

---

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

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): December 10, 2010

**LAWSON PRODUCTS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction  
of incorporation)

**0-10546**

(Commission File Number)

**36-2229304**

(IRS Employer Identification No.)

**1666 East Touhy Avenue, Des Plaines, Illinois**

(Address of principal executive offices)

**60018**

(Zip Code)

Registrant's telephone number, including area code: **(847) 827-9666**

**Not Applicable**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

**Item 1.01 Entry Into a Material Definitive Agreement.**

On December 10, 2010, Lawson Products, Inc. (“the Company”) completed the sale of substantially all of the assets of Rutland Tool & Supply Company (“Rutland”), its wholly owned subsidiary, to Sid Tool Co. Inc., a wholly owned subsidiary of MSC Industrial Direct Co., Inc., (“MSC”) for approximately \$11.0 million in cash plus the assumption of certain liabilities. The purchase price may be adjusted based on the final value of the net working capital of Rutland. The Company originally announced it had entered into the agreement to sell the assets of Rutland to MSC on November 9, 2010.

In connection with the sale of Rutland, the Company and The PrivateBank and Trust Company (“PrivateBank”) entered into a Consent, Waiver and Fourth Amendment to Credit Agreement (the “Amendment”). The Amendment confirms PrivateBank’s consent to the sale of Rutland as set forth above and releases Rutland from any and all liabilities and obligations under the Credit Agreement between the Company and PrivateBank. The foregoing description of the Amendment is qualified in its entirety to the full text of the Amendment, a copy of which is attached as Exhibit 10.1 to this Form 8-K and is incorporated herein by reference.

The foregoing summary of the sale of Rutland is qualified in its entirety by the Asset Agreement by and between the Company and Rutland Tool & Supply Co., Sid Tool Co., Inc. and MSC Industrial Direct Co., Inc., which agreement is incorporated herein by reference to Exhibit 2.1 to the Company’s Current Report on Form 8-K filed with the SEC on November 10, 2010.

**Item 2.01 Completion of Acquisition or Disposition of Assets.**

The information provided by Item 1.01 of this Current Report on Form 8-K with respect to the sale of assets of Rutland is hereby incorporated into this Item 2.01 by reference.

**Item 9.01 Financial Statements and Exhibits.**

(b)(1) Pro forma financial information

Pro forma financial information required by this item related to the sale of Rutland is attached as Exhibit 99.1 to this Current Report.

(d) Exhibits

2.1	Asset Agreement by and between the Company and Rutland Tool & Supply Co., Sid Tool Co., Inc. and MSC Industrial Direct Co., Inc., which is hereby incorporated by reference to Exhibit 2.1 to the Company’s Current Report on Form 8-K filed with the SEC on November 10, 2010.
10.1	Consent, Waiver and Fourth Amendment to Credit Agreement
99.1	Unaudited Pro Forma Condensed Consolidated Financial Information

---

**SIGNATURES**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**LAWSON PRODUCTS, INC.**  
(Registrant)

Date: December 16, 2010

By: /s/ Ronald J. Knutson  
Name: Ronald J. Knutson  
Title: Senior Vice President and Chief  
Financial Officer

---

## Exhibit Index

<b>Exhibit No.</b>	<b>Description</b>
10.1	Consent, Waiver and Fourth Amendment to Credit Agreement
99.1	Unaudited Pro Forma Condensed Consolidated Financial Information

## CONSENT, WAIVER AND FOURTH AMENDMENT TO CREDIT AGREEMENT

CONSENT, WAIVER AND FOURTH AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of December 10, 2010, is executed by and among LAWSON PRODUCTS, INC., a Delaware corporation ("Lawson"), which has its chief executive office located at 1666 E. Touhy Avenue, Des Plaines, Illinois 60018, various subsidiaries of Lawson listed on the signature pages hereto (Lawson and the subsidiaries are referred to collectively herein as the "Borrower" or the "Borrowers"), THE PRIVATEBANK AND TRUST COMPANY both as a lender and as agent (in such capacity, the "Agent"), for itself and all other lenders from time to time a party hereto ("Lenders"), located at 120 South LaSalle Street, Chicago, Illinois 60603-3400, and all other Lenders.

