

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

April 13, 2007

Date of Report (Date of earliest event reported)

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)

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

N/A
(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))
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Item 5.02 Departures of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

On April 13, 2007, Lawson Products, Inc. (the "Company") announced that the Company's Board named Dr. Ronald B. Port as Non-Executive Chairman effective April 13, 2007 to replace Robert J. Washlow, the Chief Executive Officer and Chairman of the Board. Mr. Washlow is the son-in-law of Lawson's founder and director Sidney L. Port. Dr. Port, 66, has been a member of the Lawson Board since 1984 and is the son of Sidney L. Port. The Lawson Board also elected James S. Errant, 58, former son-in-law of Sidney L. Port, to replace Mr. Washlow on the Board. Thomas Neri, Lawson's President and Chief Operating Officer, was elected to serve as Chief Executive Officer effective April 13, 2007. Mr. Neri, age 55, has been President and Chief Operating Officer of the Company since January 5, 2007. Mr. Neri was elected Executive Vice President, Finance, Planning and Corporate Development, Chief Financial Officer and Treasurer of the Company in 2004. He also served as Chief Financial Officer and Treasurer from 2004 to January 2006. Prior thereto, Mr. Neri was a business consultant from 2000 to 2003. From 1993 to 2000, Mr. Neri was President and Publisher of Pioneer Newspapers, Inc., a subsidiary of Hollinger International, a publicly held international publishing company. A copy of the press release announcing these events is set forth as Exhibit 99.1 to this Form 8-K.

In connection with his departure, on April 13, 2007, the Company and Mr. Washlow entered into a Separation Agreement and General Release (the "Separation Agreement"). The following description of the Separation Agreement is a summary of the material terms of the agreement and does not purport to be complete, and is qualified in its entirety by reference to the agreement, a copy of which is attached to this Form 8-K as Exhibit 10.1, which is incorporated herein by reference. The Separation Agreement was negotiated and approved by the independent and disinterested members of the Board of Directors. Mr. Washlow's termination was deemed to be for Good Reason (as defined in Mr. Washlow's employment agreement), and Mr. Washlow agreed to release the Company from all claims related to his employment, including claims under his employment agreement. The Company agreed to pay Mr. Washlow two times his base salary of \$650,000 and most recent bonus of \$208,000, or \$1,716,000 in total, in addition to paying his base salary through May 15, 2007 and providing him with four weeks of accrued vacation pay. Mr. Washlow retained the right to exercise 28,000 vested Stock Performance Rights for 1 year and to continue for five years insurance coverage under the Company's group insurance plans. The Company also agreed to assign to Mr. Washlow a key man term life insurance policy, which has a face value of \$5 million, and for which he is responsible for future premium payments. Mr. Washlow is entitled to the distribution of his vested account balance under the Company's 2004 Executive Deferral Plan, calculated on the last day of the 6-month period following his separation. Under the Company's Long-Term Capital Accumulation Plan ("LTIP"), Mr. Washlow had 301 Shareholder Value Appreciation Rights that vested upon his separation and which were valued at \$417,000 as of April 13, 2007. In the event of a sale of the Company on or prior to December 31, 2008, Mr. Washlow is entitled to the difference in the amount he would have been paid under the LTIP had he remained an active employee of the Company and the \$417,000 he will receive due to his termination,

provided that the amount will be reduced to the extent it would be considered an "excess parachute payment" as determined under Section 280G of the Internal Revenue Code. Mr. Washlow is also prohibited from competing with the Company for a period of two years after his termination.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

On April 13, 2007, the Board of Directors of the Company approved and adopted amendments to the bylaws of the Company to provide for the ability to elect a non-executive Chairman of the Board of Directors. Sections 4.1 and 4.5 were amended as follows:

Section 4.1. Executive Officers. The executive officers of the Corporation shall be a ~~Chairman of the Board~~, President or Officer of the President established in the manner prescribed by Section 4.17 of these bylaws, one or more Executive Vice Presidents, one or more Senior Vice Presidents, such number of Vice Presidents, if any, as the Board of Directors may determine, a Secretary and a Treasurer. **The Board of Directors may designate the Chairman as an executive Chairman, in which case such person shall be an officer of the Corporation.** One person may hold any number of said offices.

Section 4.5. The Chairman of the Board. The ~~Board shall elect a~~ Chairman of the ~~Board shall be the chief executive officer of the Corporation.~~ **Board from the members of the Board. The Board shall designate the Chairman as either a non-executive Chairman of the Board, or an executive Chairman of the Board.** Subject to the control vested in the Board of Directors by statute, by the Certificate of Incorporation, or by these bylaws, he shall ~~administer and be responsible for the overall management of the business and affairs of the Corporation. He shall~~ preside at all meetings of the stockholders and the Board of Directors; and in general, shall perform all duties incident to the office of the Chairman of the Board and such other duties as from time to time may be assigned to him by the Board of Directors. **References in these bylaws to "Chairman" shall mean the non-executive Chairman or executive Chairman, as designated by the Board.** A copy of the amended and restated bylaws of the Company is attached hereto as Exhibit 3.2

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

3.2	Amended and Restated Bylaws.
10.1	Separation Agreement and General Release (the "Separation Agreement"), dated April 13, 2007, by and between the Company and Robert J. Washlow.
99.1	Press release issued by Lawson Products, Inc. on April 13, 2007.

AMENDED AND RESTATED

BY-LAWS

AMENDED AND RESTATED AS OF APRIL 13, 2007

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ARTICLE 1

OFFICES

Section 1.1 Registered Office. The registered office of the Corporation shall be maintained in the City of Dover, State of Delaware, and the registered agent in charge thereof is United States Corporation Company.

Section 1.2 Other Offices. The Corporation may also have an office in the City of Des Plaines, State of Illinois and at such other places as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE 2

STOCKHOLDERS MEETINGS

Section 2.1 Place of Meetings. All meetings of the stockholders, whether annual or special, shall be held at the offices of the Corporation in Des Plaines, Illinois, or at such other place as may be fixed from time to time by the Board of Directors.

Section 2.2 Annual Meetings. An annual meeting of the stockholders shall be held in May in each year on such date and at such time as may from time to time be determined by the Board of Directors, at which the stockholders shall elect directors, and transact such other business as may properly be brought before the meeting.

Section 2.3 Notice of Meeting. (a) Written notice of the annual meeting stating the place, date and hour of the meeting, shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting, and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting.

(b) Notice to stockholders may be given by writing in paper form or solely in the form of electronic transmission as permitted by this Section 2.3. If given by writing in paper form, notice may be delivered personally, may be delivered by mail, or, with the consent of the stockholder entitled to receive notice, may be delivered by facsimile telecommunication or any of the other means of electronic transmission specified in this Section 2.3.

If mailed, such notice shall be delivered by postage prepaid envelope directed to each stockholder at such stockholder's address as it appears in the records of the Corporation. Any notice to stockholders given by the Corporation shall be effective if delivered or given by a form of electronic transmission to which the stockholder to whom the notice is given has consented. Notice given pursuant to this subsection shall be deemed given: (1) if by facsimile telecommunication, when directed to a facsimile telecommunication number at which the stockholder has consented to receive notice; (2) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (3) if by posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and (4) if by any other form of electronic transmission, when directed to the stockholder. An affidavit of the secretary or an assistant secretary or of the transfer agent or other agent of the Corporation that the notice has been given by personal delivery, by mail, or by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Section 2.4 Stockholder Nominations and Proposals. At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before an annual meeting. To be properly brought before an annual meeting, business must be (i) specified in the notice of the meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors or (iii) otherwise properly brought before the meeting by a stockholder of the Corporation who was a stockholder of record at the time of giving of notice provided for in this Section, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation at the principal executive office of the Corporation. To be timely, a stockholder's notice shall be delivered not less than 90 days nor more than 110 days prior to the first anniversary of the preceding year's meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from such anniversary date, notice by the stockholder, to be timely, must be so delivered not later than the 10th day following the day on which public announcement (as defined herein) of the date of such meeting is first made. Such stockholder's notice shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting and any interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (ii) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made (A) the name and address of such stockholder, as they appear on the Corporation's books, and the name and address of such beneficial owner, (B) the class and number of shares of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner as of the date such notice is given, and (C) a representation that such stockholder intends to appear in person or by proxy at the meeting to propose such business; (iii) in the event that such business includes a proposal to amend either the Certificate of Incorporation or the By-Laws of the Corporation, the language of the proposed amendment and (iv) if the stockholder intends to solicit proxies in support of such stockholder's proposal, a representation to that effect. The foregoing notice requirements shall be deemed satisfied by a stockholder if the stockholder has notified the Corporation of his or her intention to present a proposal at an annual meeting and such

