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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 10, 2011

LAWSON PRODUCTS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other Jurisdiction of
Incorporation)

0-10546

(Commission File Number)

36-2229304

(IRS Employer Identification No.)

1666 East Touhy Avenue, Des Plaines, Illinois

(Address of Principal Executive Offices)

60018

(Zip Code)

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

Not Applicable

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01 Regulation FD Disclosure.

In connection with the Lawson Products, Inc.'s (the "Company") investor relations plan, the Company has updated its Investor Presentation (the "Presentation") which is furnished as Exhibit 99.1 to this Report on Form 8-K. A copy of the Presentation is also available on the Company's website at www.lawsonproducts.com

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

99.1 Investor Presentation

SIGNATURES

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

LAWSON PRODUCTS, INC.

(Registrant)

Date: November 10, 2011

By: /s/ Ronald J. Knutson

Name: Ronald J. Knutson

Title: Senior Vice President, Chief Financial Officer

Exhibit Index

Exhibit No.

99.1

Description

Investor Presentation



**Investor Presentation
November 2011**



LAWSON Products

NASDAQ: LAWS www.lawsonproducts.com



Forward-Looking Statements

"Safe Harbor" Statement under the Securities Litigation Reform Act of 1995:

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. The terms "may," "should," "could," "anticipate," "believe," "continue," "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. These statements are based on management's current expectations, intentions or beliefs and are subject to a number of factors, assumptions and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Factors that could cause or contribute to such differences or that might otherwise impact the business include the effect of general economic and market conditions; increases in commodity prices; work stoppages and other disruptions at transportation centers or shipping ports; disruptions of the Company's information and communication systems; competition and competitive pricing pressures; changes in customer demand; the influence of controlling stockholders; the inability of management to successfully implement strategic initiatives 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, 2010 and updated in its Quarterly Report on Form 10-Q for the quarter ended June 30, 2011.

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.





1. Lawson Products at a Glance
2. Leadership Team
3. MRO Industry Overview
4. Building an Efficient Platform to Drive Future Growth
5. Financial Highlights
6. Key Take-Aways





Company Overview

- **Founded in 1952 by Sid Port who had an entrepreneurial vision**
- **Listed on NASDAQ (Ticker: LAWS) since 1970; majority of stock was family held**
- **Serves industrial, commercial, institutional & government markets in all 50 U.S. states, Canada & Puerto Rico**
- **Supplies 300,000+ products**
 - Fasteners, cutting tools, chemicals, abrasives, safety, welding, hydraulic & automotive products
- **Headquartered in Des Plaines, IL**
 - 6 distribution centers, 1 repackaging facility & 1 corporate HQ
 - ~2,000 employees & independent sales agents





Sales Coverage and Distribution Reach Across North America;



Legend:

- | | |
|--------------------------|-------|
| Sales Penetration | |
| Distribution Center | |
| Des Plaines, IL | HQ/DC |
| Addison, IL | DC |
| Vernon Hills, IL | DC |
| Fairfield, NJ | DC |
| Reno, NV | DC |
| Suwanee, GA | DC |
| Mississauga, ON (Canada) | DC |





Strong Leadership Team in Place to Drive Growth

Leadership Team

- **Tom Neri, President & Chief Executive Officer**
 - Joined in March 2003 as CFO, became CEO in 2007
 - Senior positions in publishing, including EVP of the Sun-Times Company and President & Publisher of Pioneer Newspapers, Inc.
- **Harry Dochelli, Chief Operating Officer**
 - Joined in March 2008 as EVP, Sales & Marketing
 - 25-year career with senior leadership positions in operations and sales, with profit and loss responsibility; depth of experience within distribution industry
 - Previously served as EVP North America Contract Sales for Boise Cascade Office Products/OfficeMax, Inc.
- **Ron Knutson, Chief Financial Officer**
 - Joined in November 2009 as SVP & CFO
 - Senior financial roles across many sectors, most recently serving as SVP & CFO of Frozen Food Express Industries and before that as VP of Finance of Ace Hardware Corp.





