

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Schedule TO

Tender Offer Statement under Section
14(d)(1) or 13(e)(1) of the Securities Exchange Act of 1934

Lawson Products, Inc.

(Name of Subject Company (Issuer))

Lawson Products, Inc. (Issuer)

(Name of Filing Person (Identifying Status as Offeror, Issuer or Other Person))

Common Stock, Par Value \$1.00 Per Share
(Title of Class of Securities)

520776105
(CUSIP Number of Class of Securities)

Neil E. Jenkins
Executive Vice President, Secretary, and General Counsel
Lawson Products, Inc.
1666 East Touhy Ave., Des Plaines, Illinois 60018
Telephone: 847-827-9666
(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications on Behalf of Filing Persons)

Copy to:

Stanley H. Meadows, P.C.
Heidi J. Steele
McDermott, Will & Emery LLP
227 West Monroe Street
Chicago, Illinois 60606-5096
Telephone: (312) 372-2000

CALCULATION OF FILING FEE

Transaction Valuation*
\$43,000,000

Amount of Filing Fee**
\$4,601

* Calculated solely for purposes of determining the amount of the filing fee. Pursuant to rule 0-11(b)(1) of the Securities Exchange Act of 1934, as amended, the Transaction Valuation was calculated assuming that 1,000,000 outstanding shares of common stock, par value \$1.00 per share, are being purchased at the maximum possible tender offer price of \$43.00 per share.

** The amount of the filing fee, calculated in accordance with Rule 0-11(b)(1) of the Securities Exchange Act of 1934, as amended, equals \$107.00 per million of the value of the transaction.

o Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: N/A
Form or Registration No.: N/A

Filing Party: N/A
Date Filed: N/A

o Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

o third-party tender offer subject to Rule 14d-1.

issuer tender offer subject to Rule 13e-4.

o going-private transaction subject to Rule 13e-3.

o amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer: o

This Tender Offer Statement on Schedule TO relates to the tender offer by Lawson Products, Inc., a Delaware corporation ("Lawson Products" or the "Company"), to purchase for cash up to 1,000,000 shares of its common stock, par value \$1.00 per share, at a price not more than \$43.00 nor less than \$37.50 per share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the offer to purchase, dated September 8, 2006 (the "Offer to Purchase"), and the accompanying letter of transmittal (the "Letter of Transmittal"), which together, as each may be amended and supplemented from time to time, constitute the tender offer. This Schedule TO is intended to satisfy the reporting requirements of Rule 13e-4(c)(2) of the Securities Exchange Act of 1934, as amended. The information contained in the Offer to Purchase and the accompanying Letter of Transmittal, copies of which are attached to this Schedule TO as Exhibits (a)(1)(A) and (a)(1)(B), respectively, is incorporated herein by reference in response to all of the items of this Schedule TO as more particularly described below.

The Company publicly announced the tender offer on September 6, 2006, after the close of trading on Nasdaq on that date. On September 6, 2006, the reported closing price of the Company's common stock on Nasdaq was \$38.16 per share. On September 7, 2006, the last trading day prior to the date of the offer to purchase, the reported closing price of the Company's common stock on Nasdaq was \$40.98 per share. The lower end of the price range for the tender offer is below the current market price for the shares. The Company urges stockholders to obtain current market quotations for its shares of common stock.

Item 1. Summary Term Sheet.

The information set forth under "Summary Term Sheet" in the Offer to Purchase is incorporated herein by reference.

Item 2. Subject Company Information.

- (a) *Name and Address.* The name of the issuer is Lawson Products, Inc. The address of the principal executive offices of Lawson Products, Inc. is 1666 East Touhy Ave., Des Plaines, Illinois 60018. The telephone number of the principal executive offices of Lawson Products, Inc. is (847) 827-9666.
- (b) *Securities.* The information set forth in the Introduction to the Offer to Purchase is incorporated herein by reference.
- (c) *Trading Market and Price.* The information set forth in Section 8 of the Offer to Purchase ("Price Range of Shares; Dividends") is incorporated herein by reference.

Item 3. Identity and Background of Filing Person.

Lawson Products is the filing person. Lawson Product's address and telephone number are set forth in Item 2 above. The information set forth in Section 11 of the Offer to Purchase ("Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Shares") is incorporated herein by reference.

Item 4. Terms of the Transaction.

- (a) *Material Terms.* The following sections of the Offer to Purchase contain information regarding the material terms of the transaction and are incorporated herein by reference:
 - Summary Term Sheet;

- Introduction;
- Section 1 (“Number of Shares; Proration”);
- Section 2 (“Purpose of the Tender Offer”);
- Section 3 (“Procedures for Tendering Shares”);
- Section 4 (“Withdrawal Rights”);
- Section 5 (“Purchase of Shares and Payment of Purchase Price”);
- Section 6 (“Conditional Tender of Shares”);
- Section 7 (“Conditions of the Tender Offer”);
- Section 9 (“Source and Amount of Funds”);
- Section 11 (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Shares”);
- Section 14 (“U.S. Federal Income Tax Consequences”); and
- Section 15 (“Extension of the Tender Offer; Termination; Amendment”).

(b) *Purchases.* The information set forth in the Introduction to the Offer to Purchase and in Section 11 of the Offer to Purchase (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Shares”) is incorporated herein by reference.

Item 5. Past Contacts, Transactions, Negotiations and Agreements.

The information set forth in Section 11 of the Offer to Purchase (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Shares”) is incorporated herein by reference.

Item 6. Purposes of the Transaction and Plans or Proposals.

Purposes; Use of Securities Acquired; Plans. The following sections of the Offer to Purchase, which contain information regarding the purposes of the transaction, use of securities acquired and plans, are incorporated herein by reference:

- Summary Term Sheet; and
- Section 2 (“Purpose of the Tender Offer”).

Item 7. Source and Amount of Funds and Other Consideration.

(a); (b); (d) *Source of Funds; Conditions; Borrowed Funds.* The information set forth in Section 9 of the Offer to Purchase (“Source and Amount of Funds”) is incorporated herein by reference.

Item 8. Interest in Securities of the Subject Company.

(a); (b) *Securities Ownership; Securities Transactions.* The information set forth in Section 11 of the Offer to Purchase (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Shares”) is incorporated herein by reference.

Item 9. Persons/Assets Retained, Employed, Compensated or Used.

The information set forth in Section 16 of the Offer to Purchase (“Fees and Expenses”) is incorporated herein by reference.

Item 10. Financial Statements.

(a); (b) Not applicable.

Item 11. Additional Information

(a) *Agreements, Regulatory Requirements and Legal Proceedings.* The information set forth in Section 10 of the Offer to Purchase (“Certain Information Regarding Lawson”), Section 11 of the Offer to Purchase (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Shares”) and Section 13 of the Offer to Purchase (“Legal Matters; Regulatory Approvals”) is incorporated herein by reference.

(b) *Other Material Information.* The information set forth in the Offer to Purchase and the accompanying Letter of Transmittal, copies of which are filed with this Schedule TO as Exhibits (a)(1)(A) and (a)(1)(B), respectively, as each may be amended or supplemented from time to time, is incorporated herein by reference.

Item 12. Exhibits

(a)(1)(A) Offer to Purchase, dated September 8, 2006.

(a)(1)(B) Letter of Transmittal.

(a)(1)(C) Notice of Guaranteed Delivery.

(a)(1)(D) Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees, dated September 8, 2006.

(a)(1)(E) Letter to Clients of Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees, dated September 8, 2006.

(a)(5)(A) Press Release, dated September 6, 2006, incorporated by reference to Exhibit 99.1 to the Company’s Form 8-K filed with the Securities and Exchange Commission on September 6, 2006.

(a)(5)(B) Press Release, dated September 8, 2006 announcing commencement of the offer.

(b)(1) Credit Agreement dated March 27, 2001 between Lawson Products, Inc. and LaSalle Bank National Association, as amended by the First Amendment to Credit Agreement dated August 12, 2002 as amended by Second Modification to Loan Documents dated July 11, 2003, and as further amended by Third Modification to Credit Agreement dated as of June 15, 2005, incorporated by reference to Exhibit 10(c)(17) to the Company’s Form 10-Q for the quarter ended June 30, 2005.

- (d)(1) Lawson Products, Inc. Incentive Stock Plan, incorporated herein by reference to Appendix A to the Company's Proxy Statement for the Annual Meeting of Stockholders held on May 11, 1999.
- (d)(2) Amended and Restated Executive Deferral Plan, incorporated herein by reference from Exhibit 10(c)(7) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.
- (d)(3) Lawson Products, Inc. Stock Performance Plan, incorporated herein by reference from Exhibit 10(c)(8) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000.
- (d)(4) Lawson Products, Inc. 2002 Stock Equivalents Plan for Non Employee Directors, incorporated herein by reference from Exhibit 10(c)(9) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002.
- (d)(5) Lawson Products, Inc. Long-Term Capital Accumulation Plan, incorporated herein by reference from Exhibit 10(c)(10) to the Company's Current Report on Form 8-K dated October 21, 2004.
- (d)(6) Form of Shareholder Value Appreciation Rights Award Agreement, incorporated by reference to Exhibit 10(c)(14) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004.
- (d)(7) Form of Restricted Stock Award and Acknowledgement, incorporated by reference to Exhibit 10(c)(15) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004.
- (d)(8) Form Letter regarding Stock Performance Rights, incorporated by reference to Exhibit 10(c)(16) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004.
- (g) Not applicable.
- (h) Not applicable.

Item 13. Information Required by Schedule 13E-3.

Not applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Lawson Products, Inc.

By: /s/ Neil E. Jenkins

Name: Neil E. Jenkins

Title: Executive Vice President, Secretary and General Counsel

Dated: September 8, 2006

Offer to Purchase for Cash
Up to 1,000,000 Shares of its Common Stock
at
**a Purchase Price Not Greater Than \$43.00
Nor Less Than \$37.50 Per Share by
Lawson Products, Inc.**

THE TENDER OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON THURSDAY, OCTOBER 5, 2006, UNLESS LAWSON PRODUCTS, INC. EXTENDS THE TENDER OFFER.

Lawson Products, Inc., a Delaware corporation (referred to herein as "we," "us," the "Company" or "Lawson"), is offering to purchase for cash up to 1,000,000 shares of its common stock, upon the terms and subject to the conditions set forth in this document and the letter of transmittal (which together, as they may be amended and supplemented from time to time, constitute the "tender offer").

On the terms and subject to the conditions of the tender offer, we will determine the single per share price, not greater than \$43.00 nor less than \$37.50 per share, net to you in cash, without interest, that we will pay for shares properly tendered and not properly withdrawn in the tender offer, taking into account the total number of shares so tendered and the prices specified by the tendering stockholders. We will select the lowest purchase price that will allow us to purchase 1,000,000 shares, or such fewer number of shares as are properly tendered and not properly withdrawn, at prices not greater than \$43.00 nor less than \$37.50 per share. The Company will purchase at the purchase price all shares properly tendered at prices at or below the purchase price and not properly withdrawn, on the terms and subject to the conditions of the tender offer, including the odd lot, conditional tender and proration provisions. We reserve the right, in our sole discretion, to purchase more than 1,000,000 shares in the tender offer, subject to applicable law. The Company will not purchase shares tendered at prices greater than the purchase price or shares that we do not accept for purchase because of proration provisions or conditional tenders. Shares not purchased in the tender offer will be returned to the tendering stockholders at our expense promptly after the expiration of the tender offer. See Section 1.

THE TENDER OFFER IS NOT CONDITIONED ON ANY MINIMUM NUMBER OF SHARES BEING TENDERED OR ON LAWSON OBTAINING FINANCING. THE TENDER OFFER IS, HOWEVER, SUBJECT TO OTHER CONDITIONS. SEE SECTION 7.

IMPORTANT

If you wish to tender all or any part of your shares, you should either (1) complete and sign a letter of transmittal according to the instructions in the letter of transmittal and mail or deliver it, together with any required signature guarantee and any other required documents, including the share certificates, to Computershare Trust Company of New York, the depository for the tender offer, or (2) tender the shares according to the procedure for book-entry transfer described in Section 3, or (3) request a broker, dealer, commercial bank, trust company or other nominee to effect the transaction for you. If your shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, you should contact that person if you desire to tender your shares. If you desire to tender your shares and (1) your share certificates are not immediately available or cannot be delivered to the depository, (2) you cannot comply with the procedure for book-entry transfer, or (3) you cannot deliver the other required documents to the depository by the expiration of the tender offer, you may tender your shares according to the guaranteed delivery procedure described in Section 3.

OUR BOARD OF DIRECTORS HAS APPROVED THE TENDER OFFER. HOWEVER, NEITHER WE NOR OUR BOARD OF DIRECTORS MAKES ANY RECOMMENDATION TO YOU AS TO WHETHER YOU SHOULD TENDER OR REFRAIN FROM TENDERING YOUR SHARES OR AS TO THE PRICE OR PRICES AT WHICH YOU MAY CHOOSE TO TENDER YOUR SHARES. YOU MUST MAKE YOUR OWN DECISION AS TO WHETHER TO TENDER YOUR SHARES AND, IF SO, HOW MANY SHARES TO TENDER AND THE PRICE OR PRICES AT WHICH TO TENDER YOUR SHARES. IN SO DOING, YOU SHOULD READ CAREFULLY THE INFORMATION IN THIS OFFER TO PURCHASE AND IN THE LETTER OF TRANSMITTAL, INCLUDING OUR REASONS FOR MAKING THE TENDER OFFER. OUR DIRECTORS AND EXECUTIVE OFFICERS HAVE ADVISED US THAT THEY DO NOT INTEND TO TENDER ANY SHARES IN THE TENDER OFFER. IN ADDITION, THE MEMBERS OF THE PORT FAMILY, INCLUDING THEIR AFFILIATED FAMILY PARTNERSHIPS, WHOM WE REFER TO AS OUR "PRINCIPAL STOCKHOLDERS," HAVE ADVISED US THAT THEY DO NOT INTEND TO TENDER ANY SHARES IN THE TENDER OFFER.

The shares are listed and traded on the Nasdaq Global Select Market ("Nasdaq") under the trading symbol "LAWS." We publicly announced the tender offer on September 6, 2006, after the close of trading on Nasdaq on that date. On September 6, 2006, the reported closing price of the shares on Nasdaq was \$38.16 per share. The lower end of the price range for the tender offer is below the current market price for the shares. We urge you to obtain current market quotations for the shares. See Section 8.

You may direct questions and requests for assistance to Morrow & Co., Inc., the information agent for the tender offer, or to Credit Suisse Securities (USA) LLC ("Credit Suisse"), the dealer manager for the tender offer, at their respective addresses and telephone numbers set forth on the back cover page of this document. You may direct requests for additional copies of this document, the letter of transmittal or the notice of guaranteed delivery to the information agent.

The Dealer Manager for the Tender Offer is:



September 8, 2006

[Table of Contents](#)

We have not authorized any person to make any recommendation on our behalf as to whether you should tender or refrain from tendering your shares in the tender offer. We have not authorized any person to give any information or to make any representation in connection with the tender offer other than those contained in this document or in the letter of transmittal. If given or made, you must not rely upon any such information or representation as having been authorized by us or the dealer manager.

We are not making the tender offer to (nor will we accept any tender of shares from or on behalf of) holders in any jurisdiction in which the making of the tender offer or the acceptance of any tender of shares would not be in compliance with the laws of such jurisdiction. However, we may, at our discretion, take such action as we may deem necessary for us to make the tender offer in any such jurisdiction and extend the tender offer to holders in such jurisdiction. In any jurisdiction the securities or blue sky laws of which require the tender offer to be made by a licensed broker or dealer, the tender offer is being made on our behalf by the dealer manager or one or more registered brokers or dealers, which are licensed under the laws of such jurisdiction.

SUMMARY TERM SHEET	2
INTRODUCTION	6
THE TENDER OFFER	8
1. Number of Shares; Proration	8
2. Purpose of the Tender Offer	10
3. Procedures for Tendering Shares	11
4. Withdrawal Rights	16
5. Purchase of Shares and Payment of Purchase Price	16
6. Conditional Tender of Shares	18
7. Conditions of the Tender Offer	18
8. Price Range of Shares; Dividends	21
9. Source and Amount of Funds	22
10. Certain Information Concerning Lawson	22
11. Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Shares	23
12. Effects of the Tender Offer on the Market for Shares; Registration under the Exchange Act	25
13. Legal Matters; Regulatory Approvals	26
14. U.S. Federal Income Tax Consequences	26
15. Extension of the Tender Offer; Termination; Amendment	28
16. Fees and Expenses	29
17. Miscellaneous	30

FORWARD-LOOKING STATEMENTS

This offer to purchase contains or incorporates by reference not only historical information, but also forward-looking statements. 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. 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 following:

- the impact of governmental investigations, such as the recently announced investigation by the 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 principal 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, 2005.

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.

SUMMARY TERM SHEET

We are providing this summary term sheet for your convenience. You should realize that it does not describe all of the details of the tender offer to the same extent described in this document. We urge you to read the entire document and the letter of transmittal because they contain the full details of the tender offer. We have included references to the sections of this document where you will find a more complete discussion.