stockholder's proposal has been included in a proxy statement that has been prepared by management of the Corporation to solicit proxies for such annual meeting; provided, however, that if such stockholder does not appear or send a qualified representative to present such proposal at such annual meeting, the Corporation need not present such proposal for a vote at such a meeting notwithstanding that proxies in respect of such vote may have been received by the Corporation. Notwithstanding anything in these By-Laws to the contrary, no business shall be conducted at any annual meeting except in accordance with this paragraph, and the Chairman of the Board or other person presiding at an annual meeting of stockholders, may refuse to permit any business to be brought before an annual meeting without compliance with the foregoing procedures or if the stockholder solicits proxies in support of such stockholder's proposal without such stockholder having made the representation required by clause (iv) of the second preceding sentence. For the purposes of this paragraph "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition to the provisions of this paragraph, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein. Nothing in these By-Laws shall be deemed to affect any rights of the stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 2.5 Stockholders List. At least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder, shall be prepared, or caused to be prepared, by the Secretary. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 2.6 Special Meetings. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Certificate of Incorporation, 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 or by the Certificate of Incorporation, stockholders of this Corporation shall not be entitled to request a special meeting of stockholders.

Section 2.7 Notice of Special Meetings. Except as otherwise provided by statute, written notice of a special meeting, stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting. If given by writing in paper form, notice may be delivered personally, may be delivered by mail, or, with the consent of the stockholder entitled to receive notice, may be delivered by facsimile telecommunication or any of the other means of electronic transmission specified in this Section 2.7. If mailed, such notice shall be delivered by postage prepaid envelope directed to each stockholder at such stockholder's address as it appears in the records of the Corporation.

Any notice to stockholders given by the Corporation shall be effective if delivered or given by a form of electronic transmission to which the stockholder to whom the notice is given has consented. Notice given pursuant to this subsection shall be deemed given: (1) if by facsimile telecommunication, when directed to a facsimile telecommunication number at which the stockholder has consented to receive notice; (2) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (3) if by posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and (4) if by any other form of electronic transmission, when directed to the stockholder. An affidavit of the secretary or an assistant secretary or of the transfer agent or other agent of the Corporation that the notice has been given by personal delivery, by mail, or by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Section 2.8 Quorum. The holders of a majority of the total voting power of all outstanding shares of capital stock of the Corporation entitled to vote thereat, present in person or represented by proxy, shall be requisite and shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute, by the Certificate of Incorporation or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, of the place, date and hour of the adjourned meeting, until a quorum shall again be present or represented by proxy. At the adjourned meeting at which a quorum shall be present or represented by proxy, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 2.9 Voting. When a quorum is present at any meeting, and subject to the provisions of the General Corporation Law of the State of Delaware, the Certificate of Incorporation or by these By-Laws in respect of the vote that shall be required for a specified action, the vote of the holders of a majority of the total voting power of all outstanding shares of capital stock of the Corporation, present in person or represented by proxy, shall be determinative of any question brought before such meeting, unless the question is one upon which, by express provision of the statutes or of the Certificate of Incorporation or of these By-Laws, a different vote is required in which case such express provision shall govern and control the decision of such question. Each stockholder shall have one vote for each share of stock having voting power registered in his name on the books of the Corporation, except as otherwise provided in the Certificate of Incorporation.

Section 2.10 Proxies. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may in writing authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period not to exceed ten years.

Without limiting the manner in which a stockholder may authorize another person or persons to act for him as proxy, a stockholder may validly authorize another person or persons to act for him as proxy by: (a) executing a writing to that effect, which execution may be accomplished by the stockholder or his authorized officer, director, employee or agent signing the writing or causing his signature to be affixed to the writing by any reasonable means including, but not limited to, by facsimile signature; or (b) transmitting or authorizing the transmission of a telegram, cablegram, or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any telegram, cablegram or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder. If it is determined that any telegram, cablegram or other electronic transmission submitted pursuant to clause (b) above is valid, the inspectors shall specify the information upon which they relied. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this paragraph may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Section 2.11 Elimination of Right to Act by Consent. 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.

Section 2.12 Voting Procedures and Inspectors of Elections.

(a) The Corporation, by action of the Secretary, shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting of stockholders and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his ability.

(b) The inspectors shall (i) ascertain the number of shares outstanding and the voting power of each, (ii) determine the shares represented at a meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist them in the performance of their duties.

(c) The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be

accepted by the inspectors after the closing of the polls unless the Court of Chancery upon application by a stockholder shall determine otherwise.

(d) In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in accordance with clause (b) of Section 2.10 of these By-Laws, ballots and the regular books and records of the Corporation, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted herein, the inspectors, at the time they make their certification pursuant to subsection (b)(v) of this Section, shall specify the specific information considered by them, including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors belief that the information is accurate and reliable.

Section 2.13 Remote Communication. For the purposes of these By-Laws, if authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxyholders may, by means of remote communication:

(A) participate in a meeting of stockholders; and

(B) be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the corporation.

ARTICLE 3

DIRECTORS

Section 3.1 General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such acts and things as are not by the General Corporation Law of the State of Delaware nor by the Certificate of Incorporation nor by these By-Laws directed or required to be exercised or done by the stockholders.

Section 3.2 Number of Directors, Classes, Terms and Election; Vacancies. 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 nine until otherwise determined by resolution adopted by a majority of the whole Board. As used in this Article, a whole Board means the total number of directors which at the time are to constitute the Board of Directors, either as designated in this Section 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 shall shorten the term of any incumbent director.

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 expiring at the annual meeting of stockholders in 1983, of Class II expiring at the annual meeting of stockholders in 1984, and of Class III expiring at the annual meeting of stockholders in 1985. At each annual meeting of stockholders, directors chosen to succeed those whose terms then expire shall be elected for a term of office expiring at the third succeeding annual meeting of stockholders after their election.

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 at which the term of the class to which they shall have been elected expires.

Section 3.3 Removal of Directors. 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% 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.

Section 3.4 Place of Meetings. The Board of Directors may hold its meetings outside of the State of Delaware, at the office of the Corporation or at such other places as they may from time to time determine, or as shall be fixed in the respective notices or waivers of notice of such meetings.

Section 3.5 Committees of Directors. The Board of Directors may, by resolution or resolutions passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate Members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the Certificate of Incorporation, adopting an agreement of merger or consolidation,

recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amendment to the By-Laws of the Corporation; and, unless the resolution, By-Laws, or Certificate of Incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. The committees shall keep regular minutes of their proceedings and report the same to the Board of Directors when required.

Section 3.6 Compensation of Directors. Directors, as such, may receive such stated salary for their services and/or such fixed sums and expenses of attendance for attendance at each regular or special meeting of the Board of Directors as may be established by resolution of the Board; provided that nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

Section 3.7 Annual Meeting. The annual meeting of the Board of Directors shall be held within ten days after the annual meeting of the stockholders in each year. Notice of such meeting, unless waived, shall be given by mail or telegram to each director elected at such annual meeting, at his address as the same may appear on the records of the Corporation, or in the absence of such address, at his residence or usual place of business, at least three days before the day on which such meeting is to be held. Said meeting may be held at such place as the Board may fix from time to time or as may be specified or fixed in such notice or waiver thereof.

