 days thereafter and either (I) continued to own shares in excess of such 15% limitation or would have but for action by the corporation or (II) is an affiliate or associate of the corporation and so continued (or so would have continued but for action by the corporation) to be the owner of 15% or more of the outstanding voting stock of the corporation at any time within the 3-year period immediately prior to the date on which it is sought to be determined whether such a person is an interested stockholder or (B) acquired said shares from a person described in item (A) of this paragraph by gift, inheritance or in a transaction in which no consideration was exchanged; or (y) any person whose ownership of shares in excess of the 15% limitation set forth herein is the result of action taken solely by the corporation; provided that such person shall be an interested stockholder if thereafter such person acquires additional shares of voting stock of the corporation, except as a result of further corporate action not caused, directly or indirectly, by such person. For the purpose of determining whether a person is an interested stockholder, the voting stock of the corporation deemed to be outstanding shall include stock deemed to be owned by the person through application of paragraph (9) of this subsection but shall not include any other unissued stock of such corporation which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(6) "Person" means any individual, corporation, partnership, unincorporated association or other entity.

(7) "Stock" means, with respect to any corporation, capital stock and, with respect to any other entity, any equity interest.

(8) "Voting stock" means, with respect to any corporation, stock of any class or series entitled to vote generally in the election of directors and, with respect to any entity that is not a corporation, any equity interest entitled to vote generally in the election of the governing body of such entity. Every reference to a percentage of voting stock shall refer to such percentage of the votes of such voting stock.

(9) "Owner," including the terms "own" and "owned," when used with respect to any stock, means a person that individually or with or through any of its affiliates or associates:

- (i) Beneficially owns such stock, directly or indirectly; or

(ii) Has (A) the right to acquire such stock (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; provided, however, that a person shall not be deemed the owner of stock tendered pursuant to a tender or exchange offer made by such person or any of such person's affiliates or associates until such tendered stock is accepted for purchase or exchange; or (B) the right to vote such stock pursuant to any agreement, arrangement or understanding; provided, however, that a person shall not be deemed the owner of any stock because of such person's right to vote such stock if the agreement, arrangement or understanding to vote such stock arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to 10 or more persons; or

(iii) Has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in item (B) of subparagraph (ii) of this paragraph), or disposing of such stock with any other person that beneficially owns, or whose affiliates or associates beneficially own, directly or indirectly, such stock.

(d) No provision of a certificate of incorporation or bylaw shall require, for any vote of stockholders required by this section, a greater vote of stockholders than that specified in this section.

(e) The Court of Chancery is hereby vested with exclusive jurisdiction to hear and determine all matters with respect to this section.



Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas.



2020 Annual Meeting Proxy Card

▼ IF VOTING BY MAIL, SIGN, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼

▲ Proposals – The Board of Directors recommend a vote **FOR** all the nominees listed and **FOR** Proposals 2 - 14.

<p>1 Election of Directors</p>	<p>For Withhold</p>	<p>For Withhold</p>	+
<p>01 - J. Bryan King</p>	<p><input type="checkbox"/> <input type="checkbox"/></p>	<p>02 - Charles D. Hale</p>	
<p>2. Ratification of the Appointment of BDO USA, LLP</p>	<p>For Against Abstain</p> <p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>	<p>3. To approve, in a non-binding vote, the compensation of our named executive officers</p>	<p>For Against Abstain</p> <p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>
<p>4. To approve an amendment to our Certificate of Incorporation to declassify the Board of Directors</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>	<p>5. To approve an amendment to our Certificate of Incorporation to remove current supermajority voting requirements for future amendments to our By-laws</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>
<p>6. To approve an amendment to our Certificate of Incorporation to remove current supermajority voting requirements for removal of directors</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>	<p>7. To approve an amendment to our Certificate of Incorporation to remove current supermajority voting requirements for future amendments to our Certificate of Incorporation</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>
<p>8. To approve an amendment to our Certificate of Incorporation to remove limits on the number of directors</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>	<p>9. To approve an amendment to our Certificate of Incorporation to remove cumulative voting</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>
<p>10. To approve an amendment to our Certificate of Incorporation to modify stockholder proposal procedures</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>	<p>11. To approve an amendment to our Certificate of Incorporation to allow stockholders to call special meetings of stockholders</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>
<p>12. To approve an amendment to our Certificate of Incorporation to eliminate supermajority voting requirements for specific transactions and to opt out of Section 203 of the Delaware General Corporate Law</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>	<p>13. To amend the Certificate of Incorporation to eliminate current Article Seventeenth regarding combination proposals</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>
<p>14. To amend the Certificate of Incorporation and authorize the Integration and Restatement of the Certificate of Incorporation</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>		

Important notice regarding the Internet availability of proxy materials for the Annual Meeting of Stockholders.
The material is available at: www.edocumentview.com/LAWS

▼ IF VOTING BY MAIL, SIGN, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼

Proxy - LAWSON PRODUCTS, INC.



Notice of 2020 Annual Meeting of Stockholders

Proxy Solicited by Board of Directors for Annual Meeting – May 12, 2020

Neil E. Jenkins and Ronald J. Knutson, or either of them, each with the power of substitution, are hereby authorized to represent and vote the shares of the undersigned, with all the powers which the undersigned would possess if personally present, at the Annual Meeting of Stockholders of Lawson Products, Inc. to be held on May 12, 2020 or at any postponement or adjournment thereof.

Shares represented by this proxy will be voted by the stockholder. If no such directions are indicated, the Proxies will have authority to vote FOR the election of the Board of Directors and FOR items 2-14.

Note: In their discretion, the Proxies are authorized to vote on any other matter that may properly come before the meeting or any adjournment or postponement thereof.

(Items to be voted appear on reverse side)

B Authorized Signatures – This section must be completed for your vote to count. Please date and sign below.

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) – Please print date below.

Signature 1 – Please keep signature within the box.

Signature 2 – Please keep signature within the box.

C Non-Voting Items

Change of Address – Please print new address below.

Comments – Please print your comments below.