Vision, Mission, and Values Guide Lawson's Strategic Plan

VISION, MISSION AND VALUES

Planting the Seeds for Growth

VISION

What we aspire to be

To be our **customers' first choice** for maintenance, repair and operational solutions that improve their operating performance.

MISSION

What we do to achieve our vision

We work closely with our customers to maintain and enhance their operations through products, services and innovative solutions.



VALUES

Operating philosophies or principles that guide our internal conduct and relationships with external stakeholders.

INTEGRITY

We act with integrity in every aspect of our business.

PROGRESSIVE

We are open to change, focused on the future and continuously learning and improving.

RESULTS DRIVEN

We are focused on delivering value and results.

TEAM ORIENTED

We share ideas, talents and solutions to achieve maximum results.





We see five key trends in the current MRO marketplace:

- **Increased product commoditization**
- **Easy and seamless customer / distributor interactions**
- **Increased pricing emphasis and transparency**
- **Heightened demand for same day and next day delivery**
- **More value placed on distributors' technical services**





MRO Industry Overview: Marketplace Dimensions

MRO customers assess their suppliers based on two critical needs

"Easy to do business with" Unplanned Purchases

Degree to which suppliers make it easy to get the right products quickly, effectively and efficiently:

- High availability and fast delivery
- Multiple, coordinated channels that make interactions easy and efficient (e.g., branch, call center, field rep, web)
- Wide selection of products
- Wide geographic coverage
- Ability to capture unplanned purchases

"Improves my operating performance" Planned Purchases

Degree to which suppliers help customers solve their technical problems in three areas to improve their operations

- Problem identification
- Product selection
- Product application

Serving each need requires a foundation of operational excellence





Within This Market, Lawson is Uniquely Positioned for Growth

- Operate in a fragmented but resilient industry
- Committed to evolving Lawson to become our customers' first choice for MRO solutions
 - Have identified our customers' needs
 - Building an efficient platform to meet those needs and drive significant growth through:
 - ERP
 - Network Optimization
 - Sales Transformation





Lawson Has Clear Competitive Advantages & Opportunities



Deep product knowledge and product application expertise



Value-added services, such as inventory management



High penetration of private label products



Broad geographic sales coverage, allowing us to serve large multi-location customers