Section 3.8 Special Meetings. Special meetings of the Board of Directors may be held at any time on the call of the Chairman of the Executive Committee (if any), the Chairman of the Board or President or at the request in writing made to either of said Chairman or the President of any three directors. Notice of any such meeting, unless waived, shall be given by mail or telegram to each director at his address as the same appears on the records of the Corporation not less than one day prior to the day on which such meeting is to be held if such notice is by telegram, and not less than three days prior to the day on which the meeting is to be held if such notice is by mail. If the Secretary shall fail or refuse to give such notice, then the notice may be given by the officer to whom the request is made or by any one of the directors making the call. Any such meeting may be held at such place as the Board may fix from time to time or as may be specified or fixed in such notice or waiver thereof. Any meeting of the Board of Directors shall be a legal meeting without any notice thereof having been given, if all the directors shall be present thereat, and no notice of a meeting shall be required to be given to any director who shall attend such meeting.

Section 3.9 Action Without Meeting; Participation at Meeting by Telephone. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting, if a written consent to such action is signed by all members of the Board or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors.

Section 3.10 Members of the Board of Directors, or any committee designated by the Board, may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

Section 3.11 Quorum and Manner of Acting. Except as otherwise provided in these By-Laws, a majority of the total number of directors as at the time specified by the By-Laws shall constitute a quorum at any regular or special meeting of the Board of Directors. Except as otherwise provided by statute, by the Certificate of Incorporation, or by these By-Laws, the vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. 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. In the absence of a quorum, a majority of the directors present may adjourn the meeting from time to time until a quorum shall be present. Notice of any adjourned meeting need not be given, except that notice shall be given to all directors if the adjournment is for more than thirty days.

ARTICLE 4

OFFICERS

Section 4.1 Executive Officers. The executive officers of the Corporation shall be a President or Office of the President established in the manner prescribed by Section 4.17 of these By-Laws, one or more Executive Vice Presidents, one or more Senior Vice Presidents, such number of Vice Presidents, if any, as the Board of Directors may determine, a Secretary and a Treasurer. The Board of Directors may designate the Chairman as an Executive Chairman, in which case such person shall be an officer of the Corporation. One person may hold any number of said offices.

Section 4.2 Election, Term of Office and Eligibility. The executive officers of the Corporation shall be elected annually by the Board of Directors at its annual meeting or at a special meeting held in lieu thereof. Each officer, except such officers as may be appointed in accordance with the provisions of Section 4.3, shall hold office until his successor shall have been duly elected or appointed and qualified or until his death, resignation or removal. The Chairman of the Board and the Vice Chairman of the Board shall be and remain members of the Board of Directors. None of the other officers need be members of the Board.

Section 4.3 Subordinate Officers. The Board of Directors may appoint such Assistant Secretaries, Assistant Treasurers, Controller and other officers, and such agents as the Board may determine, to hold office for such period and with such authority and to perform such duties as the Board may from time to time determine. The Board may, by specific resolution, empower the chief executive officer of the Corporation or the Executive Committee (if such a committee is established in the manner prescribed by Section 3.5 of these By-Laws) to appoint any such subordinate officers or agents.

Section 4.4 Removal. The Chairman of the Board, the Vice Chairman of the Board, the President, any Vice President, the Secretary and/or the Treasurer may be removed at any time, either with or without cause, but only by the affirmative vote of the majority of the total number of directors as at the time specified by the By-Laws. Any subordinate officer appointed pursuant to Section 4.3 may be removed at any time, either with or without cause, by the majority vote of the directors present at any meeting of the Board or by any committee or officer empowered to appoint such subordinate officers.

Section 4.5 The Chairman of the Board. The Board shall elect a Chairman of the Board from the members of the Board. The Board shall designate the Chairman as either a Non-executive Chairman of the Board, or an Executive Chairman of the Board. Subject to the control vested in the Board of Directors by statute, by the Certificate of Incorporation, or by these By-Laws, he shall preside at all meetings of the stockholders and the Board of Directors; and in general, shall perform all duties incident to the office of the Chairman of the Board and such other duties as from time to time may be assigned to him by the Board of Directors. References in these By-Laws to "Chairman" shall mean the Non-Executive Chairman or Executive Chairman, as designated by the Board.

Section 4.6 The Vice Chairman of the Board. In the absence of the Chairman of the Board, or in the event of his inability or refusal to act, the Vice Chairman of the Board or his designee shall preside at all meetings of the stockholders and the Board of Directors.

Section 4.7 The President. The President shall have authority to see that all resolutions of the Board of Directors and of the Executive Committee are carried into effect, shall perform such duties as are incident to the office of President or as may from time to time be assigned by the Chairman of the Board, the Vice Chairman of the Board or the Board of Directors, and, if the President is a director, in the absence or disability of the Chairman of the Board, shall perform the duties of the Chairman of the Board.

Section 4.8 The Executive Vice Presidents. In the absence of the Chairman of the Executive Committee, the Chairman of the Board and the President, or in the event of their inability or refusal to act, the Executive Vice President (or in the event there be more than one Executive Vice President, Executive Vice Presidents in the order designated, or in the absence of any designation, in the order elected) shall perform the duties of the Chairman of the Executive Committee, the Chairman of the Board and the President. Each Executive Vice President shall perform such other duties as from time to time may be assigned to him by the Chairman of the Executive Committee, the Chairman of the Board, the Vice Chairman of the Board, the President or by the Board of Directors.

Section 4.9 The Vice Presidents. In the event of the absence or disability of the Chairman of the Executive Committee, the Chairman of the Board, the President and/or all Executive Vice Presidents, each senior Vice President, in the order of his seniority, which shall be in the order of his election, and then each Vice President, in the order of his seniority, shall perform the duties of such officers. The Vice Presidents shall also perform such other duties as from time to time may be assigned to them by the Chairman of the Executive Committee, the Chairman of the Board, the Vice Chairman of the Board, the President, Executive Vice Presidents or by the Board of Directors of the Corporation.

Section 4.10 The Secretary. The Secretary shall:

- (a) Keep the minutes of the meetings of the stockholders and of the Board of Directors;
- (b) See that all notices are duly given in accordance with the provisions of these By-Laws or as required by law;
- (c) Be custodian of the records and of the seal of the Corporation and see that the seal or a facsimile or equivalent thereof is affixed to or reproduced on all documents, the execution of which on behalf of the Corporation under its seal is duly authorized;
- (d) Have charge of the stock record books of the Corporation, unless the same shall be entrusted by the Board of Directors to a registrar or transfer agent, in which case the registrar or transfer agent shall have charge of same;
- (e) In general, perform all duties incident to the office of Secretary, and such other duties as are provided by these By-Laws and as from time to time are assigned to him by the Chairman of the Executive Committee, the Chairman of the Board, the Vice Chairman of the Board, the President or the Board of Directors of the Corporation.

Section 4.11 The Assistant Secretaries. If one or more Assistant Secretaries shall be appointed pursuant to the provisions of Section 4.3 respecting subordinate officers, then, at the request of the Secretary, or in his absence or disability, the Assistant Secretary designated by the Secretary (or in the absence of such designations, then any one of such Assistant Secretaries) shall perform the duties of the Secretary and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary.

Section 4.12 The Treasurer. The Treasurer shall:

- (a) Receive and be responsible for all funds of and securities owned or held by the Corporation and, in connection therewith, among other things: keep or cause to be kept full and accurate records and accounts for the Corporation; deposit or cause to be deposited to the credit of the Corporation all moneys, funds and securities so received in such bank or other depository as the Board of Directors or an officer designated by the Board may from time to time establish; and disburse or supervise the disbursement of the funds of the Corporation as may be properly authorized;
- (b) Render to the Board of Directors at any meeting thereof, or from time to time whenever the Board of Directors or the chief executive officer of the Corporation may require, financial and other appropriate reports on the condition of the Corporation;
- (c) In general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Chairman of the Executive Committee, the Chairman of the Board, the Vice Chairman of the Board, the President or the Board of Directors of the Corporation.