Who is offering to purchase my shares?	Lawson Products, Inc. is offering to purchase your shares.
What will the purchase price for the shares be?	We will determine the per share purchase price that we will pay promptly after the tender offer expires. The purchase price will be the lowest price at which, based on the number of shares tendered and the prices specified by the tendering stockholders, we can purchase 1,000,000 shares, or such fewer number of shares as are properly tendered and not properly withdrawn prior to the expiration date. The purchase price will not be greater than \$43.00 nor less than \$37.50 per share. We will pay this purchase price in cash, without interest, for all the shares we purchase under the tender offer, even if some of the shares are tendered at a price below the purchase price. See Section 1.
How many shares will Lawson purchase?	We will purchase 1,000,000 shares properly tendered in the tender offer, or such fewer number of shares as are properly tendered, and not properly withdrawn prior to the expiration date. The 1,000,000 shares represent approximately 11.1% of our outstanding common stock as of August 31, 2006. We expressly reserve the right to purchase an additional number of shares not to exceed 2% of the outstanding shares, and could decide to purchase more shares, subject to applicable legal requirements. See Section 1. The tender offer is not conditioned on any minimum number of shares being tendered. See Section 7.
What will happen if more than 1,000,000 shares are tendered at or below the purchase price?	If more than 1,000,000 shares are tendered at or below the purchase price, we will purchase all shares tendered at or below the purchase price on a pro rata basis, except for "odd lots" (lots held by owners of less than 100 shares), which we will purchase on a priority basis as described in the immediately following paragraph, and except for shares that were conditionally tendered and for which the condition was not satisfied. See Sections 5 and 6.
If I own fewer than 100 shares and I tender all of my shares, will I be subject to proration?	If you own beneficially or of record fewer than 100 shares in the aggregate, you properly tender all of these shares at or below the purchase price before the tender offer expires and you complete the section entitled "Odd Lots" in the letter of transmittal, we will purchase all of your shares without subjecting them to the proration procedure. See Section 1.
How will Lawson pay for the shares?	We anticipate that we will fund the purchase of the shares tendered in the tender offer with borrowings under our existing credit facility. The tender offer is not conditioned upon Lawson obtaining financing.
How long do I have to tender my shares?	You may tender your shares until the tender offer expires. The tender offer will expire on October 5, 2006, at 12:00 Midnight, New York City time, unless we extend it. See Section 1. We may

choose to extend the tender offer for any reason, subject to applicable laws. We cannot assure you that we will extend the tender offer or, if extended, of the length of any extension that we may provide. See Section 15. If a broker, dealer, commercial bank, trust company or other nominee holds your shares, it is likely that they have an earlier deadline for you to act to instruct them to accept the tender offer on your behalf. We urge you to contact the broker, dealer, commercial bank, trust company or other nominee to find out their deadline.

Can the tender offer be extended, amended or terminated?

We can extend or amend the tender offer in our sole discretion. If we extend the tender offer, we will delay the acceptance of any shares that have been tendered. We can terminate the tender offer under certain circumstances. See Section 7 and Section 15.

How will I be notified if Lawson extends the tender offer or amends the terms of the tender offer?

We will issue a press release by 9:00 a.m., New York City time, on the business day after the scheduled expiration date if we decide to extend the tender offer. We will announce any amendment to the tender offer by making a public announcement of the amendment. See Section 15.

What is the purpose of the tender offer?

We believe that the tender offer is a prudent use of our financial resources given our business profile, assets and the current market price of the shares, and that investing in our own shares is an efficient means to provide value to our stockholders. The tender offer represents the opportunity for us to return cash to stockholders who elect to tender their shares, while at the same time increasing non-tendering stockholders' proportionate interest in Lawson. See Section 2 and Section 10.

Are there any conditions to the tender offer?

Yes. The tender offer is subject to conditions such as the absence of court and governmental action prohibiting the tender offer and of changes in general market conditions or our business that, in our judgment, are or may be materially adverse to us. See Section 7.

Following the tender offer, will Lawson continue as a public company?

Yes. Lawson does not believe that its purchase of shares under the tender offer will cause the remaining outstanding shares of Lawson common stock to be delisted from the Nasdaq or cause us not to be subject to the periodic reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). See Section 12.

How do I tender my shares?

The tender offer will expire at 12:00 Midnight, New York City time, on October 5, 2006, unless we extend the tender offer. To tender your shares prior to the expiration of the tender offer:

- you must deliver your share certificate(s) and a properly completed and duly executed letter of transmittal to the depositary at the address appearing on the back cover page of this document; or
- the depositary must receive a confirmation of receipt of your shares by book-entry transfer and a properly completed and duly executed letter of transmittal or an agent's message in the case of a book entry transfer; or

- you must request a broker, dealer, commercial bank, trust company or other nominee to effect the transaction for you; or
- you must comply with the guaranteed delivery procedures.

You should contact the information agent or the dealer manager for assistance. See Section 3 and the instructions to the letter of transmittal. Please note that Lawson will not purchase your shares in the tender offer unless the depository receives the required documents prior to the expiration of the tender offer. If a broker, dealer, commercial bank, trust company or other nominee holds your shares, it is likely they have an earlier deadline for you to act to instruct them to accept the tender offer on your behalf. We urge you to contact your broker, dealer, commercial bank, trust company or other nominee to find out their applicable deadline.

Once I have tendered shares in the tender offer, can I withdraw my tender?

You may withdraw any shares you have tendered at any time before the expiration of the tender offer, which will occur at 12:00 Midnight, New York City time, on October 5, 2006, unless we extend the tender offer. See Section 4.

How do I withdraw shares I previously tendered?

You must deliver, on a timely basis, a written or facsimile notice of your withdrawal to the depository at the address appearing on the back cover page of this document. Your notice of withdrawal must specify your name, the number of shares to be withdrawn and the name of the registered holder of these shares. Additional requirements apply if the share certificates to be withdrawn have been delivered to the depository or if your shares have been tendered under the procedure for book-entry transfer set forth in Section 3. See Section 4.

How do holders of vested stock options for shares participate in the tender offer?

If you hold vested but unexercised options, you may exercise such options in accordance with the terms of the applicable stock option plans and tender the shares received upon such exercise in accordance with this tender offer. An exercise of an option cannot be revoked even if shares received upon the exercise thereof and tendered in the offer are not purchased in the offer for any reason. See Section 3.

Has Lawson or its Board of Directors adopted a position on the tender offer?

Our Board of Directors has approved the tender offer. However, neither we nor our Board of Directors makes any recommendation to you as to whether you should tender or refrain from tendering your shares or as to the price or prices at which you may choose to tender your shares. You must make your own decision as to whether to tender your shares and, if so, how many shares to tender and the price or prices at which you should tender your shares. In so doing, you should read carefully the information in this offer to purchase and in the letter of transmittal, including our reasons for making the tender offer. Our directors and executive officers have advised us that they do not intend to tender any shares in the tender offer. In addition, our principal stockholders have advised us that they do not intend to tender any shares in the tender offer. See Section 11.

If I decide not to tender, how will the tender offer affect my shares?	Stockholders who choose not to tender will own a greater percentage interest of our outstanding common stock following the consummation of the tender offer.
What is the recent market price for the shares?	We publicly announced the tender offer on September 6, 2006, after the close of trading on the Nasdaq on that date. On September 6, 2006, the reported closing price of the shares on Nasdaq was \$38.16 per share. The lower end of the price range for the tender offer is below the current market price for the shares. We urge you to obtain current market quotations for the shares. See Section 8.
When will Lawson pay for the shares I tender?	We will pay the purchase price, net to you in cash, without interest, for the shares we purchase promptly after the expiration of the tender offer and the acceptance of the shares for payment. Because of the difficulty in determining the number of shares tendered, including by guaranteed delivery, and the odd lot procedure and conditional tender provisions, we do not expect to announce the results of the proration and begin paying for tendered shares until at least five business days after the expiration of the tender offer. See Section 5.
Will I have to pay brokerage commissions if I tender my shares?	If you are a registered stockholder and you tender your shares directly to the depositary, you will not incur any brokerage commissions. If you hold shares through a broker or bank, we urge you to consult your broker or bank to determine whether transaction costs are applicable. See Section 3.
What are the U.S. federal income tax consequences if I tender my shares?	Generally, you will be subject to U.S. federal income taxation when you receive cash from us in exchange for the shares you tender. In addition, the receipt of cash for your tendered shares will be treated either as (1) a sale or exchange or (2) a distribution from us in respect of our stock. See Section 14.
Will I have to pay any stock transfer tax if I tender my shares?	If you instruct the depositary in the letter of transmittal to make the payment for the shares to the registered holder, you will not incur any stock transfer tax. See Section 5.
Whom can I talk to if I have questions?	The information agent and the dealer manager can help answer your questions. The information agent is Morrow & Co., Inc., and the dealer manager is Credit Suisse. Their contact information is set forth on the back cover page of this document.

INTRODUCTION

To the Holders of our Common Stock:

We invite our stockholders to tender shares of our common stock, \$1.00 par value per share, for purchase by us. Upon the terms and subject to the conditions set forth in this offer to purchase and in the letter of transmittal, we are offering to purchase up to 1,000,000 shares at a price not greater than \$43.00 nor less than \$37.50 per share, net to the seller in cash, without interest.

The tender offer will expire at 12:00 Midnight, New York City time, on October 5, 2006, unless extended (such date and time, as the same may be extended, the "expiration date"). We may, in our sole discretion, extend the period of time in which the tender offer will remain open.

We will select the lowest purchase price that will allow us to buy 1,000,000 shares or, if a lesser number of shares is properly tendered, all shares that are properly tendered and not properly withdrawn. We will acquire all shares that we purchase in the tender offer at the same purchase price regardless of whether the stockholder tendered at a lower price. However, because of the "odd lot" priority, proration and conditional tender provisions described in this offer to purchase, we may not purchase all of the shares tendered at or below the purchase price if more than the number of shares we seek are properly tendered. We will return tendered shares that we do not purchase to the tendering stockholders at our expense promptly after the expiration of the tender offer. See Section 1.

We reserve the right to purchase more than 1,000,000 shares pursuant to the tender offer, subject to certain limitations and legal requirements. See Section 1.

Stockholders must complete the section of the letter of transmittal relating to the price at which they are tendering shares in order to properly tender shares.

We will pay the purchase price, net to the tendering stockholders in cash, without interest, for all shares that we purchase. Tendering stockholders whose shares are registered in their own names and who tender directly to Computershare Trust Company of New York, the depository in the tender offer, will not be obligated to pay brokerage fees or commissions or, except as set forth in Instruction 9 to the letter of transmittal, stock transfer taxes on the purchase of shares by us under the tender offer. If you own your shares through a bank, broker, dealer, trust company or other nominee and that person tenders your shares on your behalf, that person may charge you a fee for doing so. You should consult your bank, broker, dealer, trust company or other nominee to determine whether any charges will apply.

The tender offer is not conditioned upon any minimum number of shares being tendered or upon Lawson obtaining financing. The tender offer is, however, subject to certain other conditions. See Section 7.

OUR BOARD OF DIRECTORS HAS APPROVED THE TENDER OFFER. HOWEVER, NEITHER WE NOR OUR BOARD OF DIRECTORS NOR THE DEALER MANAGER MAKES ANY RECOMMENDATION TO YOU AS TO WHETHER YOU SHOULD TENDER OR REFRAIN FROM TENDERING YOUR SHARES OR AS TO THE PRICE OR PRICES AT WHICH YOU MAY CHOOSE TO TENDER YOUR SHARES. YOU MUST MAKE YOUR OWN DECISION AS TO WHETHER TO TENDER YOUR SHARES AND, IF SO, HOW MANY SHARES TO TENDER AND THE PRICE OR PRICES AT WHICH TO TENDER YOUR SHARES. IN SO DOING, YOU SHOULD READ CAREFULLY THE INFORMATION IN THIS OFFER TO PURCHASE AND IN THE LETTER OF TRANSMITTAL, INCLUDING OUR REASONS FOR MAKING THE TENDER OFFER. SEE SECTION 2. OUR DIRECTORS AND EXECUTIVE OFFICERS HAVE ADVISED US THAT THEY DO NOT INTEND TO TENDER ANY SHARES IN THE TENDER OFFER. IN ADDITION, OUR PRINCIPAL STOCKHOLDERS HAVE ADVISED US THAT THEY DO NOT INTEND TO TENDER ANY SHARES IN THE TENDER OFFER.

If, at the expiration date, more than 1,000,000 shares are properly tendered at or below the purchase price and not properly withdrawn, we will buy shares:

- first, from all holders of “odd lots” (holders of less than 100 shares) who properly tender all their shares at or below the purchase price selected by us and do not properly withdraw them before the expiration date;
- second, on a pro rata basis from all other stockholders who properly tender shares at or below the purchase price selected by us, other than stockholders who tender conditionally and whose conditions are not satisfied; and
- third, only if necessary to permit us to purchase 1,000,000 shares (or such greater number of shares as we may elect to purchase, subject to applicable law) from holders who have tendered shares at or below the purchase price subject to the condition that a specified minimum number of the holder’s shares be purchased if any of the holder’s shares are purchased in the tender offer (for which the condition was not initially satisfied) by random lot, to the extent feasible. To be eligible for purchase by random lot, stockholders whose shares are conditionally tendered must have tendered all of their shares.

We may not purchase all of the shares tendered pursuant to the tender offer even if the shares are tendered at or below the purchase price. See Section 1, Section 5 and Section 6, respectively, for additional information concerning priority, proration and conditional tender procedures.

Section 14 of this offer to purchase describes the material United States federal income tax consequences of a sale of shares under the tender offer.

Holders of vested but unexercised options to purchase shares may exercise such options for cash and tender some or all of the shares issued upon such exercise. An exercise of an option cannot be revoked even if shares received upon the exercise thereof and tendered in the offer are not purchased in the offer for any reason.

As of August 31, 2006, we had issued and outstanding 8,997,515 shares. The 1,000,000 shares that we are offering to purchase represent approximately 11.1% of the shares then outstanding. The shares are listed and traded on Nasdaq under the symbol “LAWS.” We publicly announced the tender offer on September 6, 2006, after the close of trading on Nasdaq on that date. On September 6, 2006, the reported closing price of the shares on Nasdaq was \$38.16 per share. The lower end of the price range for the tender offer is below the current market price for the shares. We urge stockholders to obtain current market quotations for the shares. See Section 8.

THE TENDER OFFER

1. Number of Shares; Proration.

General. Upon the terms and subject to the conditions of the tender offer, Lawson will purchase 1,000,000 shares, or such fewer number of shares as are properly tendered and not properly withdrawn in accordance with Section 4, before the scheduled expiration date of the tender offer, at prices not greater than \$43.00 nor less than \$37.50 per share, net to the seller in cash, without interest.

The term “expiration date” means 12:00 Midnight, New York City time, on October 5, 2006, unless and until Lawson, in its sole discretion, shall have extended the period of time during which the tender offer will remain open, in which event the term “expiration date” shall refer to the latest time and date at which the tender offer, as so extended by Lawson, shall expire. See Section 15 for a description of Lawson’s right to extend, delay, terminate or amend the tender offer. In accordance with the rules of the SEC, Lawson may, and Lawson expressly reserves the right to, purchase under the tender offer an additional number of shares not to exceed 2% of the outstanding shares without amending or extending the tender offer. See Section 15. In the event of an over-subscription of the tender offer as described below, shares tendered at or below the purchase price will be subject to proration, except for odd lots. The proration period and, except as described herein, withdrawal rights, expire on the expiration date.

If we:

- increase the price to be paid for shares above \$43.00 per share or decrease the price to be paid for shares below \$37.50 per share, or
- increase the number of shares being sought in the tender offer and this increase in the number of shares sought exceeds 2% of the outstanding shares, or
- decrease the number of shares being sought, and
- the tender offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from, and including, the date that we first publish, send or give notice, in the manner specified in Section 15, of any increase or decrease,

then we will extend the tender offer until the expiration of ten business days from the date that we first publish notice of any increase or decrease. For the purposes of the tender offer, a “business day” means any day other than a Saturday, Sunday or U.S. federal holiday and consists of the time period from 12:01 a.m. through 12:00 Midnight, New York City time.

The tender offer is not conditioned on any minimum number of shares being tendered or on Lawson obtaining financing. The tender offer is, however, subject to other conditions. See Section 7.

In accordance with Instruction 5 of the letter of transmittal, stockholders desiring to tender shares must specify the price or prices, not greater than \$43.00 nor less than \$37.50 per share, at which they are willing to sell their shares to Lawson under the tender offer. Alternatively, stockholders desiring to tender shares can choose not to specify a price and, instead, specify that they will sell their shares at the purchase price that Lawson ultimately pays for shares properly tendered and not properly withdrawn in the tender offer, which could result in the tendering stockholder receiving a price per share as low as \$37.50 or as high as \$43.00. If tendering stockholders wish to maximize the chance that Lawson will purchase their shares, they should check the box in the section of the letter of transmittal captioned “Shares Tendered at Price Determined Pursuant to the Tender Offer.” Note that this election could result in the tendered shares being purchased at the minimum price of \$37.50 per share. This election could also have the effect of decreasing the price at which Lawson purchases tendered shares because the shares tendered using this election will be available at the minimum price of \$37.50 per share.

To tender shares properly, stockholders must specify one and only one price box in the appropriate section in each letter of transmittal. If you specify more than one price or if you fail to check any price at all you will not have validly tendered your shares. See Section 3.

Promptly following the expiration date, Lawson will determine the purchase price that it will pay for shares properly tendered and not properly withdrawn, taking into account the number of shares tendered and the prices specified by tendering stockholders. Lawson will select the lowest purchase price, not greater than \$43.00 nor less than \$37.50 per share, net to the seller in cash, without interest, that will enable it to purchase 1,000,000 shares, or such fewer number of shares as are properly tendered and not properly withdrawn in the tender offer. Lawson will purchase all shares properly tendered at or below the purchase price (and not properly withdrawn), all at the purchase price, upon the terms and subject to the conditions of the tender offer, including the odd lot, proration and conditional tender provisions.

Lawson will not purchase shares tendered at prices greater than the purchase price and shares that it does not accept in the tender offer because of proration provisions or conditional tenders. Lawson will return to the tendering stockholders shares that it does not purchase in the tender offer at Lawson's expense promptly after the expiration date. By following the instructions to the letter of transmittal, stockholders can specify one minimum price for a specified portion of their shares and a different minimum price for other specified shares, but stockholders must submit a separate letter of transmittal for shares tendered at each price. Stockholders also can specify the order in which Lawson will purchase the specified portions in the event that, as a result of the proration provisions or otherwise, Lawson purchases some but not all of the tendered shares pursuant to the tender offer.

If the number of shares properly tendered at or below the purchase price and not properly withdrawn prior to the expiration date is fewer than or equal to 1,000,000 shares, or such greater number of shares as Lawson may elect to purchase, subject to applicable law, Lawson will, upon the terms and subject to the conditions of the tender offer, purchase all such shares.