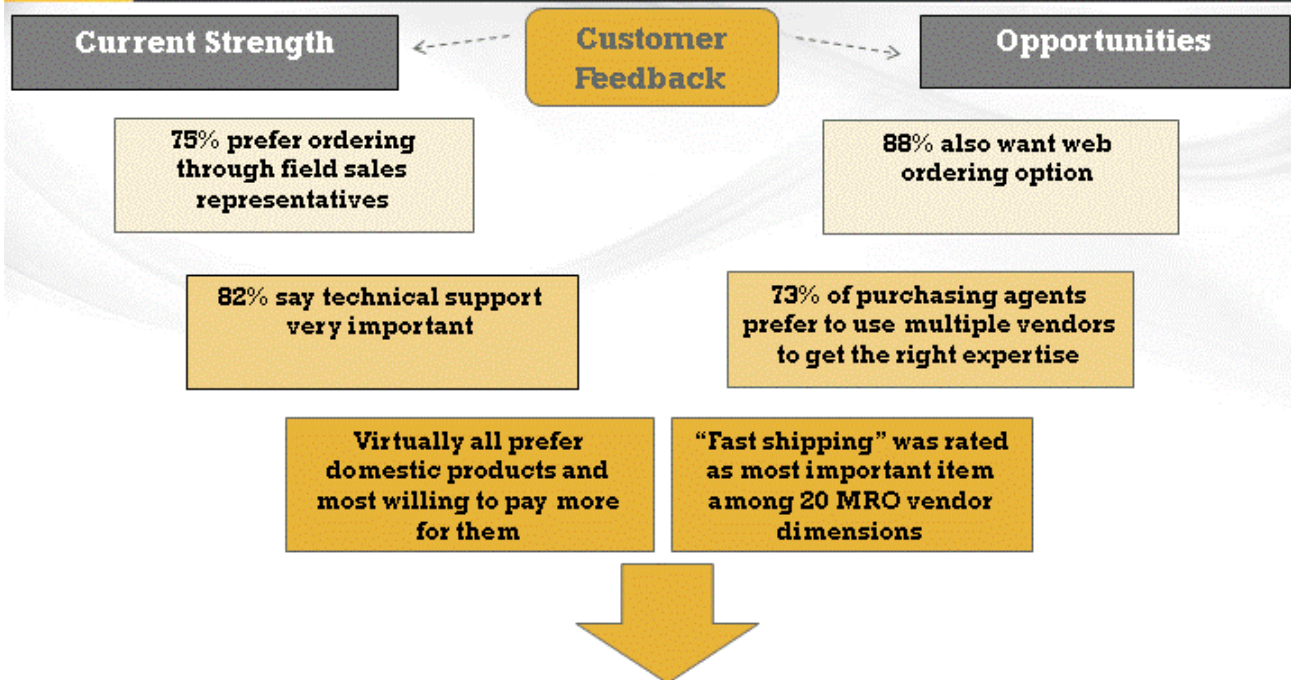


**Strong financial position allows
Lawson to gain market share**





Customer Feedback Has Confirmed the Company's Strengths and Opportunities



Lawson actively seizing these opportunities

Leveraging our core strengths + pursuing new initiatives focused on serving market with "unplanned" product needs





There Are Clear Opportunities for Future Growth

Core Business Today

"Planned" Products for Inventory Management



Customers have the need for products and want to outsource replenishment and inventory management

Future Opportunities

Products for "Unplanned" Needs



Customers with unplanned needs buy products from sales reps, phone, catalogs or the web for next-day delivery





Three Strategic Initiatives Will Help Us Realize the Business Potential

Through these initiatives, we will deliver an enhanced customer experience, support sales growth and improve operating performance

ERP Implementation

Network Optimization

Sales Transformation





ERP Transformation: Building an Efficient Platform to Drive Future Growth

ERP Transformation

Timing	Key Benefits	Costs/Savings
<ul style="list-style-type: none">• Significant implementation took place in Q3, 2011.• Now running business on SAP.• 2012 = benefit year	<ul style="list-style-type: none">• Facilitates easier ordering• Enables improved customer servicing• Consistent data to guide management decisions• Enables Lawson to implement centralized market-based pricing strategy• Enables Lawson to build a new E Commerce site, customers will have a new channel for ordering	<ul style="list-style-type: none">• Implementation costs incurred of ~\$24 million• 10-year IRR forecast of ~20% with anticipated 5-6 yr payback





Network Optimization: Building an Efficient Platform to Drive Future Growth

Network Optimization

Timing	Key Benefits	Costs/Savings
<ul style="list-style-type: none">• Ongoing initiative	<ul style="list-style-type: none">• Reduces overall fixed-cost base• Drives efficiencies in inventory and materials handling• Ensures presence in the best locations for costs and efficiencies• Improves customer experience and supports "unplanned needs" by supporting next-day and same-day delivery options	<ul style="list-style-type: none">• Potential for cost savings through efficiencies• Potential expense for new facilities to meet business needs





Network Optimization: Building an Efficient Platform to Drive Future Growth

Network Optimization – Same-Day Shipping & Next-Day Delivery

- Our research tells us between 10-13% of our current customers' MRO spend comes from "unplanned" and/or on-demand buying
- Providing same-day shipping & next-day delivery ensures LAWS can capture a greater share of this market
- Same-day shipping currently being rolled out in stages (web, phone, agents)
- Unplanned market currently represents <1% of LAWS sales, but provides significant future growth opportunities





Sales Transformation is Comprised of Two Key Strategies

Channel Strategy

Segment Strategy





Sales Transformation: Building an Efficient Platform to Drive Future Growth

Channel Strategy: Agent to Employee Transition

Improve Customer Experience

- Improve execution
- Meet changing customer expectations

Grow Sales

- Increase sales effectiveness
- Realize leverage in our model

Achieve sustainable results

- Attract and retain talent for long-term growth
- Reduce costs as a percent of sales