Section 4.13 The Assistant Treasurers. If one or more Assistant Treasurers shall be appointed pursuant to the provisions of Section 4.3 respecting subordinate officers, then, at the request of the Treasurer, or in his absence or disability, the Assistant Treasurer designated by the Treasurer (or in the absence of such designation, then any one of such Assistant Treasurers) shall perform all the duties of the Treasurer and when so acting shall have all the powers of and be subject to all the restrictions upon the Treasurer.

Section 4.14 Salaries. The salaries of the officers shall be fixed from time to time by the Board of Directors, and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the Corporation.

Section 4.15 Bonds. If the Board of Directors or the chief executive officer shall so require, any officer or agent of the Corporation shall give bond to the Corporation in such amount and with such surety as the Board of Directors or the chief executive officer, as the case may be, may deem sufficient, conditioned upon the faithful performance of their respective duties and offices.

Section 4.16 Delegation of Duties. In case of the absence of any officer of the Corporation or for any other reason which may seem sufficient to the Board of Directors, the Board of Directors may, for the time being, delegate his powers and duties, or any of them, to any other officer or to any director.

Section 4.17 Office of the President. Notwithstanding anything herein to the contrary, the Board of Directors of the Corporation may at any time, and from time to time, (i) designate, in lieu of a President, an Office of the President or (ii) disband such Office of the President in favor of a President. The Office of the President shall consist of at least two, but not more than three employees of the Corporation, elected by the Board of Directors. Each member of the Office of the President shall perform such duties as may be prescribed by the Chairman of the Board or the Board of Directors and shall have the same duties and powers as a President of the Corporation hereunder; provided, however, that (i) the Board of Directors of the Corporation may, by resolution, designate only certain members of the Office of the President who may exercise certain authority of a President hereunder, and (ii) the approval of at least two members of the Office of the President shall be required for all actions of the Office of the President including, but not limited to, the following:

- (a) Calling for a special meeting of stockholders pursuant to Section 2.6 hereof;
- (b) Calling for a special meeting of the Board of Directors of the Corporation pursuant to Section 3.8 hereof;
- (c) Casting the deciding vote on any question before the Board of Directors of the Corporation pursuant to Section 3.10 if and only if all such members of the Office of the President are also directors of the Corporation. If only one member of the Office of the President is a director, such member shall have authority to cast the deciding vote pursuant to Section 3.10 hereof; and

ARTICLE 5

SHARES OF STOCK

Section 5.1 Regulation. Subject to the terms of any contract of the Corporation, the Board of Directors may make such rules and regulations as it may deem expedient concerning the issue, transfer and registration of certificates for shares of the stock of the Corporation, including the issue of new certificates for lost, stolen or destroyed certificates, and including the appointment of transfer agents and registrars.

Section 5.2 Stock Certificates. Certificates for shares of the stock of the Corporation shall be respectively numbered serially for each class of stock, or series thereof, as they are issued, shall be impressed with the corporate seal or a facsimile thereof, and shall be signed by the Chairman of the Board, the President or an Executive Vice President, and by the Secretary or Treasurer, or an Assistant Secretary or an Assistant Treasurer, provided that such signatures may be facsimiles on any certificate countersigned by a transfer agent other than the Corporation or its employee. Each certificate shall exhibit the name of the Corporation, the class (or series of any class) and number of shares represented thereby, the name of the holder, the par value of the shares represented thereby, or that such shares are without par value. The powers, designations, preferences, and relative, participating, optional or other special rights of each class of stock and series of any class and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificates which the Corporation shall issue, or such certificate shall contain a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Each certificate shall be otherwise in such form as may be prescribed by the Board of Directors.

Section 5.3 Transfer of Shares. Shares of the capital stock of the Corporation shall be transferable on the books of the Corporation by the holder thereof in person or by his duly authorized attorney, upon the surrender or cancellation of a certificate or certificates for a like number of shares. Upon presentation and surrender of a certificate properly endorsed and payment of all taxes therefore, the transferee shall be entitled to a new certificate or certificates in lieu thereof. As against the Corporation, a transfer of shares can be made only on the books of the Corporation and in the manner hereinabove provided, and the Corporation shall be entitled to treat the registered holder of any share as the owner thereof and shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, save as expressly provided by the statutes of the State of Delaware.

Section 5.4 Fixing Date for Determination Stockholders of Record. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change,

conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 5.5 Lost Certificate. Any stockholder claiming that a certificate representing shares of stock has been lost, stolen or destroyed may make an affidavit or affirmation of the fact and, if the Board of Directors so requires, advertise the same in a manner designated by the Board, and give the Corporation a bond of indemnity in form and with security for an amount satisfactory to the Board (or an officer or officers designated by the Board), whereupon a new certificate may be issued of the same tenor and representing the same number, class and/or series of shares as were represented by the certificate alleged to have been lost, stolen or destroyed.

ARTICLE 6

BOOKS AND RECORDS

Section 6.1 Location. The books, accounts and records of the Corporation may be kept at such place or places within or without the State of Delaware as the Board of Directors may from time to time determine.

Section 6.2 Inspection. The books, accounts and records of the Corporation shall be open to inspection by any member of the Board of Directors at all times; and open to inspection by the stockholders at such times, and subject to such regulations as the Board of Directors may prescribe, except as otherwise provided by statute.

Section 6.3 Corporate Seal. The corporate seal shall contain two concentric circles between which shall be the name of the Corporation and the word Delaware and in the center shall be inscribed the words Corporate Seal.

ARTICLE 7

DIVIDENDS AND RESERVES

Section 7.1 Dividends. Dividends upon the outstanding shares of capital stock of the Corporation (other than liquidating dividends) shall be declared only from the earned surplus or net profits of the Corporation. Subject to the provisions of the Certificate of Incorporation, and to any other lawful commitments of the Corporation, and subject to applicable law, dividends may be declared and made payable at such times and in such amounts as the Board of Directors may from time to time determine. Dividends may be declared at any regular or special meeting of the Board and may be paid in cash or other property or in the form of a stock dividend.

Section 7.2 Reserves. The Board of Directors of the Corporation may set apart, out of any of the funds of the Corporation available for dividends, a reserve or reserves for any proper purpose and may increase, reduce or abolish any such reserve.

MISCELLANEOUS PROVISIONS

Section 8.1 Fiscal Year. The fiscal year of the Corporation shall end on the 31st day of December of each year.

Section 8.2 Depositories. The Board of Directors or an officer designated by the Board shall appoint banks, trust companies, or other depositories in which shall be deposited from time to time the money or securities of the Corporation.

Section 8.3 Checks, Drafts and Notes. All checks, drafts, or other orders for the payment of money and all notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers or agent or agents as shall from time to time be designated by resolution of the Board of Directors or by an officer appointed by the Board.

Section 8.4 Contracts and Other Instruments. The Board of Directors may authorize any officer, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation and such authority may be general or confined to specific instances.

Section 8.5 Notices. Whenever under the provisions of the statutes or of the Certificate of Incorporation or of these By-Laws notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, by depositing the same in a post office or letter box, in a postpaid sealed wrapper or by delivery to a telegraph company, addressed to such director or stockholder at such address as appears on the records of the Corporation, and such notice shall be deemed to be given at the time when the same shall be thus mailed or delivered to a telegraph company.

Section 8.6 Waivers of Notice. Whenever any notice is required to be given under the provisions of the statutes or of the Certificate of Incorporation or of these By-Laws, a waiver thereof in writing signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any written waiver of notice.

Section 8.7 Stock in Other Corporations. Any shares of stock in any other Corporation which may from time to time be held by this Corporation may be represented and voted at any meeting of shareholders of such Corporation by the Chairman of the Executive Committee, if any, the Chairman of the Board, or the President or an Executive Vice President, or by any other person or persons thereunto authorized by the Board of Directors, or by any proxy designated by written instrument of appointment executed in the name of this Corporation by its Chairman of the Executive Committee, if any, the Chairman of the Board, the President or an Executive Vice

President. Shares of stock belonging to the Corporation need not stand in the name of the Corporation, but may be held for the benefit of the Corporation in the individual name of the Treasurer or of any other nominee designated for the purpose by the Board of Directors. Certificates for shares so held for the benefit of the Corporation shall be endorsed in blank or have proper stock powers attached so that said certificates are at all times in due form for transfer, and shall be held for safekeeping in such manner as shall be determined from time to time by the Board of Directors.