WHEREAS, the Agent, Lawson and certain subsidiaries of Lawson (together with Lawson, collectively, the "Original Borrowers"), entered into a Credit Agreement, dated as of August 21, 2009, among the Original Borrowers, the Agent and the Lenders, and on December 2, 2009, Lawson Products, Inc., an Illinois corporation and newly-formed wholly-owned subsidiary of Lawson ("Lawson IL"), became a party to such agreement as a Borrower (herein, as the same may be amended, modified or supplemented from time to time, the "Credit Agreement"); and

WHEREAS, the Borrowers consummated an internal reorganization pursuant to which several of the Borrowers were merged into Lawson IL and assets of certain of the Borrowers were transferred among the Borrowers; and

WHEREAS, the Borrowers, the Lenders and the Agent entered into a Consent, Waiver and First Amendment to Credit Agreement dated as of December 31, 2009; and

WHEREAS, the Borrowers, the Lenders and the Agent entered into a Second Amendment to Credit Agreement dated as of January 29, 2010; and

WHEREAS, the Borrowers, the Lenders and the Agent entered into a Consent Waiver and Third Amendment to Credit Agreement dated as of September 1, 2010 with respect to the sale of certain assets and liabilities of Assembly Component Systems, Inc., an Illinois corporation, during the third quarter of Lawson's fiscal 2010; and

WHEREAS, the Borrowers have informed the Agent that they intend to consummate the sale of all or substantially all of the assets of Rutland Tool and Supply Co., a Nevada corporation ("Rutland") on or about December 10, 2010 (the "Sale"); and

WHEREAS, the Borrowers, the Lenders and the Agent wish to enter into this Amendment to (i) confirm each Lender's and the Agent's consent to the Sale, (ii) waive any and all Events of Default arising or occurring under the Credit Agreement or any other Loan Document solely in connection with the Sale and (iii) amend the Credit Agreement to account for the Sale and otherwise as set forth herein.

NOW THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained in this Amendment, the parties hereto hereby agree as follows:

---

1. Incorporation of the Agreement. All capitalized terms which are not defined hereunder shall have the same meanings as set forth in the Credit Agreement, and the Credit Agreement, to the extent not inconsistent with this Amendment, is incorporated herein by this reference as though the same were set forth in its entirety. To the extent any terms and provisions of the Credit Agreement are inconsistent with the amendments set forth in Paragraph 2 below, such terms and provisions shall be deemed superseded hereby. Except as specifically set forth herein, the Credit Agreement and the other Loan Documents shall remain in full force and effect and the provisions thereof shall be binding on the parties hereto.

2. Amendments to the Credit Agreement. The parties hereto hereby amend the Credit Agreement, effective as of the date hereof as follows:

The first sentence of Section 4.1 of the Credit Agreement is deleted and substituted therefor is the following:

“The Revolving Loans shall be evidenced by Revolving Notes (together with all renewals, extensions, modifications or substitutions thereof, the “Revolving Notes”) in the form of Exhibit A attached hereto, duly executed by each Borrower and payable to the order of each Lender according to such Lender’s Revolving Loan Commitment.”

3. Representations and Warranties.

- (a) The representations and warranties set forth in Section 7 of the Credit Agreement shall be deemed remade and affirmed by the Borrowers in all material respects, as of the date hereof; provided that representations and warranties referencing a particular date other than a general date of execution shall be true and correct as of such date; provided, further, that any and all references to the Credit Agreement in such representations and warranties shall be deemed to include this Amendment.
- (b) The Borrowers represent and warrant that no Event of Default has occurred and is continuing.

4. Consent; Waiver. Notwithstanding any terms or provisions of the Credit Agreement to the contrary, this Amendment serves as evidence of the Agent’s and each Lender’s (i) consent to the Sale and each of the transactions necessary to consummate the Sale and (ii) waiver of any and all Events of Default arising or occurring under the Credit Agreement or any other Loan Document, solely as a result of the Sale. The consent and waiver provided herein shall be limited to the matter set forth herein. Except as otherwise provided herein, all provisions, terms and conditions of the Credit Agreement remain in full force and effect after giving effect to the Sale.