Transition began in 2011





Sales Transformation: Building an Efficient Platform to Drive Future Growth

Channel Strategy: eCommerce Presence

- **New eCommerce Website launches in first half, 2012**
- **Creates a new sales channel**
- **Captures new types of sales and customers**
- **Accommodates customers' unplanned purchasing needs**
- **Boosts sales productivity: Provides channel for smaller customers and enables sales force to focus on larger accounts**
- **Start of the build out of our channel strategy**
- **Anticipate approximately \$3 million initial investment with anticipated payback in 2 years**

**88% of our customers want to order over the web
based upon our research**





Segment Strategy

- **Opportunity to generate significant value by developing specialized segment strategies where Lawson is already strong, including:**
 - Strategic Accounts
 - Government
 - Automotive
- **Segmentation in areas where Lawson already has strong penetration will enable the Company to:**
 - Capture greater market share of chosen segments
 - Drive greater value from customers in these segments
 - Promote opportunities for applying centralized knowledge base in other territories over the long-term
 - Future segments will be developed





Lawson's business transformation is aligned with the Company's vision, mission and values; key characteristics underscore our plan:

- Leverages current assets and base business, not acquisitions.
- Re-positions Company to be more competitive in a changing environment, expanding Lawson's addressable market.
- Re-balances the customer portfolio more purposefully.
- Grows revenue to enhance operating leverage.





Financial Highlights

- **Growing Average Daily Sales (ADS) with diverse revenue streams**
 - ADS of \$1,268,000 YTD Sept. 30, 2011 vs. \$1,240,000 YTD Sept. 30, 2010
 - Improving average order size and daily orders per agent
- **2011 impacted by significant investments for future growth**
- **Q3 impacted by cut-over to new ERP system**
- **Strong Balance Sheet**
 - **Significant cash on hand**
 - **No outstanding borrowings**
- **Solid dividend yield**
 - Quarterly dividend of \$0.12 representing a yield of ~3.0%*

* As of October 2011 closing price





Financial Highlights – Income Statement

(Amount in thousands, except per share data)

	2011			2010				Full Year	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2010	2009
Average Daily Sales	\$ 1,178	\$ 1,315	\$ 1,311	\$ 1,312	\$ 1,274	\$ 1,255	\$ 1,180	\$ 1,257	\$ 1,197
Net sales	\$ 75,366	\$ 84,154	\$ 82,579	\$ 80,012	\$ 81,553	\$ 80,305	\$ 74,910	\$ 316,780	\$ 301,769
Cost of goods sold	32,820	35,855	32,640	30,248	31,605	31,516	28,585	121,954	116,210
Gross profit	\$ 42,546	\$ 48,299	\$ 49,939	\$ 49,764	\$ 49,948	\$ 48,789	\$ 46,325	\$ 194,826	\$ 185,559
Operating Expenses:									
Selling, general, & administrative expenses	\$ 45,335	\$ 46,242	\$ 45,449	\$ 47,923	\$ 43,606	\$ 44,773	\$ 43,719	\$ 180,021	\$ 177,421
Severance expense	282	465	745	646	1,333	1,224	426	3,629	6,228
Loss (gain) on sale of assets	-	-	-	-	-	-	(1,701)	(1,701)	16
Other operating (income) expenses	-	-	-	-	(3,500)	-	(550)	(4,050)	481
Operating expenses	45,617	46,707	46,194	48,569	41,439	45,997	41,894	177,899	184,146
Operating income	\$ (3,071)	\$ 1,592	\$ 3,745	\$ 1,195	\$ 8,509	\$ 2,792	\$ 4,431	\$ 16,927	\$ 1,413
Interest expense	(79)	(71)	(512)	(5)	(105)	(196)	(85)	(391)	(1,037)
Other income (expense)	59	63	16	135	(14)	23	16	160	1,029
Income before income taxes	(3,091)	1,584	3,249	1,325	8,390	2,619	4,362	16,696	1,405
Income tax expense (benefit)	(937)	496	1,199	1,213	2,624	1,139	2,130	7,106	(507)
Income from continuing operations	\$ (2,154)	\$ 1,088	\$ 2,050	\$ 112	\$ 5,766	\$ 1,480	\$ 2,232	\$ 9,590	\$ 1,912
Diluted income per share of common stock:									
Continuing operations	\$ (0.25)	\$ 0.13	\$ 0.24	\$ 0.01	\$ 0.68	\$ 0.17	\$ 0.26	\$ 1.12	\$ 0.22





