

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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):

March 30, 2017

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

(I.R.S. Employer
Identification No.)

8770 W. Bryn Mawr Ave., Suite 900, Chicago, Illinois

(Address of principal executive offices)

60631

(Zip Code)

(Registrant's telephone number, including area code)

(773) 304-5050

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 March 30, 2017, Lawson Products, Inc. (the "Company") entered into an Eighth Amendment to Loan and Security Agreement (the "Amendment") with The PrivateBank and Trust Company ("PrivateBank") which amends The Loan and Security Agreement ("Loan Agreement") entered into between the Company and PrivateBank in August 2012.

The Amendment eliminates the previously required quarterly minimum tangible net worth covenant of \$45.0 million. The Amendment also eliminates the change of control provision that, among other items, would have created a default under the Loan Agreement if the Port family ownership was below twenty percent of the issued and outstanding equity interests or if any person or group acquired a beneficial ownership of thirty-five percent or more.

The foregoing summary is qualified in its entirety by the Amendment which is hereby attached as Exhibit 10.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

10.1 Eighth Amendment to Loan and Security Agreement

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: April 4, 2017

By: /s/ Ronald J. Knutson

Name: Ronald J. Knutson

Title: Executive Vice President, Chief Financial Officer,
Treasurer and Controller

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
10.1	Eighth Amendment to Loan and Security Agreement

EIGHTH AMENDMENT

TO LOAN AND SECURITY AGREEMENT

THIS EIGHTH AMENDMENT TO LOAN AND SECURITY AGREEMENT (this "Amendment") is entered into as of this 30th day of March, 2017 by and among **THE PRIVATEBANK AND TRUST COMPANY** ("Lender"), **LAWSON PRODUCTS, INC.**, a Delaware corporation ("Lawson Products Delaware"), **LAWSON PRODUCTS, INC.**, an Illinois corporation ("Lawson Products Illinois"), **BARON DIVESTITURE COMPANY**, an Illinois corporation ("Baron Divestiture"), and **SANDALWOOD DIVESTITURE COMPANY, INC.**, an Alabama corporation (f/k/a Automatic Screw Machine Products Company, Inc.) ("Sandalwood Divestiture"; Lawson Products Delaware, Lawson Products Illinois, Baron Divestiture and Sandalwood Divestiture are individually referred to herein each as a "Borrower" and collectively as "Borrowers").

WITNESSETH:

WHEREAS, Lender, Borrowers and certain former affiliates of Borrowers are party to that certain Loan and Security Agreement dated as of August 8, 2012 (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"); and

WHEREAS, each Borrower has requested that Lender amend certain provisions of the Loan Agreement, and Lender is willing to do so subject to the terms and conditions of this Amendment.

NOW, THEREFORE, for and in consideration of the premises and mutual agreements herein contained and for the purposes of setting forth the terms and conditions of this Amendment, the parties, intending to be bound, hereby agree as follows:

Section 1 Incorporation of the Loan Agreement. All capitalized terms which are not defined hereunder shall have the same meanings as set forth in the Loan Agreement, and the Loan 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 Loan Agreement are inconsistent with the amendments set forth in Section 2 below, such terms and provisions shall be deemed superseded hereby. Except as specifically set forth herein, the Loan Agreement and the other Loan Documents shall remain in full force and effect and the provisions thereof shall be binding on the parties hereto.

Section 2 Amendment of the Loan Agreement. Upon satisfaction of the conditions precedent set forth in Section 3 of this Amendment and in reliance on the representations and warranties made by the Loan Parties set forth herein, the Loan Agreement is hereby amended as follows:

(a) The definition of Quarterly Tested Financial Covenants set forth in Section 1.1 of the Loan Agreement is amended and restated in its entirety to read as follows:

"Quarterly Tested Financial Covenant shall have the meaning set forth in Section 14.2."

(b) The definitions of Minimum Tangible Net Worth and Tangible Net Worth are deleted from Section 1.1 of the Loan Agreement.

(c) Section 14.2.1 of the Loan Agreement is hereby amended and restated in its entirety as follows:

“14.2.1 [Reserved].”

(d) The sentence at the end of Section 14.2 of the Loan Agreement is hereby amended and restated in its entirety as follows:

“Notwithstanding the foregoing, commencing with the fiscal quarter ending March 31, 2017 and for each calendar month end testing period (each a “Monthly Computation Period”) and/or fiscal quarter end testing period (each a “Quarterly Computation Period”), as applicable, thereafter, (a) if the Loan Parties are in compliance with the Excess Availability Requirement determined as of the last day for each of the last three (3) Monthly Computation Periods (for the avoidance of doubt, months 10, 11 and 12) in the trailing twelve month period for the applicable Quarterly Computation Period, then the Fixed Charge Coverage financial covenant set forth in Section 14.2.2 (the “Quarterly Tested Financial Covenant”) shall not be tested for such applicable Quarterly Computation Period, and (b) if the Loan Parties are in compliance with the Excess Availability Requirement determined as of the last day for the current Monthly Computation Period, then the Gross Availability financial covenant set forth in Section 14.2.3 (the “Monthly Tested Financial Covenant”) shall not be tested for such Monthly Computation Period. For purposes hereof, “Excess Availability Requirement” means the average daily Excess Availability for each one month period is equal to or greater than \$10,000,000, tested on the last day of each calendar month.”