5. Fees and Expenses. The Borrowers shall pay or reimburse the Agent for all reasonable costs and expenses, including, without limitation, legal expenses and reasonable attorneys’ fees (for outside counsel) incurred by the Agent, or for which the Agent becomes obligated, in connection with the negotiation, preparation, and closing of this Amendment.

6. Delivery of Documents/Information. This Amendment shall be effective on the date hereof upon receipt by Agent of the last of the following: (i) a fully executed copy of this Amendment, (ii) the Revolving Notes executed by each Borrower and payable to the order of each Lender, and (iii) Borrowers' payment to Agent of all invoiced fees and expenses and the modification fee provided in paragraph 5 above.

7. Release of Rutland. The Agent and each Lender hereby agrees and acknowledges that effective immediately following consummation of the Sale, (i) Rutland shall no longer be a Borrower under the Credit Agreement or a Grantor under the Security Agreement or otherwise be bound by, or a party to, any of the Loan Documents, (ii) Rutland shall be deemed released and discharged from any and all liabilities and obligations under the Loan Documents and (iii) all security interests and other liens granted to or held by the Agent in any assets or property of Rutland as security for the Obligations shall be deemed released and discharged, without recourse or warranty. The Agent agrees and acknowledges that upon the consummation of the Sale, the Agent shall execute and return to Lawson such releases of liens, discharges, terminations and other release documentation reasonably requested by Lawson to evidence the release of the Agent's liens and security interests in all of the assets and property of Rutland.

8. Continuing Effect. Except as otherwise specifically set out herein, the provisions of the Credit Agreement and each of the Loan Documents shall remain in full force and effect. The Borrowers have heretofore executed and delivered to the Agent certain Loan Documents and the Borrowers hereby acknowledge and agree that, notwithstanding the execution and delivery of this Amendment, the Loan Documents remain in full force and effect after giving effect to the amendments set forth in this Amendment and the rights and remedies of the Agent and the Lenders thereunder, the obligations of each Borrower thereunder and the liens and security interests created and provided for thereunder remain in full force and effect and shall not be affected, impaired or discharged hereby. Nothing herein contained shall affect or impair the priority of the liens and security interests created and provided for in the Loan Documents as to the indebtedness which would be secured thereby prior to giving effect to this Amendment and which remains secured thereby after giving effect to this Amendment. Any and all references to the Credit Agreement in each of the Loan Documents shall be deemed to refer to and include this Amendment.

9. Headings. The headings of this Amendment are for the purposes of reference only and shall not affect the construction of the Amendment.

10. Counterparts. This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of this Amendment by facsimile or electronic mail shall be equally as effective as delivery of a manually executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by facsimile or electronic mail shall also deliver a manually executed counterpart of this Amendment, but the failure to deliver a manually executed counterpart shall not affect the validity, enforceability, or binding effect of this Amendment.

11. Governing Law. This Amendment shall be governed by and construed in accordance with the internal laws (as opposed to the conflict of law provisions) of the State of Illinois.

**[SIGNATURE PAGES FOLLOW]**

*(Signature Page to Fourth Amendment to Credit Agreement)*

IN WITNESS WHEREOF, the Borrowers, the Agent and each Lender have executed this Amendment as of the date first above written.

**BORROWERS:**

**LAWSON PRODUCTS, INC.,**  
a Delaware corporation

**LAWSON PRODUCTS, INC.,**  
an Illinois corporation

By: \_\_\_\_\_  
Name: Ron Knutson  
Its: Senior Vice President and  
Chief Financial Officer

By: \_\_\_\_\_  
Name: Ron Knutson  
Its: Senior Vice President and  
Chief Financial Officer

**DRUMMOND AMERICAN LLC,**  
an Illinois limited liability company

**CRONATRON WELDING SYSTEMS LLC,**  
a North Carolina limited liability company

By: \_\_\_\_\_  
Name: Ron Knutson  
Its: Senior Vice President and  
Chief Financial Officer