Priority of Purchases. Upon the terms and subject to the conditions of the tender offer, if greater than 1,000,000 shares have been properly tendered at prices at or below the purchase price and not properly withdrawn prior to the expiration date, Lawson will purchase properly tendered shares on the basis set forth below:

- First, we will purchase all shares tendered by all holders of "odd lots" who:
 - tender all shares owned beneficially or of record by the holder at a price at or below the purchase price selected by us (partial tenders will not qualify for this preference); and
 - complete the section entitled "Odd Lots" in the letter of transmittal and, if applicable, in the notice of guaranteed delivery.
- Second, subject to the conditional tender provisions described in Section 6, we will purchase all other shares tendered at prices at or below the purchase price selected by us on a pro rata basis with appropriate adjustments to avoid purchases of fractional shares, as described below.
- Third, only if necessary to permit us to purchase 1,000,000 shares (or such greater number of shares as we may elect to purchase, subject to applicable law) shares conditionally tendered (for which the condition was not initially satisfied) at or below the purchase price selected by us, will, to the extent feasible, be selected for purchase by random lot. To be eligible for purchase by random lot, stockholders whose shares are conditionally tendered must have tendered all of their shares.

Lawson may not purchase all of the shares that a stockholder tenders in the tender offer even if they are tendered at prices at or below the purchase price. It is also possible that Lawson will not purchase any of the shares conditionally tendered even though those shares were tendered at prices at or below the purchase price.

Odd Lots. For purposes of the tender offer, the term "odd lots" shall mean all shares properly tendered prior to the expiration date at prices at or below the purchase price and not properly withdrawn by any person, referred to as an "odd lot" holder, who owns beneficially or of record an aggregate of fewer than 100 shares and so certifies in the appropriate place on the letter of transmittal and, if applicable, on the notice of guaranteed delivery. To qualify for this preference, an odd lot holder must tender all shares owned beneficially or of record by the odd lot holder in accordance with the procedures described in Section 3. As

set forth above, Lawson will accept odd lots for payment before proration, if any, of the purchase of other tendered shares. This preference is not available to partial tenders or to beneficial or record holders of an aggregate of 100 or more shares, even if these holders have share certificates representing fewer than 100 shares. By accepting the tender offer, an odd lot holder who holds shares in its name and tenders its shares directly to the depositary would not only avoid the payment of brokerage commissions, but also would avoid any applicable odd lot discounts in a sale of the odd lot holder's shares on Nasdaq. Any odd lot holder wishing to tender all of its shares pursuant to the tender offer should complete the section entitled "Odd Lots" in the letter of transmittal and, if applicable, in the notice of guaranteed delivery.

Proration. If proration of tendered shares is required, Lawson will determine the proration factor promptly following the expiration date. Subject to adjustment to avoid the purchase of fractional shares and subject to the provisions governing conditional tenders described in Section 6 of this offer to purchase, proration for each stockholder that tenders shares will be based on the ratio of the total number of shares that we accept for purchase (excluding odd lots) to the total number of shares properly tendered (and not properly withdrawn) at or below the purchase price by all stockholders (other than odd lot holders).

Because of the difficulty in determining the number of shares properly tendered, including shares tendered by guaranteed delivery procedures, as described in Section 3, and not properly withdrawn, and because of the odd lot procedure and conditional tender provisions, Lawson does not expect that it will be able to announce the final proration factor or commence payment for any shares purchased under the tender offer until at least five business days after the expiration date. The preliminary results of any proration will be announced by press release promptly after the expiration date. Stockholders may obtain preliminary proration information from the information agent or the dealer manager and may be able to obtain this information from their brokers.

As described in Section 14, the number of shares that Lawson will purchase from a stockholder under the tender offer may affect the U.S. federal income tax consequences to that stockholder and, therefore, may be relevant to that stockholder's decision whether or not to tender shares.

We will mail this offer to purchase and the letter of transmittal to record holders of shares and we will furnish this offer to purchase to brokers, dealers, commercial banks and trust companies whose names, or the names of whose nominees, appear on Lawson's stockholder list or, if applicable, that are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of shares.

2. Purpose of the Tender Offer.

Lawson believes that the tender offer is a prudent use of its financial resources given its business profile, assets and the current market price of the shares, and that investing in its own shares is an efficient means to provide value to its stockholders. The tender offer represents the opportunity for Lawson to return cash to stockholders who elect to tender their shares. Where shares are tendered by the registered owner of those shares directly to the depositary, the sale of those shares in the tender offer will permit the seller to avoid the usual transaction costs associated with open market sales. Furthermore, odd lot holders who hold shares registered in their names and tender their shares directly to the depositary and whose shares are purchased under the tender offer will avoid not only the payment of brokerage commissions but also any applicable odd lot discounts that might be payable on sales of their shares in Nasdaq transactions.

Stockholders who do not tender their shares pursuant to the tender offer and stockholders who otherwise retain an equity interest in Lawson as a result of a partial tender of shares, proration or a conditional tender for which the condition is not satisfied will continue to be owners of Lawson and will realize a proportionate increase in their relative equity interest in Lawson and will bear the risks and rewards associated with owning the equity securities of Lawson, including risks resulting from Lawson's purchase of shares.

After the completion of the tender offer, Lawson expects to have sufficient cash flow and access to funding to meet its cash needs for normal operations and anticipated capital expenditures.

Neither Lawson nor the Lawson Board of Directors makes any recommendation to any stockholder as to whether to tender or refrain from tendering any shares or as to the price or prices at which stockholders may choose to tender their shares. Lawson has not authorized any person to make any recommendation. Stockholders should carefully evaluate all information in the tender offer, should consult their own investment and tax advisors, and should make their own decisions about whether to tender shares, and, if so, how many shares to tender and the price or prices at which to tender. Lawson has been advised that none of its directors or executive officers intends to tender any shares in the tender offer. In addition, Lawson's principal stockholders have advised it that they do not intend to tender any shares in the tender offer.

Lawson may explore strategic arrangements, transactions and opportunities consistent with our goal of increasing stockholder value. Such strategic transactions could include acquisitions, joint ventures, corporate restructurings, a sale or otherwise. We do not currently have any plans to enter into any strategic transactions. Our decision to enter into any strategic transaction in the future will depend upon a number of factors, including, without limitation, our business and financial position, our corporate strategies, general economic and market conditions, and the market value of our business and common stock. In the event that we enter into a strategic transaction in the future and such transaction increases the market value of our common stock, however, the stockholders whose shares of common stock are purchased in this offer will not realize any of the potential value of such transaction.

Additionally, we have made in the past and may make stock repurchases from time to time on the open market, in private transactions or even by additional tender offers. Whether or not we make additional repurchases will depend on many factors, including, without limitation, the number of shares, if any, that we purchase in this tender offer, Lawson's business and financial performance and situation, the business and market conditions at the time, including the price of the shares, and such other factors as Lawson may consider relevant. Any of these repurchases may be on the same terms or on terms that are more or less favorable to the selling stockholders than the terms of the tender offer. Rule 13e-4 of the Exchange Act prohibits Lawson and its affiliates from purchasing any shares, other than pursuant to the tender offer, until at least ten business days after the expiration date of the tender offer, except pursuant to certain limited exceptions provided in Rule 14e-5 of the Exchange Act. See "Price Range of Shares; Dividends; Rights Agreement — Sales and Purchases of Securities" for information on our historical common stock repurchases.

Lawson intends to retire shares that it acquires pursuant to the tender offer and will return those shares to the status of authorized but unissued stock that will be available for Lawson to issue without further stockholder action (except as required by applicable law or the rules of Nasdaq or any other securities exchange on which the shares may then be listed) for various purposes including, without limitation, acquisitions, raising additional capital and the satisfaction of obligations under existing or future employee benefit, stock plans or compensation programs for directors and employees. See Section 9.

3. Procedures for Tendering Shares.

Proper Tender of Shares. For stockholders to properly tender shares under the tender offer:

- the depository must receive, at the depository's address set forth on the back cover page of this offer to purchase, share certificates (or confirmation of receipt of such shares under the procedure for book-entry transfer set forth below), together with a properly completed and duly executed letter of transmittal, including any required signature guarantees, or an "agent's message," and any other documents required by the letter of transmittal, before the tender offer expires; or
- the tendering stockholder must comply with the guaranteed delivery procedure set forth below.

If a broker, dealer, commercial bank, trust company or other nominee holds your shares, it is likely they have an earlier deadline for you to act to instruct them to accept the tender offer on your behalf. We urge you to contact your broker, dealer, commercial bank, trust company or other nominee to find out their applicable deadline.

In accordance with Instruction 5 of the letter of transmittal, stockholders desiring to tender shares in the tender offer must properly indicate in the section captioned (1) “Price (in Dollars) Per Share at Which Shares are Being Tendered” on the letter of transmittal the price (in multiples of \$0.25) at which stockholders are tendering shares or (2) “Shares Tendered at Price Determined Pursuant to the Tender Offer” in the letter of transmittal that the stockholder will accept the purchase price determined by Lawson in accordance with the terms of the tender offer.

If tendering stockholders wish to maximize the chance that Lawson will purchase their shares, they should check the box in the section of the letter of transmittal captioned “Shares Tendered at Price Determined Pursuant to the Tender Offer.” Note that this election could have the effect of decreasing the price at which Lawson purchases tendered shares because shares tendered using this election will be available for purchase at the minimum price of \$37.50 per share and, as a result, it is possible that this election could result in Lawson purchasing tendered shares at the minimum price of \$37.50 per share.

A stockholder who desires to tender shares at more than one price must complete a separate letter of transmittal for each price at which such stockholder tenders shares, provided that a stockholder may not tender the same shares (unless properly withdrawn previously in accordance with Section 4) at more than one price. **To tender shares properly, stockholders must check one and only one price box in the appropriate section of each letter of transmittal. If you check more than one box or if you fail to check any box at all you will not have validly tendered your shares.**

Odd lot holders who tender all shares must complete the section captioned “Odd Lots” in the letter of transmittal and, if applicable, in the notice of guaranteed delivery, to qualify for the preferential treatment available to odd lot holders as set forth in Section 1.

We urge stockholders who hold shares through brokers or banks to consult the brokers or banks to determine whether transaction costs are applicable if they tender shares through the brokers or banks and not directly to the depositary.

Signature Guarantees. Except as otherwise provided below, all signatures on a letter of transmittal must be guaranteed by a financial institution (including most banks, savings and loans associations and brokerage houses) which is a participant in the Securities Transfer Agents Medallion Program. Signatures on a letter of transmittal need not be guaranteed if:

- the letter of transmittal is signed by the registered holder of the shares (which term, for purposes of this Section 3, shall include any participant in The Depository Trust Company, referred to as the “book-entry transfer facility,” whose name appears on a security position listing as the owner of the shares) tendered therewith and the holder has not completed either the box captioned “Special Delivery Instructions” or the box captioned “Special Payment Instructions” in the letter of transmittal; or
- if shares are tendered for the account of a bank, broker, dealer, credit union, savings association or other entity which is a member in good standing of the Securities Transfer Agents Medallion Program or a bank, broker, dealer, credit union, savings association or other entity which is an “eligible guarantor institution,” as such term is defined in Rule 17Ad-15 under the Exchange Act. See Instruction 1 of the letter of transmittal.

If a share certificate is registered in the name of a person other than the person executing a letter of transmittal, or if payment is to be made to a person other than the registered holder, then the certificate must be endorsed or accompanied by an appropriate stock power, in either case signed exactly as the name of the registered holder appears on the certificate, with the signature guaranteed by an eligible guarantor institution.

Lawson will make payment for shares tendered and accepted for payment under the tender offer only after the depositary timely receives share certificates or a timely confirmation of the book-entry transfer of the shares into the depositary’s account at the book-entry transfer facility as described above, a properly

completed and duly executed letter of transmittal, or an agent's message in the case of a book-entry transfer, and any other documents required by the letter of transmittal.

Method of Delivery. The method of delivery of all documents, including share certificates, the letter of transmittal and any other required documents, is at the election and risk of the tendering stockholder. If you choose to deliver required documents by mail, we recommend that you use registered mail with return receipt requested, properly insured.

Book-Entry Delivery. The depositary will establish an account with respect to the shares for purposes of the tender offer at the book-entry transfer facility within two business days after the date of this offer to purchase, and any financial institution that is a participant in the book-entry transfer facility's system may make book-entry delivery of the shares by causing the book-entry transfer facility to transfer shares into the depositary's account in accordance with the book-entry transfer facility's procedures for transfer. Although participants in the book-entry transfer facility may effect delivery of shares through a book-entry transfer into the depositary's account at the book-entry transfer facility, either of the following must occur:

- a properly completed and duly executed letter of transmittal, including any required signature guarantees, or an agent's message, and any other required documents must, in any case, be transmitted to and received by the depositary at its address set forth on the back cover page of this offer to purchase before the expiration date; or
- the guaranteed delivery procedure described below must be followed.

Delivery of the letter of transmittal and any other required documents to the book-entry transfer facility does not constitute delivery to the depositary.

The term "agent's message" means a message transmitted by the book-entry transfer facility to, and received by, the depositary, which states that the book-entry transfer facility has received an express acknowledgment from the participant in the book-entry transfer facility tendering the shares that the participant has received and agrees to be bound by the terms of the letter of transmittal and that Lawson may enforce the agreement against the participant.

Company Stock Option Plans. We are not offering, as part of the tender offer, to purchase any of the options outstanding under the Company's stock option plans and tenders of such options will not be accepted. Holders of options who wish to participate in the tender offer may exercise their options and purchase shares of our common stock and then tender such shares pursuant to the tender offer, provided that any such exercise of an option and tender of shares is in accordance with the terms of the option plans and the options. In no event are any options to be delivered to the depositary in connection with a tender of shares. An exercise of an option cannot be revoked even if shares received upon the exercise thereof and tendered in the tender offer are not purchased in the tender offer for any reason.

Federal Backup Withholding Tax. Under the federal income tax backup withholding rules, 28% of the gross proceeds payable to a stockholder or other payee pursuant to the tender offer must be withheld and remitted to the United States Treasury, unless the stockholder or other payee provides his or her taxpayer identification number (employer identification number or social security number) to the depositary and certifies that such number is correct or an exemption otherwise applies under applicable regulations. Therefore, unless such an exemption exists and is proven in a manner satisfactory to the depositary, each tendering stockholder should complete and sign the Substitute Form W-9 included as part of the letter of transmittal so as to provide the information and certification necessary to avoid backup withholding. Certain stockholders (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. In order for a foreign individual to qualify as an exempt recipient, that stockholder must submit an IRS Form W-8 BEN (or other applicable IRS Form W-8), signed under penalties of perjury, attesting to that individual's foreign status. Tendering stockholders can obtain such statements from the depositary or from www.irs.gov. See Instruction 13 of the letter of transmittal.

Any tendering stockholder or other payee who fails to complete fully and sign the Substitute Form W-9 included in the letter of transmittal or other appropriate IRS Forms may be subject to required federal income tax backup withholding of 28% of the gross proceeds paid to such stockholder or other payee pursuant to the tender offer.

Gross proceeds payable pursuant to the tender offer to a foreign stockholder or his or her agent will be subject to withholding of federal income tax at a rate of 30%, unless we determine that a reduced rate of withholding is applicable pursuant to a tax treaty or that an exemption from withholding is applicable because such gross proceeds are effectively connected with the conduct of a trade or business within the United States. For this purpose, a foreign stockholder is any stockholder that is not:

- a citizen or resident of the United States,
- a corporation, partnership or other entity created or organized in or under the laws of the United States, or any State thereof,
- a trust whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to make all substantial decisions, or
- an estate the income of which is subject to United States federal income taxation regardless of its source.

A foreign stockholder may be eligible to file for a refund of such tax or a portion of such tax if such stockholder meets the “complete redemption,” “substantially disproportionate” or “not essentially equivalent to a dividend” tests described in Section 14 or if such stockholder is entitled to a reduced rate of withholding pursuant to a tax treaty and Lawson withheld at a higher rate. In order to obtain a reduced rate of withholding under a tax treaty, a foreign stockholder must deliver to the depository before the payment a properly completed and executed IRS Form W-8BEN claiming such an exemption or reduction. Tendering stockholders can obtain such statements from the depository. In order to claim an exemption from withholding on the grounds that gross proceeds paid pursuant to the tender offer are effectively connected with the conduct of a trade or business within the United States, a foreign stockholder must deliver to the depository a properly executed IRS Form W-8ECI claiming such exemption. Tendering stockholders can obtain such statements from the depository or from www.irs.gov. See Instruction 13 of the letter of transmittal. We urge foreign stockholders to consult their own tax advisors regarding the application of federal income tax withholding, including eligibility for a withholding tax reduction or exemption and the refund procedure.

For a discussion of United States federal income tax consequences to tendering stockholders, see Section 14.

Guaranteed Delivery. If a stockholder desires to tender shares under the tender offer and the stockholder’s share certificates are not immediately available or the stockholder cannot deliver the share certificates to the depository before the expiration date, or the stockholder cannot complete the procedure for book-entry transfer on a timely basis, or if time will not permit all required documents to reach the depository before the expiration date, the stockholder may nevertheless tender the shares, provided that the stockholder satisfies all of the following conditions:

- the stockholder makes the tender by or through an eligible guarantor institution;
- the depository receives by hand, mail, overnight courier or facsimile transmission, before the expiration date, a properly completed and duly executed notice of guaranteed delivery in the form Lawson has provided, specifying the price at which the stockholder is tendering shares, including (where required) a guarantee by an eligible guarantor institution in the form set forth in such notice of guaranteed delivery; and
- the depository receives the share certificates, in proper form for transfer, or confirmation of book-entry transfer of the shares into the depository’s account at the book-entry transfer facility, together with a properly completed and duly executed letter of transmittal, or a manually signed facsimile

thereof, and including any required signature guarantees, or an agent's message, and any other documents required by the letter of transmittal, within three Nasdaq trading days after the date of receipt by the depositary of the notice of guaranteed delivery.