Financial Highlights – Balance Sheet

(Amounts in thousands)

	September 30,	December 31,	
	2011	2010	2009
Assets			
Current Assets:			
Cash and cash equivalents	\$ 19,260	\$ 40,666	\$ 8,787
Accounts receivable, net	39,813	33,398	29,397
Inventories	44,320	47,167	43,397
Miscellaneous receivables and prepaid expenses	6,949	8,905	10,142
Deferred income taxes	4,340	4,251	4,819
Property held for sale	-	-	332
Discontinued operations	591	619	41,446
Total Current Assets	115,273	134,908	138,320
Property, plant and equipment, net	49,308	44,442	40,328
Cash value of life insurance	15,601	15,660	17,021
Deferred income taxes	10,075	11,492	15,249
Goodwill	27,966	28,307	27,967
Other assets	733	1,577	2,481
Discontinued operations	-	-	311
Total Assets	\$ 218,956	\$ 236,384	\$ 241,647
Liabilities and Stockholders' Equity			
Current Liabilities:			
Accounts payable	\$ 13,396	\$ 18,195	\$ 12,302
Accrued expenses and other liabilities	30,014	35,348	33,086
Settlement payable	-	-	10,000
Discontinued operations	460	2,008	7,852
Total Current Liabilities	43,870	55,551	63,240
Security/bonus plan	24,092	25,602	25,931
Deferred compensation	9,414	10,792	10,374
Other	1,289	1,574	5,468
	34,795	37,968	41,781
Total Stockholders' Equity	140,291	142,865	136,646
Total Liabilities and Stockholders' Equity	\$ 218,956	\$ 236,384	\$ 241,647





Key Take-Aways and Financial Considerations

- Consistent growth in average daily sales with enhanced relationships with existing customers
- Strong balance sheet, margins & cash resources enable significant investment in growth
- Building the right platform to support future growth with a researched based strategy
- Experienced leadership team with track record of successful execution
- Strong dividend yield

Lawson Products: Evolving, Growing, Leading





Questions?

 **LAWSON** Products



Appendix

 **LAWSON** Products



Appendix: Financial Highlights – 5 Year Income Statement

(Amount in thousands, except per share data)

	Year ended December 31,				
	2010	2009	2008	2007	2006
Average daily sales	\$ 1,257	\$ 1,197	\$ 1,488	\$ 1,555	\$ 1,535
Net sales	\$316,780	\$301,769	\$376,572	\$390,307	\$386,780
Cost of goods sold	121,954	116,210	139,785	139,620	133,405
Gross profit	194,826	185,559	236,787	250,687	253,375
Operating expenses:					
Selling, general and administrative	180,021	177,421	211,100	218,290	232,591
Severance expenses	3,629	6,228	5,238	11,628	1,111
Loss (gain) on sale of assets	(1,701)	16	44	-	806
Other operating (income) expenses	(4,050)	481	35,616	5,793	3,224
Operating expenses	177,899	184,146	251,998	235,711	237,732
Operating income (loss)	16,927	1,413	(15,211)	14,976	15,643
Other (income) expenses, net	(231)	(8)	(163)	(278)	2,070
Income (loss) before income taxes	16,696	1,405	(15,374)	14,698	17,713
Income tax (benefit)	7,106	(507)	8,305	6,436	8,349
Income (loss) from continuing operations	<u>\$ 9,590</u>	<u>\$ 1,912</u>	<u>\$ (23,679)</u>	<u>\$ 8,262</u>	<u>\$ 9,364</u>
Basic income per share of common stock:					
Continuing operations	<u>\$ 1.13</u>	<u>\$ 0.22</u>	<u>\$ (2.78)</u>	<u>\$ 0.97</u>	<u>\$ 1.05</u>
Diluted income per share of common stock:					
Continuing operations	<u>\$ 1.12</u>	<u>\$ 0.22</u>	<u>\$ (2.78)</u>	<u>\$ 0.97</u>	<u>\$ 1.05</u>