By: \_\_\_\_\_  
Name: Ron Knutson  
Its: Senior Vice President and  
Chief Financial Officer

**RUTLAND TOOL & SUPPLY CO.,**  
a Nevada Corporation

**AUTOMATIC SCREW MACHINE  
PRODUCTS COMPANY, INC.,**  
an Alabama corporation

By: \_\_\_\_\_  
Name: Ron Knutson  
Its: Senior Vice President and  
Chief Financial Officer

By: \_\_\_\_\_  
Name: Ron Knutson  
Its: Senior Vice President and  
Chief Financial Officer



*(Signature Page to Fourth Amendment to Credit Agreement)*

**AGENT:**

**THE PRIVATEBANK AND TRUST COMPANY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**LENDER:**

**THE PRIVATEBANK AND TRUST COMPANY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**Lawson Products, Inc.**  
**Pro Forma Condensed Consolidated Financial Information**  
**(Unaudited)**

On December 10, 2010, Lawson Products, Inc. (“the Company”) completed the sale of substantially all of the assets of Rutland Tool & Supply Company (“Rutland”), its wholly owned subsidiary, to Sid Tool Co. Inc., a wholly owned subsidiary of MSC Industrial Direct Co., Inc., (“MSC”) for approximately \$11.0 million in cash plus the assumption of certain liabilities. The purchase price may be adjusted based on the final value of the net working capital of Rutland. The Company originally announced it had entered into the agreement to sell the assets of Rutland to MSC on November 9, 2010.

The unaudited Pro Forma Condensed Consolidated Balance Sheet as of September 30, 2010, set forth below has been presented after giving effect to the sale of Rutland (the “Sale”) as if it had occurred on September 30, 2010. The unaudited Pro Forma Condensed Consolidated Statements of Operations for the nine month period ended September 30, 2010 and for the years ended December 31, 2009, 2008 and 2007 set forth below have been presented after giving effect to the Sale as if it had occurred on January 1, 2007, and does not assume any interest income on cash proceeds.

The unaudited Pro Forma Condensed Consolidated Statements of Operations for the years ended December 31, 2009, 2008 and 2007 have been prepared based on the Pro Forma Condensed Consolidated Financial Statements presented with the Form 8-K dated August 31, 2010 which were derived primarily from the audited Consolidated Financial Statements of the Company included in its fiscal 2009 Annual Report on Form 10-K. The unaudited Pro Forma Condensed Consolidated Statement of Operations for the nine months ended September 30, 2010 and the unaudited Pro Forma Condensed Consolidated Balance Sheet as of September 30, 2010, have been derived primarily from the unaudited Condensed Consolidated Financial Statements included in the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2010. The unaudited pro forma financial statement information is based upon available information and assumptions that the Company believes are reasonable under the circumstance and were prepared to illustrate the estimated effects of the Sale.

The unaudited pro forma financial statement information has been provided for informational purposes and should not be considered indicative of the financial condition or results of operations that would have been achieved had the Sale occurred as of the periods presented. In addition, the unaudited pro forma financial statement information does not purport to indicate balance sheet data or results of operations as of any future date or for any future period. The unaudited pro forma financial statement information, including the notes thereto, should be read in conjunction with the historical financial statements of the Company included in its fiscal 2009 Annual Report on Form 10-K and its Quarterly Reports on Form 10-Q for the quarters ended March 31, 2010, June 30, 2010 and September 30, 2010, that the Company filed with the Securities and Exchange Commission in 2010.