Return of Unpurchased Shares. The depositary will return certificates for unpurchased shares promptly after the expiration or termination of the tender offer or the proper withdrawal of the shares, as applicable, or, in the case of shares tendered by book-entry transfer at the book-entry transfer facility, the depositary will credit the shares to the appropriate account maintained by the tendering stockholder at the book-entry transfer facility, in each case, without expense to the stockholder.

Determination of Validity; Rejection of Shares; Waiver of Defects; No Obligation to Give Notice of Defects. Lawson will determine, in its sole discretion, all questions as to the number of shares that we will accept, the price that we will pay for shares that we accept and the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of shares, and our determination will be final and binding on all parties. Lawson reserves the absolute right to reject any or all tenders of any shares that it determines are not in proper form or the acceptance for payment of or payment for which Lawson determines may be unlawful. Lawson also reserves the absolute right to waive any defect or irregularity in any tender with respect to any particular shares or any particular stockholder, and Lawson's interpretation of the terms of the tender offer will be final and binding on all parties. The waiver of a material condition; however, would be a material amendment to the tender offer requiring dissemination of amended tender offer documents and an extension of our tender offer to ensure at least five business days remain open prior to expiration. No tender of shares will be deemed to have been properly made until the stockholder cures, or Lawson waives, all defects or irregularities. None of Lawson, the depositary, the information agent, the dealer manager or any other person will be under any duty to give notification of any defects or irregularities in any tender or incur any liability for failure to give this notification.

Tendering Stockholder's Representation and Warranty; Lawson's Acceptance Constitutes an Agreement. A tender of shares under any of the procedures described above will constitute the tendering stockholder's acceptance of the terms and conditions of the tender offer, as well as the tendering stockholder's representation and warranty to Lawson that:

- the stockholder has a net long position in the shares or equivalent securities at least equal to the shares tendered within the meaning of Rule 14e-4 of the Exchange Act; and
- the tender of shares complies with Rule 14e-4.

It is a violation of Rule 14e-4 for a person, directly or indirectly, to tender shares for that person's own account unless, at the time of tender and at the end of the proration period or period during which shares are accepted by lot (including any extensions thereof), the person so tendering:

- has a net long position equal to or greater than the amount tendered in:
 - the shares; or
 - securities immediately convertible into, or exchangeable or exercisable for, the shares; and
- will deliver or cause to be delivered the shares in accordance with the terms of the tender offer.

Rule 14e-4 provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person. Lawson's acceptance for payment of shares tendered under the tender offer will constitute a binding agreement between the tendering stockholder and Lawson upon the terms and conditions of the tender offer.

Lost or Destroyed Certificates. Stockholders whose share certificate for part or all of their shares has been lost, stolen, misplaced or destroyed may contact Computershare Trust Company of New York, the depositary for the tender offer, at the address and telephone number set forth on the back cover of this offer to purchase, for instructions as to obtaining a replacement share certificate. That share certificate will then be required to be submitted together with the letter of transmittal in order to receive payment for shares that are tendered and accepted for payment. The stockholder may have to post a bond to secure against the

risk that the share certificate may subsequently emerge. We urge stockholders to contact Computershare Trust Company of New York immediately in order to permit timely processing of this documentation.

Stockholders must deliver share certificates, together with a properly completed and duly executed letter of transmittal, including any signature guarantees, or an agent's message, and any other required documents to the depository and not to Lawson, the dealer manager or the information agent. Lawson, the dealer manager or the information agent will not forward any such documents to the depository and delivery to Lawson, the dealer manager or the information agent will not constitute a proper tender of shares.

4. Withdrawal Rights.

Stockholders may withdraw shares tendered under the tender offer at any time prior to the expiration date. Thereafter, such tenders are irrevocable, except that they may be withdrawn after 12:00 Midnight, New York City time, on November 3, 2006 unless theretofore accepted for payment as provided in this offer to purchase.

For a withdrawal to be effective, the depository must timely receive a written or facsimile transmission notice of withdrawal at the depository's address set forth on the back cover page of this offer to purchase. Any such notice of withdrawal must specify the name of the tendering stockholder, the number of shares that the stockholder wishes to withdraw and the name of the registered holder of the shares. If the share certificates to be withdrawn have been delivered or otherwise identified to the depository, then, before the release of the share certificates, the serial numbers shown on the share certificates must be submitted to the depository and the signature(s) on the notice of withdrawal must be guaranteed by an eligible guarantor institution, unless the shares have been tendered for the account of an eligible guarantor institution.

If a stockholder has tendered shares under the procedure for book-entry transfer set forth in Section 3, any notice of withdrawal also must specify the name and the number of the account at the book-entry transfer facility to be credited with the withdrawn shares and must otherwise comply with the book-entry transfer facility's procedures. Lawson will determine all questions as to the form and validity (including the time of receipt) of any notice of withdrawal, in its sole discretion, and such determination will be final and binding. None of Lawson, the depository, the information agent, the dealer manager or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give this notification.

A stockholder may not rescind a withdrawal and Lawson will deem any shares that a stockholder properly withdraws not properly tendered for purposes of the tender offer, unless the stockholder properly re-tenders the withdrawn shares before the expiration date by following one of the procedures described in Section 3.

If Lawson extends the tender offer, is delayed in its purchase of shares or is unable to purchase shares under the tender offer for any reason, then, without prejudice to Lawson's rights under the tender offer, the depository may, subject to applicable law, retain tendered shares on behalf of Lawson, and stockholders may not withdraw these shares except to the extent tendering stockholders are entitled to withdrawal rights as described in this Section 4 or otherwise pursuant to applicable law.

5. Purchase of Shares and Payment of Purchase Price.

Upon the terms and subject to the conditions of the tender offer, promptly following the expiration date, Lawson:

- will determine the purchase price it will pay for shares properly tendered and not properly withdrawn before the expiration date, taking into account the number of shares so tendered and the prices specified by tendering stockholders; and

- will accept for payment, and thereby purchase, and promptly pay for shares properly tendered at prices at or below the purchase price and not properly withdrawn prior to the expiration date, subject to the proration provisions.

For purposes of the tender offer, Lawson will be deemed to have accepted for payment, and thereby purchased, shares that are properly tendered at or below the purchase price and are not properly withdrawn, subject to the "odd lot," proration and conditional tender provisions of the tender offer, only when, as and if it gives oral or written notice to the depositary of its acceptance of the shares for payment under the tender offer.

Upon the terms and subject to the conditions of the tender offer, promptly after the expiration date, Lawson will accept for payment and pay a single per share purchase price not greater than \$43.00 nor less than \$37.50 per share for 1,000,000 shares, subject to increase or decrease as provided in Section 15, if properly tendered and not properly withdrawn, or such fewer number of shares as are properly tendered and not properly withdrawn.

Lawson will pay for shares that it purchases under the tender offer by depositing the aggregate purchase price for these shares with the depositary, which will act as agent for tendering stockholders for the purpose of receiving payment from Lawson and transmitting payment to the tendering stockholders.

In the event of proration, Lawson will determine the proration factor and pay for those tendered shares accepted for payment promptly after the expiration date. Because of the difficulty in determining the number of shares tendered, including by guaranteed delivery, and the odd lot procedure and conditional tender provisions, Lawson does not expect to be able to announce the final results of any proration and commence payment for shares purchased until at least five business days after the expiration date. Shares tendered and not purchased, including all shares tendered at prices greater than the purchase price and shares that Lawson does not accept for purchase due to proration or conditional tenders, will be returned to the tendering stockholder, or, in the case of shares tendered by book-entry transfer, will be credited to the account maintained with the book-entry transfer facility by the participant therein who so delivered the shares, at Lawson's expense, promptly after the expiration date or termination of the tender offer. **Under no circumstances will Lawson pay interest on the purchase price regardless of any delay in making the payment.** If certain events occur or the conditions to the tender offer are not satisfied or waived, Lawson may not be obligated to purchase shares under the tender offer. See Section 7. Lawson will issue a press release announcing the price it will pay for the shares tendered in the offer promptly following the expiration date.

Lawson will pay all stock transfer taxes, if any, payable on the transfer to it of shares purchased under the tender offer. If, however,

- payment of the purchase price is to be made to any person other than the registered holder;
- certificate(s) for shares not tendered or tendered but not purchased are to be returned in the name of and to any person other than the registered holder(s) of such shares; or
- if tendered certificates are registered in the name of any person other than the person signing the letter of transmittal;

the amount of all stock transfer taxes, if any (whether imposed on the registered holder or any other person), payable on account of the transfer to the person will be deducted from the purchase price unless satisfactory evidence of the payment of the stock transfer taxes, or exemption therefrom, is submitted. See Instruction 10 of the letter of transmittal.

Any tendering stockholder or other payee who fails to complete fully, sign and return to the depositary the substitute Form W-9 included with the letter of transmittal may be subject to U.S. federal income tax backup withholding on the gross proceeds paid to the stockholder or other payee under the tender offer. See Section 3.

6. Conditional Tender of Shares.

Subject to the exception for holders of odd lots, in the event of an over-subscription of the tender offer, shares tendered at or below the purchase price prior to the expiration date will be subject to proration. See Section 1. As discussed in Section 14, the number of shares to be purchased from a particular stockholder may affect the tax treatment of the purchase to the stockholder and the stockholder's decision whether to tender. Accordingly, a stockholder may tender shares subject to the condition that Lawson must purchase a specified minimum number of the stockholder's shares tendered pursuant to a letter of transmittal if Lawson purchases any shares tendered. Any stockholder desiring to make a conditional tender must so indicate in the box entitled "Conditional Tender" in the letter of transmittal and, if applicable, in the notice of guaranteed delivery and indicate the minimum number of shares that Lawson must purchase if Lawson purchases any shares. We urge each stockholder to consult with his or her own financial or tax advisors.

After the expiration date, if more than 1,000,000 shares (or such greater number of shares as we may elect to purchase, subject to applicable law) are properly tendered and not properly withdrawn, so that we must prorate our acceptance of and payment for tendered shares, we will calculate a preliminary proration percentage based upon all shares properly tendered, conditionally or unconditionally. If the effect of this preliminary proration would be to reduce the number of shares that we purchase from any stockholder below the minimum number specified, the shares conditionally tendered will automatically be regarded as withdrawn (except as provided in the next paragraph). All shares tendered by a stockholder subject to a conditional tender that are withdrawn as a result of proration will be returned at our expense to the tendering stockholder.

After giving effect to these withdrawals, we will accept the remaining shares properly tendered, conditionally or unconditionally, on a pro rata basis, if necessary. If conditional tenders that would otherwise be regarded as withdrawn would cause the total number of shares that we purchase to fall below 1,000,000 (or such greater number of shares as we may elect to purchase, subject to applicable law) then, to the extent feasible, we will select enough of the shares conditionally tendered that would otherwise have been withdrawn to permit us to purchase such number of shares. In selecting among the conditional tenders, we will select by random lot, treating all tenders by a particular taxpayer as a single lot, and will limit our purchase in each case to the designated minimum number of shares to be purchased. To be eligible for purchase by random lot, stockholders whose shares are conditionally tendered must have tendered all of their shares.

7. Conditions of the Tender Offer.

Notwithstanding any other provision of the tender offer, we will not be required to accept for payment, purchase or pay for any shares tendered, and may terminate, reduce the number of shares that we will purchase or amend the tender offer or may postpone the acceptance for payment of, or the purchase of and the payment for shares tendered, subject to Rule 13e-4(f) under the Exchange Act, if, at any time on or after September 8, 2006 and before the expiration of the offer, any of the following events shall have been reasonably determined by us to have occurred that, in our reasonable judgment and regardless of the circumstances giving rise to the event or events, make it inadvisable to proceed with the tender offer or with acceptance for payment:

- there shall have been threatened or instituted any action or proceeding by, or any worsening of any pending action or proceeding of, any government or governmental, regulatory or administrative agency, authority or tribunal or any other person, domestic or foreign, before any court, authority, agency or tribunal that directly or indirectly:
- challenges the making of the tender offer, the acquisition of some or all of the shares under the tender offer or otherwise relates in any manner to the tender offer; or
- in our reasonable judgment, could materially and adversely affect the business, condition (financial or other), assets, income, operations or prospects of us or any of our subsidiaries, or otherwise

- materially impair in any way the contemplated future conduct of the business of us or any of our subsidiaries or materially impair the contemplated benefits of the tender offer to us;
- there shall have been any action threatened, pending or taken, or approval withheld, or any statute, rule, regulation, judgment, order or injunction threatened, proposed, sought, promulgated, enacted, entered, amended, enforced or deemed to be applicable to the tender offer or us or any of our subsidiaries, by any court or any authority, agency or tribunal that, in our reasonable judgment, would or might, directly or indirectly:
 - make the acceptance for payment of, or payment for, some or all of the shares illegal or otherwise restrict or prohibit completion of the tender offer;
 - delay or restrict the ability of us, or render us unable, to accept for payment or pay for some or all of the shares;
 - materially impair the contemplated benefits of the tender offer to us; or
 - materially and adversely affect the business, condition (financial or other), assets, income, operations or prospects of us or any of our subsidiaries, or otherwise materially impair in any way the contemplated future conduct of the business of us or any of our subsidiaries;
 - there shall have occurred:
 - any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market in the United States;
 - the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States;
 - a material change in United States currency exchange rates or a suspension of or limitation on the markets therefor;
 - the commencement or escalation of a war, armed hostilities or other international or national calamity directly or indirectly involving the United States or any of its territories, including but not limited to an act of terrorism;
 - any limitation (whether or not mandatory) by any governmental, regulatory or administrative agency or authority on, or any event, or any disruption or adverse change in the financial or capital markets generally or the market for loan syndications in particular, that, in our reasonable judgment, might affect the extension of credit by banks or other lending institutions in the United States;
 - any change in the general political, market, economic or financial conditions in the United States or abroad that, in our reasonable judgment, would or might, directly or indirectly, materially and adversely affect the business, condition (financial or other), assets, income, operations or prospects of us or any of our subsidiaries, or otherwise materially impair in any way the contemplated future conduct of the business of us or any of our subsidiaries;
 - in the case of any of the foregoing existing at the time of the commencement of the tender offer, a material acceleration or worsening thereof; or
 - any decline in the market price of the shares or the Dow Jones Industrial Average or the Standard and Poor's Index of 500 Industrial Companies or the New York Stock Exchange or the Nasdaq Composite Index by a material amount including, without limitation, an amount greater than 10% from the close of business on September 7, 2006;
 - a tender offer or exchange offer for any or all of the shares (other than this tender offer), or any merger, business combination or other similar transaction with or involving us or any of our subsidiaries or affiliates, shall have been proposed, announced or made by any person;
 - any of the following shall have occurred:
-

- any “group” (as that term is used in Section 13(d)(3) of the Exchange Act) shall have been formed that shall own or have acquired or proposed to acquire, or any entity or individual shall have acquired or proposed to acquire, beneficial ownership of more than 5% of the outstanding shares;
- any entity, group or person who has filed a Schedule 13D or Schedule 13G with the Securities and Exchange Commission on or before the commencement of this tender offer shall have acquired or proposed to acquire beneficial ownership of an additional 2% or more of the outstanding shares; or
- any person, entity or group shall have filed a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or made a public announcement reflecting an intent to acquire us or any of our subsidiaries or any of our or their respective assets or securities;
- any change or combination of changes shall have occurred or been threatened in the business, condition (financial or other), assets, income, operations, prospects or stock ownership of us or any of our subsidiaries, that, in our reasonable judgment, would or might, directly or indirectly, be material and adverse to us or any of our subsidiaries or that otherwise materially impairs in any way the contemplated future conduct of the business of us or any of our subsidiaries;
- any approval, permit, authorization, favorable review or consent of any governmental entity required to be obtained in connection with the tender offer shall not have been obtained on terms satisfactory to us in our reasonable judgment; or
- we reasonably determine that the completion of the tender offer and the purchase of the shares may:
 - cause the shares to be held of record by fewer than 300 persons; or
 - cause the shares to be delisted from Nasdaq or to be eligible for deregistration under the Exchange Act.

The foregoing conditions are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any of these conditions, and may be waived by us, in whole or in part, at any time and from time to time, before the expiration of the offer, in our sole discretion. Our failure at any time to exercise any of the foregoing rights shall not be deemed a waiver of any of these rights, and each of these rights shall be deemed an ongoing right that may be asserted at any time and from time to time. Any determination or judgment by us concerning the events described above will be final and binding on all parties. All of the conditions to the tender offer, other than necessary governmental approvals, must be satisfied or waived on or prior to the expiration date.

8. Price Range of Shares; Dividends.

The shares are listed and traded on the Nasdaq Global Select Market under the trading symbol "LAWS." The following table sets forth the high and low sales prices for our common stock and the per share cash dividends paid for each of the quarterly periods presented.

	<u>High</u>	<u>Low</u>	<u>Dividend</u>
Year Ending December 31, 2006			
First Quarter	\$ 43.92	\$ 32.78	\$ 0.20
Second Quarter	\$ 44.70	\$ 33.20	\$ 0.20
Third Quarter (through September 6, 2006)	\$ 39.98	\$ 33.00	—
Year Ended December 31, 2005			
First Quarter	\$ 53.98	\$ 43.97	\$ 0.18
Second Quarter	\$ 46.90	\$ 37.82	\$ 0.20
Third Quarter	\$ 44.91	\$ 39.75	\$ 0.20
Fourth Quarter	\$ 39.46	\$ 31.29	\$ 0.20
Year Ended December 31, 2004			
First Quarter	\$ 34.49	\$ 28.61	\$ 0.18
Second Quarter	\$ 38.15	\$ 32.67	\$ 0.18
Third Quarter	\$ 41.63	\$ 35.85	\$ 0.18
Fourth Quarter	\$ 51.25	\$ 41.46	\$ 0.18

The Company publicly announced the tender offer on September 6, 2006 after the close of trading on Nasdaq on that date. On September 6, 2006, the reported closing price of the shares on Nasdaq was \$38.16. The lower end of the price range for the tender offer is below the current market price for the shares. **The Company urges stockholders to obtain current market quotations for the shares.**

Stockholders of Record

As of September 6, 2006, there were 8,997,515 shares of common stock outstanding and approximately 705 holders of record.