Section 8.8 Indemnification.

(a) The Corporation shall indemnify each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that the person is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding to the fullest extent authorized by the laws of Delaware as the same now or may hereafter exist (but, in the case of any change, only to the extent that such change authorizes the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such change) if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal actions or proceeding had no reasonable cause to believe that the person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interest of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the person's conduct was unlawful.

(b) The Corporation shall indemnify each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that the person is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) to the fullest extent authorized by the laws of Delaware as the same now or may hereafter exist (but, in the case of any change, only to the extent that such change authorizes the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such change) actually and reasonably incurred by the person in defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation and except that that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent the Court of Chancery of Delaware or the court in which such action or suite was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person

is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery of Delaware or such other court shall deem proper.

(c) To the extent that a present or former director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) of this Section 8.8, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

(d) Any indemnification under subsections (a) and (b) of this Section 8.8 (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the present or former director or officer is proper in the circumstances because the person has met the applicable standard of conduct set forth in subsections (a) and (b) of this Section 8.8. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (1) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders.

(e) Expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Section 8.8. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents shall be so paid upon such terms and conditions as the Corporation deems appropriate.

(f) The indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of this Section 8.8 shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office.

(g) The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under this Section 8.8.

(h) With respect to any person made or threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative by reason of the fact that such a person is or was a director or

officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another enterprise, the rights to indemnification and to the advancement of expenses conferred in Section 8.8 shall be contract rights.

(i) For purposes of this Section 8.8, references to “the Corporation” shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this Section 8.8 with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued.

(j) For purposes of this Section 8.8, references to “other enterprises” shall include employee benefit plans; references to “fines” shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to “serving at the request of the corporation” shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the corporation” as referred to in this Section 8.8.

(k) The indemnification and advancement of expenses provided by, or granted pursuant to, this Section 8.8 shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such a person.

(l) Any amendment, repeal or modification of any provision of this Section 8.8 by the stockholders or the directors of the Corporation shall not adversely affect any right or protection of a director or officer of the Corporation existing at the time of such amendment, repeal or modification.

Section 8.9 Amendment of By-Laws. The stockholders, by the affirmative vote of holders of not less than 75% of the total voting power of all outstanding shares of capital stock of the Corporation may, at any annual or special meeting if notice of such alteration or amendment of the By-Laws is contained in the notice of such meeting, alter, amend, or repeal these By-Laws, and alterations or amendments of By-Laws made by the stockholders shall not be altered or amended by the Board of Directors.

The Board of Directors, by the affirmative vote of a majority of the whole Board, may make, alter, amend, or repeal these By-Laws at any meeting, except as provided in the above paragraph. By-Laws made, altered, amended or repealed by the Board of Directors may be altered or repealed by the stockholders.

NOTE: THIS SEPARATION AGREEMENT CONTAINS A GENERAL WAIVER AND RELEASE OF CLAIMS, AS WELL AS OTHER PROVISIONS AFFECTING YOUR LEGAL RIGHTS AND OBLIGATIONS.

THIS SEPARATION AGREEMENT AND GENERAL RELEASE ("Agreement") is made by and between Robert J. Washlow ("Executive") and LAWSON PRODUCTS, INC. ("Company") as of the Effective Date as defined below in Section 20.

WHEREAS, Executive has been employed by the Company as its Chief Executive Officer and is party to a 2004 Employment Agreement by and between the Company and Executive, effective January 1, 2004 (the "Employment Agreement"), a copy of which is attached as Exhibit 1;

WHEREAS, Executive is also the Chairman and a member of the Board of Directors of the Company ("the Board");

WHEREAS, the Company and Executive have mutually agreed to terminate Executive's employment as Chief Executive Officer for Good Reason by Executive as of the Separation Date as defined below in Section 1.a., and Executive is hereby resigning as the Chairman and a member of the Board as of the Separation Date; and

WHEREAS, Executive and the Company desire to set forth the terms of Executive's separation from the Company and resignation from the Board.

NOW, THEREFORE, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. **Termination by Mutual Agreement.**

(a) Executive and the Company mutually agree that as of April 13, 2007 (the "Separation Date"), the Executive's employment by the Company will terminate for "Good Reason" by Executive (as such term is defined in the Employment Agreement), and Executive will cease to be the Chairman and a member of the Board of Directors of the Company.

(b) **Announcement Concerning Departure.** The Company will release the announcement attached as Exhibit 2 regarding Executive's departure from the Company on the Separation Date.

2. **Separation Payments and Benefits.** In exchange for the promises of Executive contained in this Agreement, the Company agrees to pay and provide to Executive the following:

(a) The Company will pay Executive the total amount of \$1,716,000 (which equals two times Executive's base salary of \$650,000 and most recent bonus of \$208,000) as follows: (i) \$450,000 within 3 business days after

the Effective Date of the Agreement; and (ii) \$1,266,000 within 3 business days after the 6 month anniversary of the Separation Date.

- (b) The Company will pay Executive on the payroll date coincident with or next following the Separation Date: (i) any accrued and unpaid base salary through the Separation Date; (ii) 4 weeks accrued vacation pay; and (iii) a lump sum payment equal to base salary otherwise payable to Executive had his employment not terminated on the Separation Date from the Separation Date through May 15, 2007, in consideration of Executive's anticipated activities related to existing civil litigation involving a contractual dispute scheduled for trial commencing late April 2007. Executive will not be eligible to receive any bonus payment for 2007.
- (c) Executive will retain the right to exercise the 28,000 vested Stock Performance Rights ("SPRs") granted to Executive on December 11, 2001, at an exercise price of \$27.08, for 1 year after the Separation Date, pursuant to the terms of the SPRs and the Company's Amended Stock Performance Plan. Payment will be made in a lump sum equal to the difference between the stock closing price on the date of exercise and the exercise price, less tax withholdings, as soon as practicable, but in any event no later than 30 days after Executive's exercise of such SPRs.
- (d) (i) Executive will be eligible to continue group insurance coverage (medical, dental, vision, and life) under the terms of the applicable plans maintained by the Company, at Company expense, for Executive and his dependents, for 3 years after the Separation Date or, for Executive and his spouse Roberta Washlow, until they turn age 65, if later. Post 65 coverage will be pursuant to the Company's retiree medical plan for executives. Any rights under COBRA will run concurrently with such coverage. During the 3 years after the Separation Date, the Company agrees not to materially reduce or eliminate the medical insurance coverage under the terms of the applicable plans maintained by the Company on the Separation Date, or in the event of such reduction or elimination, to reimburse Executive for the cost of obtaining similar medical coverage. During the 3 years after the Separation Date, the Company's obligation with respect to life insurance will be to continue to pay the premiums on a \$50,000 term life insurance policy on Executive, and Executive may designate the beneficiary. Commencing 3 years after the Separation Date, Executive will have any conversion rights provided under the policy through the insurer, and Executive will be solely responsible for any premium payments.
- (ii) Commencing 3 years after the Separation Date and continuing for 2 years, Executive will be eligible to continue coverage under the Company's retiree medical plan for executives, if such plan continues to be offered by the Company, by payment of the regular non-reduced

premium rate in effect at the time, less \$200 per month towards the premium for single coverage and an additional \$200 per month for spousal coverage (or any amount in excess thereof then offered by the Company to other executives per the plan), however, the monthly cost paid by Executive cannot be less than 50% of the monthly premium. No Company contribution will be made for dental coverage. The amount of the medical and dental premiums is subject to change each year.

(iii) Commencing 5 years after the Separation Date, Executive will be eligible to enroll himself and his spouse in the Seniors Choice Medicare Supplement Program, if such program continues to be offered by the Company, and Executive will be solely responsible for any premium payments.