---

**Lawson Products, Inc.**  
**Pro Forma Condensed Consolidated Balance Sheet**  
(Dollars in thousands, except per share data)  
(Unaudited)

	September 30, 2010		
	As Reported (1)	Rutland Pro Forma Adjustments	Pro Forma
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 23,170	\$ 11,015(2)	\$ 34,185
Accounts receivable, less allowance for doubtful accounts	39,032	(3,244)(3)	35,788
Inventories	55,802	(8,955)(3)	46,847
Miscellaneous receivables and prepaid expenses	11,281	(168)(3)	11,113
Deferred income taxes	4,711	—	4,711
Discontinued operations	1,106	—	1,106
<b>Total current assets</b>	<b>135,102</b>	<b>(1,352)</b>	<b>133,750</b>
Property, plant and equipment, less accumulated depreciation and amortization	41,012	(46)(3)	40,966
Cash value of life insurance	14,983	—	14,983
Deferred income taxes	11,795	—	11,795
Goodwill	28,099	—	28,099
Other assets	2,132	(63)(3)	2,069
<b>Total assets</b>	<b>\$ 233,123</b>	<b>\$ (1,461)</b>	<b>\$ 231,662</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 19,704	\$ (1,824)(4)	\$ 17,880
Accrued expenses and other liabilities	32,402	874(5)	33,276
Discontinued operations	314	—	314
<b>Total current liabilities</b>	<b>52,420</b>	<b>(950)</b>	<b>51,470</b>
Security bonus plan	25,365	—	25,365
Deferred compensation	10,249	—	10,249
Other	1,186	—	1,186
	<b>36,800</b>	<b>—</b>	<b>36,800</b>
<b>Stockholders' equity:</b>			
Preferred stock, \$1 par value:			
Authorized — 500,000 shares, Issued and outstanding — None	—	—	—
Common stock, \$1 par value:			
Authorized — 35,000,000 shares, Issued and outstanding — 8,522,001 shares	8,522	—	8,522
Capital in excess of par value	5,124	—	5,124
Retained earnings	127,632	(511)(6)	127,121
Accumulated other comprehensive income	2,625	—	2,625
<b>Stockholders' equity</b>	<b>143,903</b>	<b>(511)</b>	<b>143,392</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 233,123</b>	<b>\$ (1,461)</b>	<b>\$ 231,662</b>

See accompanying Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

**Lawson Products, Inc.**  
**Pro Forma Condensed Consolidated Statement of Operations**  
(Amounts in thousands, except per share data)  
(Unaudited)

	Nine Months Ended September 30, 2010		
	As Reported (7)	Rutland Pro Forma Adjustments	Pro Forma
Net sales	\$ 260,102	\$ (23,334)	\$ 236,768
Cost of goods sold	96,792	(13,348)	83,444
Gross profit	163,310	(9,986)	153,324
Operating expenses:			
Selling, general and administrative expenses	150,195	(9,835)	140,360
Severance and other expenses (benefits)	(875)	(192)	(1,067)
Gain on disposal of property, plant and equipment	(1,701)	—	(1,701)
Operating income	15,691	41	15,732
Other income/expense, net	(354)	(7)	(361)
Income from continuing operations before income taxes	15,337	34	15,371
Income taxes	5,880	13	5,893
Income from continuing operations	<u>\$ 9,457</u>	<u>\$ 21</u>	<u>\$ 9,478</u>
Basic and diluted income from continuing operations per share of common stock	<u>\$ 1.11</u>	<u>\$ —</u>	<u>\$ 1.11</u>
Weighted average shares outstanding:			
Basic	8,522	8,522	8,522
Diluted	8,528	8,528	8,528

See accompanying Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

**Lawson Products, Inc.**  
**Pro Forma Condensed Consolidated Statement of Operations**  
(Amounts in thousands, except per share data)  
(Unaudited)

	Year Ended December 31, 2009		
	Pro Forma as Reported (8)	Rutland Pro Forma Adjustments	Pro Forma
Net sales	\$ 332,454	\$ (30,685)	\$ 301,769
Cost of goods sold	124,118	(18,226)	105,892
Gross profit	208,336	(12,459)	195,877
Operating expenses:			
Selling, general and administrative expenses	202,455	(14,844)	187,611
Severance and other charges	6,536	(164)	6,372
Settlement and related costs	154	—	154
Impairment of long-lived assets	1,043	(716)	327
Operating loss	(1,852)	3,265	1,413
Other income/expense, net	(8)	—	(8)
Loss from continuing operations before income taxes	(1,860)	3,265	1,405
Income taxes	(1,675)	1,168	(507)
Loss from continuing operations	<u>\$ (185)</u>	<u>\$ 2,097</u>	<u>\$ 1,912</u>
Basic and diluted loss from continuing operations per share of common stock	<u>\$ (0.02)</u>	<u>\$ 0.25</u>	<u>\$ 0.22</u>
Basic and diluted weighted average shares outstanding	8,522	8,522	8,522