Dividends

The Company intends, from time to time, to pay cash dividends on its common stock, as its Board of Directors deems appropriate, after consideration of the Company's operating results, financial condition, cash requirements, general business conditions and such other factors as the Board of Directors deems relevant.

Sales and Purchases of Securities

Since January 1, 2004, the Company has purchased 583,598 shares of common stock under two stock repurchase programs which were adopted in 2000 and 2004. Under these programs, the Board authorized the Company to repurchase up to 1,000,000 shares of common stock in the aggregate. Specific information regarding these repurchases of common stock since January 1, 2004 is set forth below:

- In the fourth quarter of 2005, the Company repurchased 43,152 shares of common stock for approximately \$1.6 million at an average price of \$37.33 per share.
- In the third quarter of 2005, the Company repurchased 42,596 shares of common stock for approximately \$1.7 million at an average price of \$39.89.
- In the second quarter of 2005, the Company purchased 130,642 shares of common stock for approximately \$5.5 million at an average price of \$42.44 per share.

- In the first quarter of 2005, the Company purchased 117,972 shares of common stock for approximately \$5.7 million at an average price of \$47.63 per share.
- In the fourth quarter of 2004, the Company repurchased 69,395 shares of common stock for approximately \$3.3 million at an average price of \$46.50 per share.
- In the third quarter of 2004, the Company repurchased 88,407 shares of common stock for approximately \$3.4 million at an average price per share of \$38.35.
- In the second quarter of 2004, the Company purchased 62,887 shares of common stock for approximately \$2.1 million at an average price of \$33.52 per share.
- In the first quarter of 2004, the Company purchased 28,547 shares of common stock for approximately \$856,000 at an average price of \$29.97 per share.

All shares purchased as of March 31, 2006 have been retired. As of March 31, 2006, there were 202,801 shares remaining under the Company's repurchase programs, and there is no expiration date relative to these programs.

Additionally, the Company may make stock repurchases from time to time on the open market and/or in private transactions or even additional tender offers. Whether or not the Company makes additional repurchases will depend on many factors, including, without limitation, the number of shares, if any, that the Company purchases in this tender offer, its business and financial performance and situation, the business and market conditions at the time, including the price of the shares, and such other factors as the Company may consider relevant. Any of these repurchases may be on the same terms or on terms that are more or less favorable to the selling stockholders than the terms of the tender offer. Rule 13e-4 of the Exchange Act prohibits the Company and its affiliates from purchasing any shares, other than pursuant to the tender offer, until at least ten business days after the expiration date of the tender offer, except pursuant to certain limited exceptions provided in Rule 14e-5 of the Exchange Act.

9. Source and Amount of Funds.

Assuming that 1,000,000 shares are purchased in the tender offer at a price between \$37.50 and \$43.00 per share, the aggregate purchase price will be between approximately \$37.5 million and \$43.0 million. Lawson intends to purchase the shares tendered with borrowings under the Company's existing credit facility. The tender offer is not conditioned upon Lawson obtaining financing.

The Company has a \$75 million credit facility with LaSalle Bank National Association, which matures on March 27, 2009. Under the credit facility, the amount of maximum senior indebtedness that the Company can incur is \$150 million, and the fixed charge coverage ratio, which is tested at the end of each quarter, provides that the Company shall maintain a ratio of (a) total EBITDA (as defined in Section 1.1 of the credit facility) minus capital expenditures to (b) the sum of interest charges, principal payments on liabilities, dividends and income taxes paid in cash by the Company, of not less than 1.10 to 1.00. Additionally, the Company agreed to maintain a ratio of debt to EBITDA of not greater than 3.0 to 1.0. The credit facility carries an interest rate of prime minus 150 basis points or LIBOR plus 75 basis points, at the Company's option. The Company had no borrowings outstanding under the credit facility at June 30, 2006.

Following the closing of the tender offer, the Company anticipates issuing \$50,000,000 of senior notes in a private placement transaction. The Company intends to use the proceeds resulting from the proposed issuance of the senior notes, if any, to repay all of the amounts borrowed under the Company's credit facility in connection with the purchase of the shares tendered in the tender offer.

10. Certain Information Concerning Lawson.

The Company is a North American distributor and marketer of systems, services and products to the industrial, commercial and institutional maintenance, repair and replacement ("MRO") marketplace. Lawson also manufactures, sells and distributes specialized component parts to the original equipment

marketplace (“OEM”), including automotive, appliance, aerospace, construction and transportation industries. The Company markets its MRO products primarily through a network of approximately 1,800 independent sales agents. The Company’s OEM segment sells primarily through inside sales representatives. The majority of the Company’s sales agents and inside sales representatives utilize catalogs, websites and call centers to facilitate customer ordering activity.

Additional Information. Lawson is subject to the information requirements of the Exchange Act, and, in accordance therewith, files periodic reports, proxy statements and other information relating to its business, financial condition and other matters. Lawson is required to disclose in these proxy statements certain information, as of particular dates, concerning Lawson directors and executive officers, their compensation, stock options granted to them, the principal holders of the securities of Lawson and any material interest of such persons in transactions with Lawson. Pursuant to Rule 13e-4(c)(2) under the Exchange Act, Lawson has filed with the Securities and Exchange Commission a Tender Offer Statement on Schedule TO that includes additional information with respect to the tender offer. This material and other information may be inspected at the public reference facilities maintained by the Securities and Exchange Commission at 100 F Street, N.E., Washington, D.C. 20549. Copies of this material can also be obtained by mail, upon payment of the Securities and Exchange Commission’s customary charges, by writing to the Public Reference Section at 100 F Street, N.E., Washington, D.C. 20549. The Securities and Exchange Commission also maintains a web site on the Internet at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Securities and Exchange Commission.

Incorporation by Reference. The rules of the Securities and Exchange Commission allow us to “incorporate by reference” information into this document, which means that the Company can disclose important information to you by referring you to another document filed separately with the Securities and Exchange Commission. These documents contain important information about Lawson.

SEC Filings (File No. 0-10546)

Period or Date Filed

Annual Report on Form 10-K

Year ended December 31, 2005

Quarterly Reports on Form 10-Q

Quarter ended March 31, 2006

Quarter ended June 30, 2006

Definitive Proxy Statement on Schedule 14A

Filed on April 10, 2006

Current Reports on Form 8-K

January 9, 2006, January 20, 2006
and September 6, 2006

The Company incorporates by reference the documents listed above except that it does not incorporate portions of any document that is either (a) described in paragraph (i), (k) or (l) of Item 402 of Regulation S-K promulgated by the SEC or (b) furnished under Item 2.02 or Item 7.01 of a Current Report on Form 8-K. You may request a copy of these filings, at no cost, by writing or telephoning us at the Company’s principal executive offices at the following address: Investor Relations, Lawson Products, Inc., 1666 E. Touhy Ave., Des Plaines, IL 60018-3640; telephone: (847) 827-9666. Please be sure to include your complete name and address in the request.

11. Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Shares.

As of August 31, 2006, Lawson had 8,997,515 issued and outstanding shares of common stock and outstanding options to purchase 16,016 shares of common stock. The 1,000,000 shares Lawson is offering to purchase under the tender offer represent approximately 11.1% of the shares outstanding as of August 31, 2006 and 11.0% of the shares on a fully diluted basis assuming exercise of all outstanding options (without regard to exercise price).

The following table sets forth a list of the Directors and Executive Officers of Lawson as of August 31, 2006. The address of each person listed below is that of Lawson.

<u>Name(s)</u>	<u>Title</u>
Robert J. Washlow	Chairman of the Board, Chief Executive Officer and Director
Sidney L. Port	Vice Chairman of the Board of Directors and Director
Jeffrey B. Belford	President and Chief Operating Officer*
Roger F. Cannon	Executive Vice President, Field Sales Strategy and Development
Thomas J. Neri	Executive Vice President, Finance, Planning and Corporate Development*
Neil E. Jenkins	Executive Vice President; Secretary and General Counsel
Scott F. Stephens	Chief Financial Officer
Michael W. Ruprich	Group President, MRO & New Channels
Kenneth E. Malik	Group President, OEM
William Holmes	Vice President and Treasurer
James T. Brophy	Director
Thomas S. Postek	Director
Mitchell H. Saranow	Director
Lee S. Hillman	Director
Ronald B. Port, M.D.	Director
Robert G. Rettig	Director
Wilma J. Smelcer	Director

* On September 6, 2006, Mr. Neri assumed the role of Chief Operating Officer. On January 5, 2007, Mr. Belford intends to retire and, in addition to his position as Chief Operating Officer, Mr. Neri will assume the position of President.

As of August 31, 2006, Lawson's directors and executive officers as a group (17 individuals) beneficially owned an aggregate of 4,486,859 shares, representing approximately 49.9% of the outstanding shares. The directors and executive officers of Lawson are entitled to participate in the tender offer on the same basis as all other stockholders. However, they have advised Lawson that they do not intend to tender any shares in the tender offer. In addition, the members of the Port family, including their affiliated family partnerships, have advised us that they do not intend to tender any shares in the tender offer. To Lawson's knowledge, none of Lawson's affiliates intends to tender any shares in the tender offer.

As of August 31, 2006, the Port family, which includes Robert J. Washlow, Sidney L. Port, Ronald B. Port, M.D., Roberta Port Washlow and other family members, collectively beneficially owned 52.3% of the outstanding shares of common stock and if we purchase 1,000,000 shares in the tender offer, the Port family will collectively beneficially own 58.8% of our outstanding shares of common stock after the consummation of the tender offer. This share ownership would permit these stockholders, if they chose to act together, to exert significant influence over the outcome of stockholder votes, including votes concerning the election of directors, by-law amendments, possible mergers, corporate control contests and other significant corporate transactions.

[Table of Contents](#)

The following table shows the amount of Lawson shares beneficially owned by the directors and executive officers of Lawson as of August 31, 2006. Column three of the table below reflects ownership percentages as of August 31, 2006. Column four of the table below reflects ownership percentages after giving effect to the tender offer, assuming Lawson purchases 1,000,000 shares and that no director or executive officer of Lawson tenders any shares (as is intended by the directors and executive officers of Lawson). The address for each person set forth below is the address of Lawson.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)(2)	Percent of Class	Percent of Class After Tender Offer (Assuming Lawson Purchases 1,000,000 Shares and no Director or Executive Officer Tenders)
Robert J. Washlow	60,657	*	*
Sidney L. Port	1,410,389	15.7%	17.6%
Jeffrey B. Belford	100	*	*
Roger F. Cannon	4,367	*	*
Thomas J. Neri	—	*	*
Neil E. Jenkins	—	*	*
Scott F. Stephens	—	*	*
Michael W. Ruprich	—	*	*
Kenneth E. Malik	—	*	*
William Holmes	—	*	*
James T. Brophy	4,439	*	*
Thomas S. Postek	11,068	*	*
Mitchell H. Saranow	12,789(3)	*	*
Lee S. Hillman	2,289	*	*
Ronald B. Port, M.D.	3,032,840(4)	33.7%	37.9%
Robert G. Rettig	6,289	*	*
Wilma J. Smelcer	2,289	*	*

* Less than one percent.

- (1) Does not include certain shares held by wives and minor children in the case of Mr. Brophy (725 shares) and Dr. Port (4,803 shares).
- (2) Stockholdings shown include shares issuable upon the exercise of stock options exercisable within 60 days of August 31, 2006 by Dr. Port (2,500 shares), Mr. Saranow (2,500 shares) and Mr. Washlow (10,000 shares).
- (3) 8,000 shares are owned by Saranow Investments, L.L.C., which is owned by Mr. Saranow and his family. 2,289 shares are owned by Mr. Saranow.
- (4) Includes shares held in family partnerships in the aggregate amount of 3,011,436 in which Dr. Ronald B. Port, and Roberta Port Washlow (Mr. Sidney Port's daughter and Mr. Washlow's spouse) are the managing partners. Approval of both of the managing general partners is required for any actions with respect to the reported securities.

Based on Lawson's records and information provided to Lawson by its directors, executive officers, associates and subsidiaries, neither Lawson, nor, to the best of Lawson's knowledge, any directors or executive officers of Lawson or any associates or subsidiaries of Lawson, has effected any transactions in shares during the 60 day-period before the date hereof.

12. Effects of the Tender Offer on the Market for Shares; Registration under the Exchange Act.

The purchase by Lawson of shares under the tender offer will reduce the number of shares that might otherwise be traded publicly and may reduce the number of Lawson stockholders. These reductions may

reduce the volume of trading in our shares and may result in lower stock prices and reduced liquidity in the trading of common stock following completion of the tender offer. As of August 31, 2006, the Company had issued and outstanding 8,997,515 shares of common stock. The 1,000,000 shares that the Company is offering to purchase pursuant to the tender offer represent approximately 11.1% of the shares outstanding as of that date. Stockholders may be able to sell non-tendered shares in the future on Nasdaq or otherwise, at a net price higher or lower than the purchase price in the tender offer. The Company can give no assurance, however, as to the price at which a stockholder may be able to sell such shares in the future.

Lawson anticipates that there will be a sufficient number of shares outstanding and publicly traded following completion of the tender offer to ensure a continued trading market for the shares. Based upon published guidelines of Nasdaq, Lawson does not believe that its purchase of shares under the tender offer will cause the remaining outstanding shares of Lawson common stock to be delisted from Nasdaq.

The shares are "margin securities" under the rules of the Board of Governors of the Federal Reserve System. This classification has the effect, among other things, of allowing brokers to extend credit to their customers using the shares as collateral. Lawson believes that, following the purchase of shares under the tender offer, the shares remaining outstanding will continue to be margin securities for purposes of the Federal Reserve Board's margin rules and regulations.

The shares are registered under the Exchange Act, which requires, among other things, that Lawson furnish certain information to its stockholders and the Securities and Exchange Commission and comply with the Securities and Exchange Commission's proxy rules in connection with meetings of the Lawson stockholders. Lawson believes that its purchase of shares under the tender offer will not result in the shares becoming eligible for deregistration under the Exchange Act.

13. Legal Matters; Regulatory Approvals.

Except as described above, Lawson is not aware of any license or regulatory permit that appears material to its business that might be adversely affected by its acquisition of shares as contemplated by the tender offer or of any approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic, foreign or supranational, that would be required for the acquisition of shares by Lawson as contemplated by the tender offer. Should any approval or other action be required, Lawson presently contemplates that it will seek that approval or other action. Lawson is unable to predict whether it will be required to delay the acceptance for payment of or payment for shares tendered under the tender offer pending the outcome of any such matter. There can be no assurance that any approval or other action, if needed, would be obtained or would be obtained without substantial cost or conditions or that the failure to obtain the approval or other action might not result in adverse consequences to its business and financial condition. The obligations of Lawson under the tender offer to accept for payment and pay for shares is subject to the conditions described in Section 7.

14. U.S. Federal Income Tax Consequences.

The following describes the material United States federal income tax consequences relevant to the tender offer. This discussion is based upon the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), existing and proposed Treasury Regulations, administrative pronouncements and judicial decisions, changes to which could materially affect the tax consequences described herein and could be made on a retroactive basis.

This discussion deals only with shares held as capital assets and does not deal with all tax consequences that may be relevant to all categories of holders (such as financial institutions, dealers in securities or commodities, traders in securities who elect to apply a mark-to-market method of accounting, insurance companies, tax-exempt organizations, former citizens or residents of the United States or persons who hold shares as part of a hedge, straddle, constructive sale or conversion transaction). In particular, different rules which are not addressed here may apply to shares received through the exercise of employee stock options or otherwise as compensation. The tax treatment of partners in a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) that is a Holder of shares generally depends on both

the status of partner and the activities of the partnership and is not specifically addressed herein. Partners in partnerships holding shares should consult their tax advisors. This discussion also does not address the state, local or foreign tax consequences of participating in the tender offer. Holders of shares should consult their tax advisors as to the particular consequences to them of participation in the tender offer.

As used herein, a “Holder” means a beneficial owner of shares that is a citizen or resident of the United States, a corporation or (or other entity treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States, any State thereof or the District of Columbia, a trust whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to make all substantial decisions, or which has in effect a valid election to be treated as a U.S. person or an estate the income of which is subject to United States federal income taxation regardless of its source.

Beneficial owners of shares who are neither United States Holders nor partnerships for U.S. federal income tax purposes (“foreign stockholders”) should consult their tax advisors regarding the United States federal income tax consequences and any applicable foreign tax consequences of the tender offer and should also see Section 3 for a discussion of the applicable United States withholding rules and the potential for obtaining a refund of all or a portion of any tax withheld.

The Company urges stockholders to consult their tax advisors to determine the particular tax consequences to them of participating in the tender offer.

Non-Participation in the Tender Offer. Holders of shares who do not participate in the tender offer will not incur any tax liability as a result of the consummation of the tender offer.

Exchange of Shares Pursuant to the Tender Offer. An exchange of shares for cash pursuant to the tender offer will be a taxable transaction for United States federal income tax purposes. A Holder who participates in the tender offer will, depending on such Holder’s particular circumstances, be treated either as recognizing gain or loss from the disposition of the shares or as receiving a distribution from us with respect to our stock.

Under Section 302 of the Code, a Holder will recognize gain or loss on an exchange of shares for cash if the exchange

- results in a “complete termination” of all such Holder’s equity interest in us;
- results in a “substantially disproportionate” redemption with respect to such Holder; or
- is “not essentially equivalent to a dividend” with respect to such Holder.