- (e) Within 30 days after the Separation Date, the Company will assign to Executive the ownership of a key man term life insurance policy on the life of Executive, Security-Connecticut Life Insurance Co. Policy No. SC2479793G, issued by ING on February 22, 2002, which has a face value of \$5 million, and which has a guaranteed annual premium of \$16,815 through February 22, 2012. Executive will be solely responsible for any premium payments due after the Separation Date.
- (f) In accordance with and subject to the terms of the Company's 2004 Executive Deferral Plan, Executive will be entitled to distribution of his vested account balance calculated as of the close of business on the last day of the 6 month period following the Separation Date, and payable in a lump sum no later than 60 days after the last day of the 6 month period following the Separation Date.
- (g) In accordance with and subject to the terms of the Company's Long-Term Capital Accumulation Plan ("LTCAP"), Executive's 301 Shareholder Value Appreciation Rights ("SVARs") will vest in full on the Separation Date, will be valued at \$417,000, and will be payable as follows:
 - (i) Within 3 business days after the Effective Date, Executive will receive from the Company a cash payment equal to fifty percent (50%) of the foregoing value of his vested SVARs;
 - (ii) On each of the first and second anniversaries of the payment made under Section 2(g)(i) above, Executive will receive from the Company a cash payment equal to twenty-five percent (25%) of the foregoing value of his vested SVARs. No interest will be payable with respect to those amounts.
- (h) In the event that a "Sale of the Company" (as such term is defined in the LTCAP) occurs on or prior to December 31, 2008, the Company will

pay Executive the excess, if any, of (x) over (y) below, as reduced by (z) below to the extent applicable:

- (x) The amount that Executive would have been paid under the LTCAP due to such Sale of the Company assuming that (i) Executive was still an active employee of the Company with 301 outstanding SVARs under the LTCAP at such time and (ii) Executive had not received any prior payment from the LTCAP; provided, however, Section 12(d) of the LTCAP (which provides for allocating SVARs remaining available for award under the LTCAP to LTCAP participants who are then still active employees) will be inapplicable to Executive and Executive will be ineligible to receive an allocation of any additional SVARs.
- (y) The amount that Executive receives under the LTCAP due to the termination of his employment as provided in Section 2 (g) of this Agreement.
- (z) In the event that any payment (or portion thereof) under this Section 2(h) of this Agreement, as determined without regard to this clause (z), would be considered an “excess parachute payment” as determined under Section 280G of the Internal Revenue Code of 1986, as amended (the “Code”), the amount of such payment will be reduced (including to \$0) until the payment (or any portion thereof) is no longer considered an “excess parachute payment” as determined under Section 280G of the Code.

Any payment under this Section 2(h) of this Agreement will be made as soon as reasonably practicable, but in no event later than March 15, in the calendar year immediately following the calendar year in which the closing of the Sale of the Company occurs. The determination of the amount of payment (if any) under this Section 2(h) of this Agreement will be made by the Company in its discretion, and to the extent that clause (z) is applicable, the amount of the reduction resulting from clause (z) will be determined by a certified public accounting firm designated by the Company.

The parties acknowledge and agree that any payment due under this Section 2(h) of this Agreement will be an obligation arising under this Agreement (and not a payment due or arising under the LTCAP). Notwithstanding anything to the contrary, Executive will not have a right to any payment under this Section 2(h) of this Agreement if Executive breaches any provision of this Agreement, including without limitation the post termination obligations of Executive hereunder.

3. **Executive Release.**

- (a) Executive hereby RELEASES the Company, its past and present parents, subsidiaries, affiliates, predecessors, successors, assigns, related companies, entities or divisions, its or their past and present employee benefit plans, trustees, fiduciaries and administrators, and any and all of its and their respective past and present officers, directors, owners, investors, partners, insurers, agents, attorneys, representatives, assigns and employees (collectively "Releasees"), from any and all claims, demands or causes of action which Executive, or Executive's heirs, executors, administrators, beneficiaries, agents, attorneys, representatives or assigns (collectively "Releasers"), have, had or may have against the Releasees, based on any events or circumstances arising or occurring prior to and including the date of Executive's execution of this Agreement to the fullest extent permitted by law, regardless of whether such claims are now known or are later discovered, including but not limited to any claims relating to Executive's employment or termination of employment by the Company, and any rights of continued employment, reinstatement or reemployment by the Company ("Claims"), PROVIDED, HOWEVER, Executive is not waiving, releasing or giving up the right to enforce the terms of this Agreement or rights under benefit plans or agreements expressly preserved and provided herein, or any other rights which cannot be waived as a matter of law.
- (b) Executive agrees and acknowledges:
- (i) that this Agreement is intended to be a general release that extinguishes all Claims by Executive against the Company;
 - (ii) that Executive is waiving any Claims arising under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Americans With Disabilities Act, the Age Discrimination in Employment Act, the Employee Retirement Income Security Act, the Illinois Human Rights Act, and all other federal, state and local statutes, ordinances and common law, including but not limited to any and all Claims alleging personal injury, emotional distress and other torts, breach of contract, and breach of any public policy or legal duty or obligation of any sort, to the fullest extent permitted by law;
 - (iii) that Executive is waiving all Claims against the Company, known or unknown, arising or occurring prior to and including the date of Executive's execution of this Agreement;
 - (iv) that if Executive now has or ever had any kind of legal Claims whatsoever against the Company, Executive is giving them up forever by entering into this Agreement, even if Executive does not

know about the Claims when Executive enters into this Agreement;

- (v) that Executive expressly waives all rights that Executive may have under any law that is intended to protect Executive from waiving unknown Claims and Executive understands the significance of doing so;
 - (vi) that the consideration that Executive will receive in exchange for Executive's waiver of the Claims specified herein exceeds anything of value to which Executive is already entitled;
 - (vii) that Executive was hereby informed by the Company in writing to consult with an attorney, and Executive was represented by attorneys at Mayer, Brown, Rowe & Maw LLP, regarding this Agreement;
 - (viii) that Executive had at least 21 days to consider this Agreement, although he may choose to sign this Agreement sooner;
 - (ix) that Executive has had a reasonable period of time within which to consider this Agreement; and
 - (x) that Executive has entered into this Agreement knowingly and voluntarily with full understanding of its terms and after having had the opportunity to seek and receive advice from counsel of Executive's choosing.
- (c) In the event any Claims are filed on Executive's behalf, Executive hereby waives any and all rights to receive monetary damages or injunctive relief in favor of Executive.
- (d) Executive represents that Executive has not assigned any Claim against the Company to any person or entity.

4. **Indemnification, Attorneys' Fees and Costs.**

- (a) Executive will be eligible for indemnification pursuant to the provisions of Section 6 of the Employment Agreement, and subject to the advancement and repayment rights and obligations set forth therein.
- (b) The Company will reimburse Executive for reasonable attorneys' fees and expenses of Mayer, Brown, Rowe & Maw LLP incurred by Executive in connection with the negotiation and preparation of this Agreement through the Separation Date, in an amount not to exceed \$60,000.
- (c) Except as provided in Sections 4(a) and (b) above or as a prevailing party as provided in Section 17(e) below, Executive will be solely responsible

for any attorney fees or costs he incurs.

5. **Payment Date.** Prior to or promptly upon execution of this Agreement, Executive will provide the Company with wire transfer instructions for the payments to be made pursuant to this Agreement, and the Company will pay all amounts to the Executive in accordance with such instructions within 3 business days following receipt of such instructions, or on the date on which such amounts become payable under this Agreement, if later.

6. **Company Documents/Property.**

(a) Executive acknowledges that all documents and other tangible property related in any way to the business of the Company are the exclusive property of the Company even if Executive authored or created them. Executive further acknowledges that all business processes, methodologies and techniques created during Executive's employment even if Executive authored or created them are similarly the property of the Company. Executive agrees that, to the extent Executive has not already done so, Executive will promptly return to the Company all documents (whether in paper, on computer, or stored in electronic or other form) and other property of the Company in Executive's possession, custody or control, including without limitation all keys, credit cards, computers and hard drives for such computers, cell phones or other equipment.