See accompanying Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

**Lawson Products, Inc.**  
**Pro Forma Condensed Consolidated Statement of Operations**  
(Amounts in thousands, except per share data)  
(Unaudited)

	Year Ended December 31, 2008		
	Pro Forma as Reported (8)	Rutland Pro Forma Adjustments	Pro Forma
Net sales	\$ 423,064	\$ (46,492)	\$ 376,572
Cost of goods sold	153,274	(26,753)	126,521
Gross profit	269,790	(19,739)	250,051
Operating expenses:			
Selling, general and administrative expenses	242,574	(18,133)	224,441
Severance and other charges	9,258	(103)	9,155
Settlement and related costs	31,666	—	31,666
Operating loss	(13,708)	(1,503)	(15,211)
Other income/expense, net	(162)	(1)	(163)
Loss from continuing operations before income taxes	(13,870)	(1,504)	(15,374)
Income taxes	8,813	(610)	8,203
Loss from continuing operations	<u>\$ (22,683)</u>	<u>\$ (894)</u>	<u>\$ (23,577)</u>
Basic and diluted loss from continuing operations per share of common stock	<u>\$ (2.66)</u>	<u>\$ (0.10)</u>	<u>\$ (2.77)</u>
Basic and diluted weighted average shares outstanding	8,522	8,522	8,522

See accompanying Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

**Lawson Products, Inc.**  
**Pro Forma Condensed Consolidated Statement of Operations**  
(Amounts in thousands, except per share data)  
(Unaudited)

	Year Ended December 31, 2007		
	Pro Forma as Reported (8)	Rutland Pro Forma Adjustments	Pro Forma
Net sales	\$ 445,106	\$ (54,799)	\$ 390,307
Cost of goods sold	157,687	(30,152)	127,535
Gross profit	287,419	(24,647)	262,772
Operating expenses:			
Selling, general and administrative expenses	252,447	(22,072)	230,375
Severance and other charges	11,819	(191)	11,628
Settlement and related costs	5,793	—	5,793
Operating income	17,360	(2,384)	14,976
Other income/expense, net	(371)	93	(278)
Income from continuing operations before income taxes	16,989	(2,291)	14,698
Income taxes	7,361	(925)	6,436
Income from continuing operations	<u>\$ 9,628</u>	<u>\$ (1,366)</u>	<u>\$ 8,262</u>
Basic and diluted income from continuing operations per share of common stock	<u>\$ 1.13</u>	<u>\$ (0.16)</u>	<u>\$ 0.97</u>
Weighted average shares outstanding:			
Basic	8,522	8,522	8,522
Diluted	8,523	8,523	8,523

See accompanying Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

**Lawson Products, Inc.**  
**Notes to the Pro Forma Condensed Consolidated Financial Statements**  
**(Unaudited)**

- (1) Represents balances as reported on the unaudited Condensed Consolidated Balance Sheet included in the Company's Form 10-Q for the quarter ended September 30, 2010.
- (2) Represents cash proceeds received from purchaser on December 10, 2010.
- (3) Represents asset balances that were acquired by purchaser.
- (4) Represents accounts payables that were assumed by purchaser.
- (5) Represents estimated transaction costs and working capital adjustments related to the Sale.
- (6) Represents the estimated pre-tax loss on the Sale.
- (7) Represents results of operations on the unaudited Condensed Consolidated Statements of Operations included in the Company's Form 10-Q for the nine months ended September 30, 2010.
- (8) Represents results of operations on the unaudited Pro Forma Condensed Consolidated Statements of Operations included in the Company's Form 8-K dated August 31, 2010 for the years ended December 31, 2009, 2008 and 2007.