In applying the Section 302 tests, a Holder must take account of shares that such Holder constructively owns under attribution rules, pursuant to which the Holder will be treated as owning shares owned by certain family members (except that in the case of a “complete termination” a Holder may, under certain circumstances, waive attribution from family members) and related entities and shares that the Holder has the right to acquire by exercise of an option. An exchange of shares for cash will be a substantially disproportionate redemption with respect to a Holder if the percentage of the then outstanding shares owned by such Holder immediately after the exchange is less than 80% of the percentage of the shares owned by such Holder immediately before the exchange. If an exchange of shares for cash fails to satisfy the “substantially disproportionate” test, the Holder may nonetheless satisfy the “not essentially equivalent to a dividend” test. An exchange of shares for cash will satisfy the “not essentially equivalent to a dividend” test if it results in a “meaningful reduction” of the Holder’s equity interest in us. An exchange of shares for cash that results in a relatively minor reduction of the proportionate equity interest in us of a Holder whose relative equity interest in us is minimal (an interest of less than one percent should satisfy this requirement) and who does not exercise any control over or participate in the management of our corporate affairs should be treated as “not essentially equivalent to a dividend.” Holders should consult their tax advisors regarding the application of the rules of Section 302 in their particular circumstances.

Holders should be aware that it is possible that an acquisition or disposition of shares by a holder substantially contemporaneously with the offer will be taken into account in determining whether any of the three tests described above is satisfied. Holders should consult their tax advisors as to any effect of such an event on the application of these tests.

If a Holder is treated as recognizing gain or loss from the disposition of the shares for cash, such gain or loss will be equal to the difference between the amount of cash received and such Holder's tax basis in the shares exchanged therefor. Any such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holding period of the shares exceeds one year as of the date of the exchange. Calculation of gain or loss must be made separately for each block of shares owned by a Holder. Under the tax laws, a Holder may be able to designate which blocks and the order of such blocks to be tendered pursuant to the Tender Offer.

If a Holder is not treated under the Section 302 tests as recognizing gain or loss on an exchange of shares for cash, the entire amount of cash received by such Holder pursuant to the exchange will be treated as a dividend to the extent of the Holder's allocable portion of our current and accumulated earnings and profits and then as a return of capital to the extent of the Holder's basis in the shares exchanged and thereafter as capital gain. In a recent announcement, the Internal Revenue Service has stated that it is studying whether the basis reduction in such a case should be limited to the basis of the shares exchanged, or whether the basis of both the retained and exchanged shares should be reduced to zero before capital gain is recognized. Provided certain holding period requirements are satisfied, non-corporate Holders generally will be subject to U.S. federal income tax at a maximum rate of 15% on amounts treated as dividends. Such a dividend will be taxed at a maximum rate of 15% in its entirety, without reduction for the tax basis of the shares exchanged. To the extent that a purchase of a Holder's shares by us in the tender offer is treated as the receipt by the Holder of a dividend, the Holder's remaining adjusted basis (reduced by the amount, if any, treated as a return of capital) in the purchased shares will be added to any shares retained by the Holder (or, if the Holder does not actually own shares following completion of the tender offer, will be transferred to shares constructively owned by the Holder), subject, in the case of corporate stockholders, to reduction of basis or possible gain recognition under the "extraordinary dividend" provisions of the Code in an amount equal to the non-taxed portion of the dividend. To the extent that cash received in exchange for shares is treated as a dividend to a corporate Holder, (i) it will be eligible for a dividends-received deduction (subject to applicable limitations) and (ii) it will be subject to the "extraordinary dividend" provisions of the Code. Corporate Holders should consult their tax advisors concerning the availability of the dividends-received deduction and the application of the "extraordinary dividend" provisions of the Code in their particular circumstances.

The Company cannot predict whether or the extent to which the tender offer will be oversubscribed. If the tender offer is oversubscribed, proration of tenders pursuant to the tender offer will cause us to accept fewer shares than are tendered. Therefore, a Holder can be given no assurance that a sufficient number of such Holder's shares will be purchased pursuant to the tender offer to ensure that such purchase will be treated as a sale or exchange, rather than as a dividend, for federal income tax purposes pursuant to the rules discussed above. However, see Section 6 regarding a Holder's right to tender shares subject to the condition that Lawson must purchase a specified minimum number of such Holder's shares (if any are to be purchased).

See Section 3 with respect to the application of federal income tax withholding and backup withholding.

The Company urges stockholders to consult their tax advisor to determine the particular tax consequences to them of the tender offer, including the applicability and effect of state, local and foreign tax laws.

15. Extension of the Tender Offer; Termination; Amendment.

Lawson expressly reserves the right, in its sole discretion, at any time and from time to time, and regardless of whether or not any of the events set forth in Section 7 shall have occurred or shall be deemed

by Lawson to have occurred, to extend the period of time during which the tender offer is open and thereby delay acceptance for payment of, and payment for, any shares by giving oral or written notice of the extension to the depository and making a public announcement of the extension. Lawson also expressly reserves the right, in its sole discretion, to terminate the tender offer and not accept for payment or pay for any shares not theretofore accepted for payment or paid for or, subject to applicable law, to postpone payment for shares upon the occurrence of any of the conditions specified in Section 7 by giving oral or written notice of termination or postponement to the depository and making a public announcement of termination or postponement. Lawson's reservation of the right to delay payment for shares that it has accepted for payment is limited by Rule 13e-4(f)(5) promulgated under the Exchange Act, which requires that Lawson must pay the consideration offered or return the shares tendered promptly after termination or withdrawal of a tender offer. Subject to compliance with applicable law, Lawson further reserves the right, in its sole discretion, and regardless of whether any of the events set forth in Section 7 shall have occurred or shall be deemed by Lawson to have occurred, to amend the tender offer in any respect, including, without limitation, by decreasing or increasing the consideration offered in the tender offer to holders of shares or by decreasing or increasing the number of shares being sought in the tender offer. Amendments to the tender offer may be made at any time and from time to time effected by public announcement, the announcement, in the case of an extension, to be issued no later than 9:00 a.m., New York City time, on the next business day after the last previously scheduled or announced expiration date. Any public announcement made with respect to the tender offer will be disseminated promptly to stockholders in a manner reasonably designed to inform stockholders of the change. Without limiting the manner in which Lawson may choose to make a public announcement, except as required by applicable law, Lawson shall have no obligation to publish, advertise or otherwise communicate any public announcement other than by making a release through PR Newswire.

If Lawson materially changes the terms of the tender offer or the information concerning the tender offer, Lawson will extend the tender offer to the extent required by Rules 13e-4(d)(2), 13e-4(e)(3) and 13e-4(f)(1) promulgated under the Exchange Act. These rules and certain related releases and interpretations of the Securities and Exchange Commission provide that the minimum period during which a tender offer must remain open following material changes in the terms of the tender offer or information concerning the tender offer (other than a change in price or a change in percentage of securities sought) will depend on the facts and circumstances, including the relative materiality of the terms or information.

If Lawson increases or decreases the price to be paid for shares or increases or decreases the number of shares being sought in the tender offer and, if in the case of an increase in the number of shares being sought, such increase exceeds 2% of the outstanding shares, the tender offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from, and including, the date that the notice of an increase or decrease is first published, sent or given to security holders in the manner specified in this Section 15, then the tender offer will be extended until the expiration of such ten business day period.

16. Fees and Expenses.

Lawson has retained Credit Suisse to act as the dealer manager in connection with the tender offer. Credit Suisse will receive a customary fee for its services in connection with the tender offer. In addition, we have agreed to reimburse Credit Suisse for its reasonable and documented out-of-pocket expenses for its services as dealer manager in connection with the tender offer. Lawson also has agreed to indemnify Credit Suisse against certain liabilities in connection with the tender offer, including liabilities under federal and state securities laws or otherwise caused by, relating to or arising out of the tender offer. In the ordinary course of its trading and brokerage activities, Credit Suisse and its affiliates may hold positions, for their own accounts or for those of their customers, in securities of Lawson.

Credit Suisse and its affiliates have rendered various investment banking and other advisory services to us in the past, for which they received customary compensation from us. We expect Credit Suisse and its affiliates to continue to render such services, for which they will continue to receive customary compensation from us.

Lawson has retained Morrow & Co., Inc. to act as information agent and Computershare Trust Company of New York to act as depositary in connection with the tender offer. The information agent may contact holders of shares by mail, telephone, telegraph and in person, and may request brokers, dealers, commercial banks, trust companies and other nominee stockholders to forward materials relating to the tender offer to beneficial owners. The information agent and the depositary each will receive customary compensation for their respective services, will be reimbursed by Lawson for specified reasonable out-of-pocket expenses, and will be indemnified against certain liabilities in connection with the tender offer, including certain liabilities under the federal and state securities laws.

No fees or commissions will be payable by Lawson to brokers, dealers, commercial banks or trust companies (other than fees to the dealer manager, the information agent and the trustee for Lawson's employee plans, as described above) for soliciting tenders of shares under the tender offer. The Company urges stockholders holding shares through brokers or banks to consult the brokers or banks to determine whether transaction costs are applicable if stockholders tender shares through such brokers or banks and not directly to the depositary. Upon request, Lawson will reimburse brokers, dealers, commercial banks and trust companies for customary mailing and handling expenses incurred by them in forwarding the tender offer and related materials to the beneficial owners of shares held by them as a nominee or in a fiduciary capacity. No broker, dealer, commercial bank or trust company has been authorized to act as the agent of Lawson, the dealer manager, the information agent or the depositary for purposes of the tender offer. Lawson will pay or cause to be paid all stock transfer taxes, if any, on its purchase of shares, except as otherwise provided in this document and Instruction 10 in the letter of transmittal.

17. Miscellaneous.

Lawson is not aware of any jurisdiction where the making of the tender offer is not in compliance with applicable law. If Lawson becomes aware of any jurisdiction where the making of the tender offer or the acceptance of shares pursuant thereto is not in compliance with applicable law, Lawson will make a good faith effort to comply with the applicable law. If, after such good faith effort, Lawson cannot comply with the applicable law, Lawson will not make the tender offer to (nor will tenders be accepted from or on behalf of) the holders of shares in that jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the tender offer to be made by a licensed broker or dealer, the tender offer shall be deemed to be made on behalf of Lawson by the dealer manager or one or more registered brokers or dealers licensed under the laws of that jurisdiction.

Pursuant to Rule 13e-4(c)(2) under the Exchange Act, Lawson has filed with the Commission a Tender Offer Statement on Schedule TO, which contains additional information with respect to the tender offer. The Schedule TO, including the exhibits and any amendments and supplements thereto, may be examined, and copies may be obtained, at the same places and in the same manner as is set forth in Section 10 with respect to information concerning Lawson.

Lawson has not authorized any person to make any recommendation on behalf of Lawson as to whether you should tender or refrain from tendering your shares in the tender offer. Lawson has not authorized any person to give any information or to make any representation in connection with the tender offer other than those contained in this offer to purchase or in the letter of transmittal. If anyone makes any recommendation or representation to you or gives you any information, you must not rely upon that recommendation, representation or information as having been authorized by Lawson or the dealer manager.

LAWSON PRODUCTS, INC.

September 8, 2006

The letter of transmittal and share certificates and any other required documents should be sent or delivered by each stockholder or that stockholder's broker, dealer, commercial bank, trust company or nominee to the depository at one of its addresses set forth below.

The Depository for the Tender Offer is:



By Mail:
Computershare Trust Company, N.A.
Attention: Corporate Actions
P.O. Box 859208
Braintree, MA 02185-9208

By Facsimile Transmission:
For Eligible Institutions Only:
(781) 380-3388

For Confirmation Only
Telephone:
(781) 843-1833 extension 200

By Hand or Overnight Courier:
Computershare Trust Company, N.A.
Attention: Corporate Actions
161 Bay State Drive
Braintree, MA 02184

Please direct any questions or requests for assistance to the information agent or the dealer manager at their respective telephone numbers and addresses set forth below. Please direct requests for additional copies of this offer to purchase, the letter of transmittal or the notice of guaranteed delivery to the information agent at the telephone number and address set forth below. Stockholders also may contact their broker, dealer, commercial bank, trust company or nominee for assistance concerning the tender offer. Please contact the depository to confirm delivery of shares.

The Information Agent for the Offer is:

Morrow & Co., Inc.

470 West Avenue
Stamford, CT 06902
(203) 658-9400

Banks and Brokerage Firms, Please Call: (203) 658-9400
Stockholders Call Toll Free: (800) 607-0088

The dealer manager for the Offer is:

Credit Suisse Securities (USA) LLC

Eleven Madison Avenue
New York, New York 10010-3629
Call Toll Free (800) 318-8219

LETTER OF TRANSMITTAL
To Tender Shares of Common Stock, Par Value \$1.00 Per Share
of
Lawson Products, Inc.
Pursuant to the Offer to Purchase, dated September 8, 2006

THE TENDER OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON THURSDAY, OCTOBER 5, 2006, UNLESS THE COMPANY EXTENDS THE TENDER OFFER.

The depositary for the tender offer is:



By Mail:
 Computershare Trust Company, N.A.
 Attention: Corporate Actions
 P.O. Box 859208
 Braintree, MA 02185-9208

By Hand or Overnight Courier:
 Computershare Trust Company, N.A.
 Attention: Corporate Actions
 161 Bay State Drive
 Braintree, MA 02184

*** Indicate in this box the order (by certificate number) in which shares are to be purchased in event of proration (attach additional signed list if necessary): See Instruction 7.
 1st:
 2nd:
 3rd:
 4th:
 5th:
 6th:

DESCRIPTION OF SHARES TENDERED			
Name(s) and Address(es) of Registered Holder(s) (Please Fill in, if Blank, Exactly as Names(s) Appear(s) on Certificate(s))	Certificate(s) Tendered (Attach and Sign Additional List if Necessary)		
	Certificate Number(s)*	Number of Shares Represented By Certificate(s)*	Number of Shares Tendered**
	Total Shares Tendered		

* Need not complete if shares are delivered by book-entry transfer.
 ** If you desire to tender fewer than all shares evidenced by any certificate(s) listed above, please indicate in this column the number of shares you wish to tender. Otherwise, all shares evidenced by such certificate(s) will be deemed to have been tendered. See Instruction 4.
 *** If you do not designate an order and Lawson purchases less than all shares tendered due to proration, the depositary will select the shares that Lawson will purchase. See Instruction 7.

Delivery of this letter of transmittal to an address other than one of those set forth above will not constitute a valid delivery. You must deliver this letter of transmittal to the depository. Deliveries to Lawson Products, Inc. ("Lawson"), Credit Suisse Securities (USA) LLC or Morrow & Co., Inc. will not be forwarded to the depository and therefore will not constitute valid delivery to the depository. Delivery of the letter of transmittal and any other required documents to the book-entry transfer facility will not constitute delivery to the depository.

You should use this letter of transmittal if you are causing the shares to be delivered by book-entry transfer to the depository's account at the Depository Trust Company ("DTC," which is hereinafter referred to as the "book-entry transfer facility") pursuant to the procedures set forth in Section 3 of the offer to purchase. Only financial institutions that are participants in the book-entry transfer facility's system may make book-entry delivery of the shares.

The information agent for the tender offer is:

Morrow & Co., Inc.

470 West Avenue
Stamford, CT 06902
(203) 658-9400

Banks and Brokerage Firms, Please Call: (203) 658-9400

Stockholders Call Toll Free: (800) 607-0088

BEFORE COMPLETING THIS LETTER OF TRANSMITTAL, YOU SHOULD READ THIS LETTER OF TRANSMITTAL AND THE ACCOMPANYING INSTRUCTIONS CAREFULLY.

You should use this letter of transmittal only if (1) you are also enclosing certificates for the shares you desire to tender, or (2) you intend to deliver certificates for such shares under a notice of guaranteed delivery previously sent to the depository, or (3) you are delivering shares through a book-entry transfer into the depository's account at the book-entry transfer facility in accordance with Section 3 of the offer to purchase.

If you desire to tender shares in the tender offer, but you cannot deliver the certificates for your shares and all other required documents to the depository by the expiration date (as set forth in the offer to purchase), or cannot comply with the procedures for book-entry transfer on a timely basis, then you may tender your shares according to the guaranteed delivery procedures set forth in Section 3 of the offer to purchase. See Instruction 2. Delivery of the letter of transmittal and any other required documents to the book-entry transfer facility does not constitute delivery to the depository.

- o **Check here if you are delivering tendered shares pursuant to a notice of guaranteed delivery that you previously sent to the depository and complete the following:**

Name(s) of Tendering Stockholder(s): _____

Date of Execution of Notice of Guaranteed Delivery: _____

Name of Institution that Guaranteed Delivery: _____

- o **Check here if any certificates evidencing the shares you are tendering with this letter of transmittal have been lost, stolen, destroyed or mutilated. If you check this box, you must complete an affidavit of loss and return it with your letter of transmittal. You should call Computershare Trust Company of New York, the depository for this offer, at (877) 282-1168 to get information about the requirements for replacement. You may be required to post a bond to secure against the risk that certificates may be subsequently recirculated. Please call Computershare Trust Company of New York immediately to obtain an affidavit of loss and to receive further instructions on how to proceed, so that the timely processing of this letter of transmittal will not be impeded. See Instruction 16.**

- o **Check here if you are a financial institution that is a participating institution in the book-entry transfer facility's system and you are delivering the tendered shares by book-entry transfer to an account maintained by the depository at the book-entry transfer facility, and complete the following:**

Name(s) of Tendering Institution: _____

Account Number: _____

Transaction Code Number: _____

NOTE: SIGNATURES MUST BE PROVIDED BELOW

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

CHECK ONLY ONE BOX. IF YOU CHECK MORE THAN ONE BOX, OR IF YOU DO NOT CHECK ANY BOX, YOU WILL HAVE FAILED TO VALIDLY TENDER ANY SHARES.

**SHARES TENDERED AT PRICE DETERMINED PURSUANT TO THE TENDER OFFER
(SEE INSTRUCTION 5)**

- The undersigned wants to maximize the chance of having Lawson purchase all shares the undersigned is tendering (subject to the possibility of proration). Accordingly, by checking this **ONE** box **INSTEAD OF ONE OF THE PRICE BOXES BELOW**, the undersigned hereby tenders shares and is willing to accept the purchase price determined by Lawson pursuant to the tender offer (the "Purchase Price"). This action could result in receiving a price per share as low as \$37.50.