(b) In connection with any court proceeding or government investigation of the Company or Executive, or any other proceeding, investigation or claim involving Executive or relating in any way to Executive's actions as an employee of the Company or in his capacity as Chief Executive Officer or member of the Board, the Company agrees to allow Executive or Executive's designated representative reasonable access to potentially relevant Company documents dated prior to the Separation Date, as determined by the Company in its sole discretion, with reasonable notification, PROVIDED, HOWEVER, Executive has no right to access any documents which are privileged by the Company's attorney/client privilege or by the Company's or its attorneys' work product privileges, or which relate to this Separation Agreement, or the Special Committee of the Board.

7. **Restrictive Covenants.** The Company and Executive acknowledge that the provisions of the Employment Agreement in Section 8(a) relating to non-competition, in Section 8(b) relating to trade secrets, confidential information and customer relationships, in Section 8(c) relating to confidentiality, and in Section 8(d) relating to non-solicitation, will continue to apply to Executive and the Company; provided however, that notwithstanding any provision of the Employment Agreement to the contrary, Executive is permitted to recruit, solicit, or offer encouragement to leave the employ of the Company with respect to Patricia Youngblood or Nancy Gonzalez, and

8. **Cooperation.**

- (a) Executive agrees that, subject to reimbursement by the Company of reasonable out-of-pocket costs and expenses, Executive will cooperate fully and truthfully with the Company and its attorneys with respect to any matter (including litigation, investigation or governmental proceedings) that relates to matters with which Executive was involved while Executive was employed by the Company. Executive's required cooperation may include appearing from time to time at the Company offices or the Company attorneys' offices for conferences and interviews, and in general providing the Company and its attorneys with the full benefit of Executive's knowledge with respect to any such matter. Executive agrees to cooperate in a timely fashion and at times that are agreeable to all parties. Executive agrees to promptly notify the Company's General Counsel if Executive is the recipient of a subpoena or other request for information about the Company, and to cooperate with the Company's response to such subpoena or request.
- (b) Notwithstanding any provision herein, Executive and the Company agree that no provision of this Agreement is meant: (i) to preclude Executive from fully and truthfully cooperating with any governmental investigation or proceeding; (ii) to preclude Executive in his sole discretion from exercising his rights under the Fifth Amendment of the U.S. Constitution; or (iii) to preclude Executive from declining to be interviewed by the Company or its agents, if so advised by his current attorneys and also provided the subject matter of the interview relates to pending investigations being conducted by the U.S. government.

9. **Tax Withholdings and Consequences.**

- (a) The payments under this Agreement shall be subject to federal, state and local tax withholding, to the extent applicable.
- (b) Executive assumes full responsibility to any federal, state, or local taxing authorities for any tax consequences, including interest and penalties, regarding income and other taxes arising out of the payments and benefits provided to Executive pursuant to this Agreement, and will defend, indemnify and hold the Company harmless from any taxes, including interest and penalties, and attorney fees and costs incurred by the Company in proceedings relating thereto. Executive agrees that the Company has made no representations regarding the proper tax treatment of the payments and benefits provided to Executive pursuant to this Agreement.

10. **Office and Space Access.**

- (a) Executive will have reasonable access to his office at the Company to effect the relocation of Executive's personal property through May 15, 2007, as determined in the Company's sole discretion. If Executive has not vacated his office at the Company by May 15, 2007, the Company will move and store Executive's property until no later than November 15, 2007, and then move Executive's property as directed by Executive or to his home, at Company expense.
- (b) In the event Executive vacates his office at the Company by May 15, 2007, and establishes and maintains an office outside his home, the Company will: (i) reimburse Executive for the cost of alternative office space and related expenses in the amount of \$5,000 per month for up to 18 months after May 15, 2007; and (ii) assign a Company employee on the Company's payroll to provide assistance to Executive for up to 18 months after May 15, 2007.

11. **No Admission of Wrongdoing.** The Company's offer to Executive of this Agreement and the payments and benefits set forth herein is not intended to, and will not be construed as, an admission of liability by the Company or of any improper conduct on the Company's part. Executive's acceptance of this Agreement and separation from his positions with the Company is not intended to, and will not be construed as, an admission of liability by Executive or of any improper conduct on Executive's part. Neither the Company nor Executive has accused the other of wrongdoing.

12. **Representations of the Company.** The Company represents and warrants to Executive that the execution, delivery and performance of this Agreement and the consummation of the transaction contemplated hereby have been duly and validly authorized on behalf of the Company and that all corporate action required to be taken by the Company for the execution, delivery and performance of this Agreement has been duly taken by the Company.

13. **Entire Agreement/Amendment.** This Agreement constitutes the entire agreement between the parties and supersedes all prior negotiations and agreements, including the Employment Agreement, except that Sections 6 and 8 of the Employment Agreement, and the benefits and compensation plans referenced herein are incorporated by reference, but only to the extent the provisions thereof are not inconsistent with the terms of this Agreement. This Agreement may be amended only by a written instrument signed by all parties hereto.

14. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which constitute one and the same Agreement.

15. **Severability.** If any provision, section, subsection or other portion of this Agreement is determined by any court of competent jurisdiction to be invalid, illegal or

unenforceable, in whole or in part, and such determination becomes final, such provision or portion will be deemed to be severed or limited, but only to the extent required to render the remaining provisions and portion of this Agreement enforceable. This Agreement as thus amended will be enforced so as to give effect to the intention of the parties insofar as that is possible. In addition, the parties hereby expressly empower a court of competent jurisdiction to modify any term or provision of this Agreement to the extent necessary to comply with existing law and to enforce this Agreement as modified.

16. **Governing Law.** This Agreement will be governed by the laws of the State of Illinois.

17. **Dispute Resolution.**

- (a) *Arbitrable Claims.* The Company and Executive mutually consent to the resolution by final and binding arbitration of any and all disputes, controversies or claims related in any way to Executive's employment with the Company, including, but not limited to, any dispute, controversy or claim of alleged discrimination, harassment or retaliation (including, but not limited to, claims based on race, sex, sexual preference, religion, national origin, age, marital or family status, medical condition, handicap or disability), any claim arising out of or relating to this Agreement and any dispute as to the arbitrability of a matter under this provision (collectively, "Claims"); provided, however, that nothing herein shall require arbitration of any claim or charge which, by law, cannot be the subject of a compulsory arbitration agreement. The Company and Executive expressly acknowledge that they waive the right to litigate Claims in a judicial forum before a judge or jury.
- (b) *Claim Initiation/Time Limits.* A party must notify the other party in writing of a request to arbitrate Claims within the same statute of limitations applicable to the legal claim asserted. The written request for arbitration must specify: (i) the factual basis on which the Claims are made; (ii) the statutory provision or legal theory under which Claims are made; and (iii) the nature and extent of any relief or remedy sought.
- (c) *Procedures.* The arbitration will be administered in accordance with the rules then in effect of the American Arbitration Association ("AAA"), in Chicago, Illinois, before a single arbitrator, licensed to practice law in that jurisdiction, who has been selected in accordance with such rules. Executive and the Company may be represented by counsel of their choosing. The Company will pay any fees of the AAA, filing costs, and arbitrator fees or expenses for any arbitration proceeding.
- (d) *Responsibilities of Arbitrator; Award; Judgment.* The arbitrator will act as the impartial decision maker of any Claims that come within the scope of this arbitration provision. The arbitrator will have the powers and

authorities provided by the Rules and the state or common law under which the claim is made. For example, the arbitrator will have the power and authority to include all remedies in the award available under the statute or common law under which the claim is made including, without limitation, the issuance of an injunction. The arbitrator will apply the elements and burdens of proof, mitigation duty, interim earnings offsets and other legal rules or requirements under the statutory provision or common law under which such claim is made. The arbitrator will permit reasonable pre-hearing discovery. The arbitrator will have the power to issue subpoenas. The arbitrator will have the authority to issue a summary disposition if there are no material factual issues in dispute requiring a hearing and the Company or Executive is clearly entitled to an award in its or his favor. The arbitrator will not have the power or authority to add to, detract from or modify any provision of this Agreement, or any related agreements or plans, including but not limited to any equity awards. The arbitrator, in rendering an award in any arbitration conducted pursuant to this provision, will issue a reasoned award in a signed written opinion stating the findings of fact and conclusions of law on which it is based. The arbitrator will be required to follow the law of the state designated by the parties herein. Any judgment on or enforcement of any award, including an award providing for interim or permanent injunctive relief, rendered by the arbitrator may be entered, enforced or appealed in any court having jurisdiction thereof. Any arbitration proceedings, decision or award rendered hereunder, and the validity, effect and interpretation of this arbitration provision, shall be governed by the Federal Arbitration Act, 9 U.S.C. § 1 et seq.