(e) Section 15.12 of the Loan Agreement is hereby amended and restated in its entirety as follows:

“15.12 [Reserved].”

Section 3 Conditions Precedent. The amendments set forth in Section 2 shall be effective upon the satisfaction of all of the following conditions precedent, each to the satisfaction of Lender in its sole discretion:

(a) Lender shall have received a fully executed copy of this Amendment, in form and substance reasonably acceptable to Lender, executed by each of the Borrowers and Lender; and

(b) The representations and warranties set forth in Section 4 below shall be true and correct.

Section 4 Representations and Warranties. Each Loan Party hereby represents and warrants, in each case after giving effect to this Amendment, to Lender as follows:

(a) The representations and warranties of each Loan Party in the Loan Agreement and each of the other Loan Documents to which it is a party shall be true and correct in all material respects (provided that if any representation or warranty is by its terms qualified by concepts of materiality, such representation or warranty shall be true and correct in all respects) on the date hereof, except for representations and warranties that expressly relate to an earlier date which must be true and correct as of such earlier date;

(b) No Default or Event of Default exists;

(c) Each Loan Party has the power and authority to execute, deliver and perform its obligations under this Amendment and each other document, agreement and instrument executed by such Loan Party in connection with each of the foregoing;

(d) The execution, delivery and performance by each Loan Party of this Amendment and each other document, agreement and instrument executed by such Loan Party in connection with each of the foregoing have been duly authorized by all necessary action; and

(e) This Amendment and each other document, agreement and instrument executed by each Loan Party in connection with each of the foregoing constitutes the legal, valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditor's rights generally or by equitable principles relating to enforceability.

Section 5 Fees and Expenses. Borrowers agree to pay on demand all reasonable out-of-pocket costs and expenses of or incurred by Lender, including, but not limited to, legal expenses and reasonable attorneys' fees, in connection with the evaluation, negotiation, preparation, execution and delivery of this Amendment.

Section 6 Entire Agreement. This Amendment constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all other understandings, oral or written, with respect to the subject matter hereof.

Section 7 No Modification; No Waiver. Except as expressly set forth herein, nothing contained herein shall be deemed to constitute a waiver of compliance with any term or condition contained in the Loan Agreement or any other Loan Document or constitute a course of conduct or dealing among the parties. Except as expressly stated herein, Lender reserves all rights, privileges and remedies under the Loan Documents. All references in the Loan Documents to the Loan Agreement shall be deemed to be references to the Loan Agreement, as modified hereby. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of Lender under the Loan Agreement or any of the Loan Documents.

Section 8 Severability. The illegality or unenforceability of any provision of this Amendment or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Amendment or any instrument or agreement required hereunder.

Section 9 Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Delivery by facsimile or electronic transmission of a portable document file (also known as a .pdf file) of an executed counterpart signature page shall be effective as a manually executed counterpart signature hereof.

Section 10 Governing Law; Other Waivers. This Amendment shall be governed and construed in accordance with the internal laws of the State of Illinois. Section 18.11 of the Loan Agreement is incorporated herein by reference, mutatis mutandis.

Section 11 Release. In consideration of Lender's agreements contained in this Amendment, each Loan Party hereby irrevocably releases and forever discharges Lender and its affiliates, subsidiaries, successors, assigns, directors, officers, employees, agents, consultants and attorneys (each, a "Released

Person”) of and from any and all claims, suits, actions, investigations, proceedings or demands, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law of any kind or character, known or unknown, which such Loan Party ever had or now has against Lender or any other Released Person which relates, directly or indirectly, to any acts of omissions of Lender or any other Released Person relating to the Loan Agreement or any other Loan Document on or prior to the date hereof.

[SIGNATURE PAGES FOLLOW]

(Signature Page to Eighth Amendment to Loan and Security Agreement)

IN WITNESS WHEREOF, the parties hereto have duly executed this Consent to Loan and Security Agreement as of the date first above written.

BORROWERS:

LAWSON PRODUCTS, INC., a Delaware corporation

By: /s/ Ronald J. Knutson

Ronald J. Knutson

Executive Vice President and Chief Financial Officer

LAWSON PRODUCTS, INC., an Illinois corporation

By: /s/ Ronald J. Knutson

Ronald J. Knutson

Executive Vice President and Chief Financial Officer

SANDALWOOD DIVESTITURE COMPANY, INC., an Alabama corporation

By: /s/ Ronald J. Knutson

Ronald J. Knutson

Vice President

BARON DIVESTITURE COMPANY, an Illinois corporation

By: /s/ Ronald J. Knutson

Ronald J. Knutson

Vice President

(Signature Page to Eighth Amendment to Loan and Security Agreement)

LENDER:

**THE PRIVATEBANK AND TRUST
COMPANY**

By: /s/ Joseph G. Fudacz

Joseph G. Fudacz

Managing Director