— OR —

**SHARES TENDERED AT PRICE DETERMINED BY STOCKHOLDER
(SEE INSTRUCTION 5)**

By checking **ONE** of the boxes below **INSTEAD OF THE BOX ABOVE**, the undersigned hereby tenders shares at the price checked. This action could result in none of the shares being purchased if the Purchase Price is less than the price checked below. **A stockholder who desires to tender shares at more than one price must complete a separate letter of transmittal for each price at which the stockholder tenders shares.** You cannot tender the same shares at more than one price, unless you have previously validly withdrawn those shares tendered at a different price in accordance with Section 4 of the offer to purchase.

Price (in Dollars) Per Share at Which Shares Are Being Tendered

<input type="radio"/>	\$37.50	<input type="radio"/>	\$38.50	<input type="radio"/>	\$39.50	<input type="radio"/>	\$40.50	<input type="radio"/>	\$41.50	<input type="radio"/>	\$42.50
<input type="radio"/>	\$37.75	<input type="radio"/>	\$38.75	<input type="radio"/>	\$39.75	<input type="radio"/>	\$40.75	<input type="radio"/>	\$41.75	<input type="radio"/>	\$42.75
<input type="radio"/>	\$38.00	<input type="radio"/>	\$39.00	<input type="radio"/>	\$40.00	<input type="radio"/>	\$41.00	<input type="radio"/>	\$42.00	<input type="radio"/>	\$43.00
<input type="radio"/>	\$38.25	<input type="radio"/>	\$39.25	<input type="radio"/>	\$40.25	<input type="radio"/>	\$41.25	<input type="radio"/>	\$42.25		

**You WILL NOT have validly tendered your shares
unless you check ONE AND ONLY ONE BOX IN THIS FRAME.**

ODD LOTS
(See Instruction 6)

To be completed **only** if shares are being tendered by or on behalf of a person owning, beneficially or of record, an aggregate of fewer than 100 shares.

On the date hereof, the undersigned either (check one box):

- o is the beneficial or record owner of an aggregate of fewer than 100 shares and is tendering all of those shares; or
- o is a broker, dealer, commercial bank, trust company or other nominee that (i) is tendering, for the beneficial owner(s) thereof, shares with respect to which it is the record holder, and (ii) believes, based upon representations made to it by such beneficial owner(s), that each such person was the beneficial owner of an aggregate of fewer than 100 shares and is tendering all of such shares.

In addition, the undersigned is tendering shares (check ONE box):

- o at the Purchase Price, which will be determined by Lawson in accordance with the terms of the tender offer (persons checking this box should check the box under the heading "Shares Tendered at Price Determined Pursuant to the Tender Offer"); or
- o at the price per share indicated under the heading "Shares Tendered at Price Determined by Stockholder."

CONDITIONAL TENDER
(See Instruction 11)

A tendering stockholder may condition his or her tender of shares upon Lawson purchasing a specified minimum number of the shares tendered, as described in Section 6 of the offer to purchase. Unless Lawson purchases at least the minimum number of shares you indicate below pursuant to the terms of the tender offer, Lawson will not purchase any of the shares tendered below. It is the tendering stockholder's responsibility to calculate that minimum number, and we urge each stockholder to consult his or her own tax advisor in doing so. Unless you check the box immediately below and specify, in the space provided, a minimum number of shares that Lawson must purchase from you if Lawson purchases any shares from you, Lawson will deem your tender unconditional.

- o The minimum number of shares that Lawson must purchase from me if Lawson purchases any shares from me, is: _____ shares.

If, because of proration, Lawson will not purchase the minimum number of shares from you that you designate, Lawson may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, the tendering stockholder must have tendered all of his or her shares. To certify that you are tendering all of the shares you own, check the box below.

- o The tendered shares represent all shares held by the undersigned.

SPECIAL PAYMENT INSTRUCTIONS
(See Instructions 1, 9 and 10)

Complete this box **ONLY** if the check for the aggregate Purchase Price of shares purchased (less the amount of any federal income or backup withholding tax required to be withheld) and/or certificate for shares not tendered or not purchased are to be issued in the name of someone other than the undersigned, or if shares tendered hereby and delivered by book-entry transfer which are not purchased are to be returned by crediting them to an account at the book-entry transfer facility other than the account designated above.

Issue to:

Name:

(Please Print)

Address:

(Include Zip Code)

(Taxpayer Identification or Social Security Number)
(See Substitute Form W-9 Included Herewith)

CHECK and COMPLETE IF APPLICABLE:

Credit shares delivered by book-entry transfer and not purchased to the account set forth below:

Account Number:

SPECIAL DELIVERY INSTRUCTIONS
(See Instructions 1 and 10)

Complete this box **ONLY** if the check for the aggregate Purchase Price of shares purchased (less the amount of any federal income or backup withholding tax required to be withheld) and/or certificate for shares not tendered or not purchased are to be mailed to someone other than the undersigned or to the undersigned at an address other than that shown below the undersigned's signature(s).

Deliver to:

Name:

(Please Print)

Address:

(Include Zip Code)

Ladies and Gentlemen:

The undersigned hereby tenders to Lawson Products, Inc., a Delaware corporation ("Lawson"), the above-described shares of Lawson's common stock, par value \$1.00 per share.

The tender of the shares is being made at the price per share indicated in this letter of transmittal, net to the seller in cash, without interest, on the terms and subject to the conditions set forth in this letter of transmittal and in Lawson's offer to purchase, dated September 8, 2006, receipt of which is hereby acknowledged.

Subject to and effective upon acceptance for payment of, and payment for, shares tendered with this letter of transmittal in accordance with the terms of the tender offer, the undersigned hereby (1) sells, assigns and transfers to or upon the order of Lawson all right, title and interest in and to all of the shares tendered hereby which are so accepted and paid for; (2) orders the registration of any shares tendered by book-entry transfer that are purchased under the tender offer to or upon the order of Lawson; and (3) appoints the depository as attorney-in-fact of the undersigned with respect to such shares, with the full knowledge that the depository also acts as the agent of Lawson, with full power of substitution (such power of attorney being an irrevocable power coupled with an interest), to perform the following functions:

(a) deliver certificates for shares, or transfer ownership of such shares on the account books maintained by the book-entry transfer facility, together in either such case with all accompanying evidences of transfer and authenticity, to or upon the order of Lawson, upon receipt by the depository, as the undersigned's agent, of the Purchase Price with respect to such shares;

(b) present certificates for such shares for cancellation and transfer on Lawson's books; and

(c) receive all benefits and otherwise exercise all rights of beneficial ownership of such shares, subject to the next paragraph, all in accordance with the terms of the tender offer.

The undersigned understands that Lawson will, upon the terms and subject to the conditions of the tender offer, determine a single per share price, not greater than \$43.00 nor less than \$37.50 per share (the "Purchase Price"), which it will pay for shares validly tendered and not validly withdrawn pursuant to the tender offer, after taking into account the number of shares so tendered and the prices specified by tendering stockholders. The undersigned understands that Lawson will select the lowest purchase price that will allow it to purchase 1,000,000 shares or, if a lesser number of shares is validly tendered and not validly withdrawn, all such shares that are validly tendered and not validly withdrawn. The undersigned further understands that Lawson reserves the right to purchase more than 1,000,000 shares pursuant to the tender offer, subject to certain limitations and legal requirements as set forth in the tender offer. Lawson will purchase all shares validly tendered at or below the Purchase Price and not validly withdrawn, subject to the conditions of the tender offer and the "odd lot" priority, proration and conditional tender provisions described in the offer to purchase. The undersigned understands that all stockholders whose shares are purchased by Lawson will receive the same Purchase Price for each share purchased in the tender offer.

The undersigned hereby covenants, represents and warrants to Lawson that:

(a) the undersigned has a net long position in the shares at least equal to the number of shares being tendered within the meaning of Rule 14e-4 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is tendering the shares in compliance with Rule 14e-4 under the Exchange Act;

(b) has full power and authority to tender, sell, assign and transfer the shares tendered hereby;

(c) when and to the extent Lawson accepts the shares for purchase, Lawson will acquire good and marketable title to them, free and clear of all security interests, liens, restrictions, claims, charges, encumbrances, conditional sales agreements or other obligations relating to their sale or transfer, and the shares will not be subject to any adverse claims or rights;

(d) the undersigned will, upon request, execute and deliver any additional documents deemed by the depository or Lawson to be necessary or desirable to complete the sale, assignment and transfer of the shares tendered hereby and accepted for purchase; and

(e) the undersigned has read and agrees to all of the terms of the tender offer.

The undersigned understands that tendering of shares under any one of the procedures described in Section 3 of the offer to purchase and in the Instructions to this letter of transmittal will constitute an agreement between the undersigned and Lawson upon the terms and subject to the conditions of the tender offer. The undersigned acknowledges that under no circumstances will Lawson pay interest on the Purchase Price.

The undersigned recognizes that under certain circumstances set forth in the offer to purchase, Lawson may terminate or amend the tender offer; or may postpone the acceptance for payment of, or the payment for, shares tendered, or may accept for payment fewer than all of the shares tendered hereby. The undersigned understands that certificate(s) for any shares not tendered or not purchased will be returned to the undersigned at the address indicated above.

The names and addresses of the registered holders should be printed, if they are not already printed above, exactly as they appear on the certificates representing shares tendered hereby. The certificate numbers, the number of shares represented by such certificates, and the number of shares that the undersigned wishes to tender, should be set forth in the appropriate boxes above.

Unless otherwise indicated under "Special Payment Instructions," please issue the check for the aggregate Purchase Price of any shares purchased (less the amount of any federal income or backup withholding tax required to be withheld), and/or return any shares not tendered or not purchased, in the name(s) of the undersigned or, in the case of shares tendered by book-entry transfer, by credit to the account at the book-entry transfer facility designated above. Similarly, unless otherwise indicated under "Special Delivery Instructions," please mail the check for the aggregate Purchase Price of any shares purchased (less the amount of any federal income or backup withholding tax required to be withheld), and any certificates for shares not tendered or not purchased (and accompanying documents, as appropriate) to the undersigned at the address shown below the undersigned's signature(s). In the event that both the "Special Payment Instructions" and the "Special Delivery Instructions" are completed, please issue the check for the aggregate Purchase Price of any shares purchased (less the amount of any federal income or backup withholding tax required to be withheld) and/or return any shares not tendered or not purchased in the name(s) of, and mail said check and any certificates to, the person(s) so indicated.

The undersigned recognizes that Lawson has no obligation, under the Special Payment Instructions, to transfer any certificate for shares from the name of its registered holder, or to order the registration or transfer of shares tendered by book-entry transfer, if Lawson purchases none of the shares represented by such certificate or tendered by such book-entry transfer.

All authority conferred or agreed to be conferred in this letter of transmittal shall survive the death or incapacity of the undersigned and any obligations or duties of the undersigned under this letter of transmittal shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Except as stated in the offer to purchase, this tender is irrevocable.

STOCKHOLDER(S) SIGN HERE
(See Instructions 1 and 8)
(Please Complete Substitute Form W-9)

Must be signed by registered holder(s) exactly as name(s) appear(s) on share certificate(s) or on a security position listing or by person(s) authorized to become registered holder(s) by share certificates and documents transmitted herewith. If a signature is by an officer on behalf of a corporation or by an executor, administrator, trustee, guardian, attorney-in-fact, agent or other person acting in a fiduciary or representative capacity, please provide full title and see Instruction 8.

Signature(s) of Stockholder(s)

Dated: _____, 2006

Name(s) _____

(Please Print)

Capacity (full title): _____

Address _____

Please Include Zip Code

(Area Code) Telephone Number: _____

Taxpayer Identification or
Social Security No.: _____

GUARANTEE OF SIGNATURE(S)
(If Required, See Instructions 1 and 8)

Authorized Signature _____

Name(s) _____

Name of Firm _____

Address _____

Address Line 2 _____

(Area Code) Telephone No. _____

Dated: _____, 2006

**INSTRUCTIONS TO LETTER OF TRANSMITTAL
FORMING PART OF THE TERMS OF THE TENDER OFFER**

1. *Guarantee of Signatures.* Except as otherwise provided in this Instruction, all signatures on this letter of transmittal must be guaranteed by a financial institution that is a participant in the Securities Transfer Agents Medallion Program or a bank, broker, dealer, credit union, savings association or other entity which is an "eligible guarantor institution" as such term is defined in Rule 17Ad-15 under the Exchange Act (an "Eligible Institution"). Signatures on this letter of transmittal need not be guaranteed if either (a) this letter of transmittal is signed by the registered holder(s) of the shares (which term, for purposes of this letter of transmittal, shall include any participant in the book-entry transfer facility whose name appears on a security position listing as the owner of shares) tendered herewith and such holder(s) have not completed either the box entitled "Special Payment Instructions" or "Special Delivery Instructions" in this letter of transmittal; or (b) such shares are tendered for the account of an Eligible Institution. See Instruction 8. You may also need to have any certificates you deliver endorsed or accompanied by a stock power, and the signatures on these documents may also need to be guaranteed. See Instruction 8.

2. *Delivery of Letter of Transmittal and Certificates; Guaranteed Delivery Procedures.* You should use this letter of transmittal only if you are (a) forwarding certificates with this letter of transmittal, (b) going to deliver certificates under a notice of guaranteed delivery previously sent to the depository, or (c) causing the shares to be delivered by book-entry transfer pursuant to the procedures set forth in Section 3 of the offer to purchase. In order for you to validly tender shares, the depository must receive certificates for all physically tendered shares, or a confirmation of a book-entry transfer of all shares delivered electronically into the depository's account at the book-entry transfer facility, together in each case with a properly completed and duly executed letter of transmittal, or an Agent's Message in connection with book-entry transfer, and any other documents required by this letter of transmittal, at one of its addresses set forth in this letter of transmittal by the expiration date (as defined in the offer to purchase).

The term "Agent's Message" means a message transmitted by the book-entry transfer facility to, and received by, the depository, which states that the book-entry transfer facility has received an express acknowledgment from the participant in the book-entry transfer facility tendering the shares that the participant has received and agrees to be bound by the terms of the letter of transmittal, and that Lawson may enforce this agreement against the participant.

Guaranteed Delivery. If you cannot deliver your shares and all other required documents to the depository by the expiration date, or the procedure for book-entry transfer cannot be completed on a timely basis, you may tender your shares, pursuant to the guaranteed delivery procedure described in Section 3 of the offer to purchase, by or through any Eligible Institution. To comply with the guaranteed delivery procedure, you must (1) properly complete and duly execute a notice of guaranteed delivery substantially in the form provided to you by Lawson, specifying the price at which you are tendering your shares, including (where required) a Guarantee by an Eligible Institution in the form set forth in the notice of guaranteed delivery; (2) arrange for the depository to receive the notice of guaranteed delivery by the expiration date; and (3) ensure that the depository receives the certificates for all physically tendered shares or book-entry confirmation of electronic delivery of shares, as the case may be, together with a properly completed and duly executed letter of transmittal with any required signature guarantees or an Agent's Message, and all other documents required by this letter of transmittal, within three Nasdaq trading days after receipt by the depository of such notice of guaranteed delivery, all as provided in Section 3 of the offer to purchase.

The notice of guaranteed delivery may be delivered by hand, facsimile transmission or mail to the depository and must include, if necessary, a guarantee by an eligible guarantor institution in the form set forth in such notice. For shares to be tendered validly under the guaranteed delivery procedure, the depository must receive the notice of guaranteed delivery before the expiration date.

The method of delivery of all documents, including certificates for shares, is at the option and risk of the tendering stockholder. If you choose to deliver the documents by mail, we recommend that you use registered mail with return receipt requested, properly insured. In all cases, please allow sufficient time to assure delivery.

Except as specifically permitted by Section 6 of the offer to purchase, Lawson will not accept any alternative, conditional or contingent tenders, nor will it purchase any fractional shares. By executing this letter of transmittal, you waive any right to receive any notice of the acceptance for payment of your tendered shares.

3. *Inadequate Space.* If the space provided in the box captioned "Description of Shares Tendered" is inadequate, then you should list the certificate numbers, the number of shares represented by the certificate(s) and the number of shares tendered with respect to each certificate on a separate signed schedule attached to this letter of transmittal.

4. *Partial Tenders and Unpurchased Shares.* (Not applicable to stockholders who tender by book-entry transfer.) If you wish to tender (i.e., offer to sell) fewer than all of the shares evidenced by any certificate(s) that you deliver to the depository, fill in the number of shares that you wish to tender (i.e., offer for sale) in the column entitled "Number of Shares Tendered." In this case, if Lawson purchases some but not all of the shares that you tender, Lawson will issue to you a new certificate for the unpurchased shares. The new certificate will be sent to the registered holder(s) as promptly as practicable after the expiration date. Unless you indicate otherwise, all shares represented by the certificate(s) listed and delivered to the depository will be deemed to have been tendered. In the case of shares tendered by book-entry transfer at the book-entry transfer facility, any tendered but unpurchased shares will be credited to the appropriate account maintained by the tendering stockholder at the book-entry transfer facility. In each case, shares will be returned or credited without expense to the stockholder.

5. *Indication of Price at Which Shares are Being Tendered.* In order to validly tender your shares by this letter of transmittal, you must either

a. check the box under "SHARES TENDERED AT PRICE DETERMINED PURSUANT TO THE TENDER OFFER" in order to maximize the chance of having Lawson purchase all of the shares that you tender (subject to the possibility of proration); OR

b. check one of the boxes indicating the price per share at which you are tendering shares in the section entitled "SHARES TENDERED AT PRICE DETERMINED BY STOCKHOLDER."

YOU MUST CHECK ONE, AND ONLY ONE, BOX. If you check more than one box or no boxes, then you will be deemed not to have validly tendered your shares. **If you wish to tender portions of your different share holdings at different prices, you must complete a separate letter of transmittal for each price at which you wish to tender each such portion of your share holdings.** You cannot tender the same shares at more than one price (unless, prior to tendering previously tendered shares at a new price, you validly withdrew those shares in accordance with Section 4 of the offer to purchase).