- (e) *Attorneys' Fees and Costs.* The Company and Executive will pay their own legal fees (including counsel fees), and other fees and expenses incurred by them in obtaining or defending any right or benefit under such Claims; PROVIDED, HOWEVER, the prevailing party in any arbitration proceeding hereunder will be entitled to payment from the other party of all reasonable attorneys' fees and costs incurred by the prevailing party in the arbitration.

18. **Acceptance.** Executive may accept this Agreement by delivering an executed copy of the Agreement to:

Lawson Products, Inc.
1666 East Touhy Avenue
Des Plaines, IL 60018
Attention: Neil Jenkins
Fax: 847-296-1949

with a copy to:

Jenner & Block LLP
330 N. Wabash Ave., 40th Fl.
Chicago, IL 60611
Attention: William D. Heinz
Carla J. Rozycki
Fax: 312-527-0484

on or before May 1, 2007, or 21 calendar days after Executive's receipt of this Agreement, whichever is later.

19. **Right to Revoke.** Executive may revoke this Agreement within seven (7) calendar days after it is executed by Executive by delivering a written notice of revocation to:

Lawson Products, Inc.
1666 East Touhy Avenue
Des Plaines, IL 60018
Attention: Neil Jenkins
Fax: 847-296-1949

with a copy to:

Jenner & Block LLP
330 N. Wabash Ave., 40th Fl.
Chicago, IL 60611
Attention: William D. Heinz
Carla J. Rozycki
Fax: 312-527-0484

no later than the close of business on the seventh (7th) calendar day after this Agreement was signed by Executive.

20. **Effective Date.** This Agreement will not become effective or enforceable until the later of the eighth (8th) calendar day after Executive signs this Agreement and has not revoked it (the "Effective Date" of this Agreement). If Executive signs and then revokes this Agreement, the Agreement will be null and void, and the parties will have no obligations hereunder.

21. **Notices.** For the purpose of this Agreement, notices, demands and all other communications provided for in this Agreement shall be in writing and shall be sent by messenger, overnight courier, certified or registered mail, postage prepaid and return receipt requested or by facsimile transmission to the parties at their respective addresses and fax numbers set forth below or to such other address or fax number as to which notice is given.

If to the Executive:

Robert J. Washlow
700 North Green Bay Road
Lake Forest, IL 60014

with a copy to:

Mayer, Brown, Rowe & Maw
71 South Wacker Drive
Chicago, IL 60606
Attention: Maritoni D. Kane
Cecilia A. Roth

Fax: 312-701-7711

If to the Company:

Lawson Products, Inc.
1666 East Touhy Avenue
Des Plaines, IL 60018
Attention: Neil Jenkins

Fax: 847-296-1949

with a copy to:

Jenner & Block LLP
330 N. Wabash Ave., 40th Fl.
Chicago, IL 60611
Attention: William D. Heinz
Carla J. Rozycki

Fax: 312-527-0484

Either party may change the address to which notices, requests, demands and other communications hereunder shall be sent by sending written notice of such change of address to the other party. Notices, demands and other communications shall be deemed given on delivery hereof.

22. **Assignments.** This Agreement is binding upon and shall inure to the benefit of Executive's heirs, executors, administrators or other legal representatives, and

upon the successors or assigns of the Company, or any company into which the Company merges or consolidates. Executive may not assign this Agreement without advance written consent of the Company.

23. **Knowing and Voluntary Agreement.** The parties hereby agree and acknowledge that they have carefully read this Agreement, fully understand what this Agreement means, and are signing this Agreement knowingly and voluntarily, that no other promises or agreements have been made to the parties other than those set forth in this Agreement, and that the parties have not relied on any statements by anyone associated with the other party that is not contained in this Agreement in deciding to sign this Agreement.

WHEREFORE, the parties have executed this Agreement on the date or dates set forth below.

AGREED:

AGREED:

EXECUTIVE:

LAWSON PRODUCTS INC.

By:

Name: Robert J. Washlow

Name:

Date:

Title:

-

Date:

DES PLAINES, Ill., April 13 /PRNewswire-FirstCall/ -- Lawson Products, Inc. (Nasdaq: LAWS) announced today the Lawson Board named Dr. Ronald B. Port as Non-Executive Chairman effective today to replace Robert J. Washlow, who will be leaving the company. Mr. Washlow is the son-in-law of Lawson's founder Sidney L. Port. Dr. Port, 66, has been a member of the Lawson board since 1984 and is the son of Sidney L. Port. The Lawson Board elected James S. Errant, 58, son-in-law of Sidney L. Port, to replace Mr. Washlow on the Board.

Thomas Neri, Lawson's President and Chief Operating Officer, was elected to serve as Chief Executive Officer effective April 13, 2007. Messrs. Washlow and Neri have been working together for the last three years and the Company believes that the change in Chief Executive Officers will be a smooth transition.

Mr. Washlow, 62, joined Lawson in 1998 and served as Lawson's Chairman and CEO since 1999. Speaking on behalf of the Board of Directors, Dr. Port said, "During Bob Washlow's tenure with Lawson the revenues, stock price and dividends have all increased substantially, six strategic business units were acquired, and the product line increased five-fold. He led development and implementation of a long-term strategic plan, including the repurchase of 24% of the Company's outstanding stock, and assembled a first-rate management team to lead the Company into the future. We appreciate his dedicated service and wish him well."

Mr. Washlow stated, "I have enjoyed my years at Lawson immensely and have reached a point where I would like to spend more time with my family, focus on personal business activities, long on hold, and increase my involvement in community activities. I am confident that the team we have built will continue to take our Family of Businesses forward in the years to come."

Mr. Neri, 55, joined Lawson in 2003 as Executive Vice President, Finance, Planning and Corporate Development, Chief Financial Officer and Treasurer, and became President and Chief Operating Officer in January of this year. Earlier in his career Mr. Neri held executive and finance positions with the Chicago Sun-Times and Tribune Company organizations.

Lawson Products is an international leader in selling and distributing systems, services and products to the industrial, commercial and institutional maintenance, repair and replacement (MRO) market. The Company also manufactures, sells and distributes production and specialized component parts to the original equipment marketplace (OEM) including the automotive, appliance, aerospace, construction and transportation industries.

This release contains certain forward-looking statements, including Mr. Washlow's statements, that involve risks and uncertainties. The terms "may," "should," "could," "anticipate," "believe," "continues," "estimate," "expect," "intend," "objective," "plan," "potential," "project" and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Such statements speak only as of the date of the news release and are subject to a variety of risks and uncertainties, many of which are beyond the Company's control, which could cause actual results to differ materially from the expectations. These risks include, but are not limited to: the impact of governmental investigations, such as the ongoing investigation by U.S. Attorney's office for the Northern District of Illinois; excess and obsolete inventory; disruptions of the Company's information systems; risks

of rescheduled or cancelled orders; increases in commodity prices; the influence of controlling stockholders; competition and competitive pricing pressures; the effect of general economic conditions and market conditions in the markets and industries the Company serves; the risks of war, terrorism, and similar hostilities; and, all of the factors discussed in the Company's "Risk Factors" set forth in its Annual Report on Form 10-K for the year ended December 31, 2006. The Company undertakes no obligation to update any such factor or to publicly announce the results of any revisions to any forward-looking statements contained herein whether as a result of new information, future events or otherwise.

SOURCE Lawson Products, Inc.

-0-

04/13/2007

/CONTACT: Neil Jenkins of Lawson Products, Inc., +1-847-827-9666 ext. 2208/

/First Call Analyst: /

/FCMN Contact: /

(LAWS)