By checking the box under "Shares Tendered at Price Determined Pursuant to the Tender Offer" you agree to accept the Purchase Price resulting from the tender offer process, which may be as low as \$37.50 or as high as \$43.00 per share. By checking a box under "Shares Tendered at Price Determined by Stockholder," you acknowledge that doing so could result in none of the shares you tender being purchased if the Purchase Price for the shares turns out to be less than the price you selected.

6. *Odd Lots.* As described in Section 1 of the offer to purchase, if Lawson purchases fewer than all shares properly tendered before the expiration date and not properly withdrawn, Lawson will first purchase all shares tendered by any stockholder who (a) owns, beneficially or of record, an aggregate of fewer than 100 shares, and (b) tenders all of his or her shares at or below the Purchase Price. You will only receive this preferential treatment if you own fewer than 100 shares and tender ALL of the shares you own at or below the Purchase Price. Even if you otherwise qualify for "odd lot" preferential treatment, you will not receive such preference unless you complete the section entitled "Odd Lots" in this letter of transmittal.

7. *Order of Purchase in the Event of Proration.* As described in Section 1 of the offer to purchase, stockholders may specify the order in which their shares are to be purchased in the event that, as a result of proration or otherwise, Lawson purchases some but not all of the tendered shares pursuant to the terms of the tender offer. The order of purchase may have an effect on the federal income tax treatment of any gain or loss on the shares that Lawson purchases. See Sections 1, 6 and 14 of the offer to purchase.

8. *Signatures on Letter of Transmittal, Stock Powers and Endorsements.*

a. *Exact Signatures.* If this letter of transmittal is signed by the registered holder(s) of the shares tendered hereby, the signature(s) must correspond exactly with the name(s) as written on the face of the certificate(s) without any change whatsoever.

b. *Joint Holders.* If the shares are registered in the names of two or more persons, ALL such persons must sign this letter of transmittal.

c. *Different Names on Certificates.* If any tendered shares are registered in different names on several certificates, you must complete, sign and submit as many separate letters of transmittal as there are different registrations of certificates.

d. *Endorsements.* If this letter of transmittal is signed by the registered holder(s) of the shares tendered hereby, no endorsements of certificate(s) representing such shares or separate stock powers are required unless payment of the Purchase Price is to be made, or the certificates for shares not tendered or tendered but not purchased are to be issued, to a person other than the registered holder(s). **Signature(s) on any such certificate(s) or stock powers must be guaranteed by an Eligible Institution.**

If this letter of transmittal is signed by a person other than the registered holder(s) of the shares tendered hereby, or if payment is to be made to a person other than the registered holder(s), the certificate(s) for the shares must be endorsed or accompanied by appropriate stock powers, in either case, signed exactly as the name(s) of the registered holder(s) appear(s) on the certificate(s) for such shares, and the signature(s) on such certificates or stock power(s) must be guaranteed by an Eligible Institution. See Instruction 1.

If this letter of transmittal or any certificate or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or any other person acting in a fiduciary or representative capacity, such person should so indicate when signing and must submit to the depository evidence satisfactory to Lawson that such person has authority so to act.

9. *Stock Transfer Taxes.* Except as provided in this Instruction 9, no stock transfer tax stamps or funds to cover such stamps need to accompany this letter of transmittal. Lawson will pay or cause to be paid any stock transfer taxes payable on the transfer to it of shares purchased under the tender offer. If, however:

- a. payment of the Purchase Price is to be made to any person other than the registered holder(s);
- b. certificate(s) for shares not tendered or tendered but not purchased are to be returned in the name of and to any person other than the registered holder(s) of such shares; OR
- c. tendered certificates are registered in the name of any person(s) other than the person(s) signing this letter of transmittal,

then the depository will deduct from the Purchase Price the amount of any stock transfer taxes (whether imposed on the registered holder(s), such other person(s) or otherwise) payable on account of the transfer of cash or stock thereby made to such person, unless satisfactory evidence of the payment of such taxes or an exemption from them is submitted with this letter of transmittal.

10. *Special Payment and Delivery Instructions.* If any of the following conditions holds:

- a. check(s) for the Purchase Price of any shares purchased pursuant to the tender offer are to be issued to a person other than the person(s) signing this letter of transmittal; or
- b. check(s) for the Purchase Price are to be sent to any person other than the person signing this letter of transmittal, or to the person signing this letter of transmittal, but at a different address; or
- c. certificates for any shares not tendered, or tendered but not purchased, are to be returned to and in the name of a person other than the person(s) signing this letter of transmittal,

then, in each such case, you must complete the boxes captioned "Special Payment Instructions" and/or "Special Delivery Instructions" as applicable in this letter of transmittal and make sure that the signatures herein are guaranteed as described in Instructions 1 and 8.

11. *Conditional Tenders.* As described in Sections 1 and 6 of the offer to purchase, stockholders may condition their tenders on Lawson purchasing all of their shares, or specify a minimum number of shares that Lawson must purchase for the tender of any of their shares to be effective. If you wish to make a conditional tender you must indicate this choice in the box entitled "Conditional Tender" in this letter of transmittal or, if applicable, the notice of

guaranteed delivery; and you must calculate and appropriately indicate, in the space provided, the minimum number of shares that Lawson must purchase if Lawson purchases any shares.

As discussed in Sections 1 and 6 of the offer to purchase, proration may affect whether Lawson accepts conditional tenders. Proration may result in all of the shares tendered pursuant to a conditional tender being deemed to have been withdrawn, if Lawson could not purchase the minimum number of shares required to be purchased by the tendering stockholder due to proration. If, because of proration, Lawson will not purchase the minimum number of shares that you designate, Lawson may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, you must have tendered all of your shares and must have checked the box so indicated. Upon selection by random lot, if any, Lawson will limit its purchase in each case to the designated minimum number of shares.

If you are an "odd lot" holder and you tender all of your shares, you cannot conditionally tender, since your shares will not be subject to proration.

All tendered shares will be deemed unconditionally tendered unless the "Conditional Tender" box is checked and appropriately completed. When deciding whether to tender shares conditionally, we urge each stockholder to consult his or her own tax advisor.

12. Tax Identification Number and Backup Withholding. Under the federal income tax laws, the depository will be required to withhold 28% of the amount of any payments made to certain stockholders pursuant to the tender offer. In order to avoid such backup withholding, each tendering stockholder that is a U.S. person (including a U.S. resident alien) must provide the depository with such stockholder's correct taxpayer identification number by completing the Substitute Form W-9 set forth below.

In general, if a stockholder is an individual, the taxpayer identification number is the social security number of such individual. If the depository is not provided with the correct taxpayer identification number, the stockholder may be subject to a \$50 penalty imposed by the Internal Revenue Service and payments that are made to such stockholder pursuant to the tender offer may be subject to backup withholding. Certain stockholders (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. In order to satisfy the depository that a foreign individual qualifies as an exempt recipient, such stockholder must submit an IRS Form W-8 BEN or other Form W-8, signed under penalties of perjury, attesting to that individual's exempt status. You can obtain such statements from the depository or at www.irs.gov.

For further information concerning backup withholding and instructions for completing the Substitute Form W-9 (including how to obtain a taxpayer identification number if you do not have one and how to complete the Substitute Form W-9 if shares are held in more than one name), consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

Failure to complete the Substitute Form W-9 will not, by itself, cause shares to be deemed invalidly tendered, but may require the depository to withhold 28% of the amount of any payments made pursuant to the tender offer. Backup withholding is not an additional federal income tax. Rather, the federal income tax liability of a person subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, the taxpayer may obtain a refund, provided that the required information is furnished to the Internal Revenue Service.

NOTE: FAILURE TO COMPLETE AND RETURN THE SUBSTITUTE FORM W-9 MAY RESULT IN BACKUP WITHHOLDING OF 28% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE TENDER OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

Unless Lawson determines that a reduced rate of withholding is applicable pursuant to a tax treaty or that an exemption from withholding is applicable because gross proceeds paid pursuant to the tender offer are effectively connected with the conduct of a trade or business within the United States, Lawson will withhold federal income tax at a rate of 30% from such gross proceeds paid to a foreign stockholder or his agent. For this purpose, a foreign stockholder is any stockholder that is not (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States, (iii) a trust whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to make all substantial decisions or which has in effect a valid election to be treated as a U.S. person, or (iv) an estate

the income of which is subject to United States federal income taxation regardless of its source. A foreign stockholder may be eligible to file for a refund of such tax or a portion of such tax if such stockholder meets the "complete redemption," "substantially disproportionate" or "not essentially equivalent to a dividend" tests described in the offer to purchase under the caption "The Tender Offer — 14. U.S. Federal Income Tax Consequences" or if such stockholder is entitled to a reduced rate of withholding pursuant to a treaty and Lawson withheld at a higher rate.

In order to obtain a reduced rate of withholding under a tax treaty, a foreign stockholder must deliver to the depositary, before the payment, a properly completed and executed IRS Form W-8 BEN claiming such an exemption or reduction. A stockholder can obtain such form from the depositary or www.irs.gov. In order to claim an exemption from withholding on the grounds that gross proceeds paid pursuant to the tender offer are effectively connected with the conduct of a trade or business within the United States, a foreign stockholder must deliver to the depositary a properly IRS form W-BECI statement claiming exemption. A stockholder can obtain such statements from the depositary or www.irs.gov. We urge foreign stockholders to consult their own tax advisors regarding the application of federal income tax withholding, including eligibility for a withholding tax reduction or exemption and the refund procedure.

13. *Irregularities.* Lawson will determine in its sole discretion all questions as to the Purchase Price, the number of shares to accept, and the validity, eligibility (including time of receipt), and acceptance for payment of any tender of shares. Any such determinations will be final and binding on all parties. Lawson reserves the absolute right to reject any or all tenders of shares it determines not be in proper form or the acceptance of which or payment for which may, in the opinion of Lawson, be unlawful. Lawson also reserves the absolute right to waive any of the conditions of the tender offer and any defect or irregularity in the tender of any particular shares, and Lawson's interpretation of the terms of the tender offer, including these instructions, will be final and binding on all parties. No tender of shares will be deemed to be properly made until all defects and irregularities have been cured or waived. Unless waived, any defects or irregularities in connection with tenders must be cured within such time as Lawson shall determine. None of Lawson, the dealer manager (as defined in the offer to purchase), the depositary, the information agent (as defined in the offer to purchase) or any other person is or will be obligated to give notice of any defects or irregularities in tenders and none of them will incur any liability for failure to give any such notice.

14. *Questions; Requests for Assistance and Additional Copies.* Please direct any questions or requests for assistance or for additional copies of the offer to purchase, the letter of transmittal or the notice of guaranteed delivery to the information agent at the telephone number and address set forth below. You may also contact the dealer manager or your broker, dealer, commercial bank or trust company for assistance concerning the tender offer.

15. *Stock Option Plans.* If you hold vested options in Lawson's stock option plans, then you may exercise such vested options by paying the cash exercise price and receiving shares which you may then tender in accordance with the terms of the tender offer. An exercise of an option cannot be revoked even if shares received upon exercise thereof and tendered in the offer are not purchased in the offer for any reason.

16. *Lost, Stolen, Destroyed or Mutilated Certificates.* If any certificate representing any shares has been lost, stolen, destroyed or mutilated, you should notify Computershare Trust Company of New York, the depositary for the tender offer, by calling (877) 282-1168 and asking for instructions on obtaining replacement certificate(s) at the address specified on the cover of this letter of transmittal. The depositary will require you to complete an affidavit of loss and return it to depositary. You will then be instructed by the depositary as to the steps you must take in order to replace the certificate. You may be required to post a bond to secure against the risk that the certificate may be subsequently recirculated.

We cannot process this letter of transmittal and related documents until you have followed the procedures for replacing lost, stolen, destroyed or mutilated certificates. We urge you to contact the depositary immediately, in order to receive further instructions, for a determination as to whether you will need to post a bond, and to permit timely processing of this documentation.

Important: The depositary must receive this letter of transmittal (together with certificate(s) for shares or confirmation of book-entry transfer and all other required documents) or, if applicable, the notice of guaranteed delivery, before the expiration date.

YOU MUST COMPLETE AND SIGN THE SUBSTITUTE FORM W-9 BELOW. Please provide your social security number or other taxpayer identification number ("TIN") and certify that you are not subject to backup withholding.

SUBSTITUTE FORM W-9 Department of the Treasury Internal Revenue Service Payer's Request for TIN and Certification	Name: _____ Please check the appropriate box indicating your status: <input type="checkbox"/> Individual/Sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Other <input type="checkbox"/> Exempt from backup withholding <hr/> Address (number, street, and apt. or suite no.) City, state, and ZIP code
--	--

Part I Taxpayer Identification Number ("TIN")

PLEASE PROVIDE YOUR TIN ON THE APPROPRIATE LINE AT THE RIGHT. For most individuals, this is your social security number. If you do not have a number, see the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9. If you are awaiting a TIN, write "Applied For" in this Part I, complete the "Certificate Of Awaiting Taxpayer Identification Number" below and see "IMPORTANT TAX INFORMATION."

Social Security Number

OR

Employer Identification Number

Part II Certification

Under penalties of perjury, I certify that:

- (1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me), and
- (2) I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the IRS that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- (3) I am a U.S. person (including a U.S. resident alien).

Certification Instructions — You must cross out item (2) above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return and you have not been notified by the IRS that you are no longer subject to backup withholding.

The IRS does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

Sign Here

Signature of U.S. Person _____

Date _____

NOTE: FAILURE TO COMPLETE AND RETURN THE SUBSTITUTE FORM W-9 MAY RESULT IN BACKUP WITHHOLDING OF 28% OF ANY PAYMENTS MADE TO YOU ON ACCOUNT OF THE TENDER OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS, AND PLEASE SEE "IMPORTANT TAX INFORMATION."

COMPLETE THE FOLLOWING CERTIFICATION IF YOU WROTE "APPLIED FOR" INSTEAD OF A TIN ON THE SUBSTITUTE FORM W-9.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a TIN to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a TIN by the time of payment, 28% of all reportable payments made to me will be withheld.

Sign Here

Signature of U.S. Person _____

Date _____

**GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9**

Guidelines for Determining the Proper Identification Number for the Payee (You) to Give the Payer — Social Security numbers have nine digits separated by two hyphens: i.e., 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: i.e., 00-0000000. The table below will help determine the number to give the payer. All "Section" references are to the Internal Revenue Code of 1986, as amended. "IRS" is the Internal Revenue Service.

For this type of account:	Give the name and SOCIAL SECURITY number of —
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee(1)
b. So-called trust account that is not a legal or valid trust under state law	The actual owner(1)
5. Sole proprietorship or single-owner LLC	The owner(3)
6. Sole proprietorship or single-member LLC	The owner(3)

For this type of account:	Give the name and EMPLOYER IDENTIFICATION number of —
7. A valid trust, estate, or pension trust	The legal entity(4)
8. Corporate or LLC electing corporate status on Form 8832	The corporation or LLC
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC that has not elected to be taxed as a corporation	The partnership or LLC
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

- (1) List first and circle the name of the person whose number you furnish. If only one person on a joint account has a social security number, that person's number must be furnished.
- (2) Circle the minor's name and furnish the minor's social security number.
- (3) You must show your individual name, but you may also enter your business or "doing business as" name. You may use either your social security number or your employer identification number (if you have one).
- (4) List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the taxpayer identification number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

NOTE: If no name is circled when there is more than one name listed, the number will be considered to be that of the first name listed.

**GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9**

Obtaining a Number

If you do not have a taxpayer identification number, apply for one immediately. To apply for a SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office. Get Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for a TIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can get Forms W-7 and SS-4 from the IRS by calling 1 (800) TAX-FORM, or from the IRS Web Site at www.irs.gov.

Payees Exempt From Backup Withholding

Payees specifically exempted from backup withholding include:

1. An organization exempt from tax under Section 501(a), an individual retirement account (IRA), or a custodial account under Section 403(b)(7) if the account satisfies the requirements of Section 401(f)(2).
2. The United States or any of its agencies or instrumentalities.
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities.
4. A foreign government or any of its political subdivisions, agencies or instrumentalities.
5. An international organization or any of its agencies or instrumentalities.

Payees that may be exempt from backup withholding include:

6. A corporation.
7. A foreign central bank of issue.
8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States.
9. A futures commission merchant registered with the Commodity Futures Trading Commission.
10. A real estate investment trust.
11. An entity registered at all times during the tax year under the Investment Company Act of 1940, as amended.
12. A common trust fund operated by a bank under Section 584(a).
13. A financial institution.
14. A middleman known in the investment community as a nominee or custodian.
15. A trust exempt from tax under Section 664 or described in Section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt recipients listed above, **1** through **15**.

<u>If the payment is for...</u>	<u>THEN the payment is exempt for...</u>
Interest and dividend payments	All exempt recipients except for 9
Broker transactions	Exempt recipients 1 through 13 . Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker

Exempt payees should complete the substitute Form W-9 to avoid possible erroneous backup withholding. Furnish your taxpayer identification number, check the appropriate box for your status, check the "Exempt from backup withholding" box, sign and date the form and return it to the payer. Foreign payees who are not subject to backup withholding should complete an appropriate Form W-8 and return it to the payer.

Privacy Act Notice. Section 6109 requires you to provide your correct taxpayer identification number to payers who must file information returns with the IRS to report interest, dividends, and certain other income paid to you to the IRS. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return and may also provide this information to various government agencies for tax enforcement or litigation purposes and to cities, states, and the District of Columbia to carry out their tax laws, and may also disclose this information to other countries under a tax treaty, or to Federal and state agencies to enforce Federal nontax criminal laws and to combat terrorism. Payers must be given the numbers whether or not recipients are required to file tax returns. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

Penalties

(1) *Failure to Furnish Taxpayer Identification Number.* If you fail to furnish your correct taxpayer identification number to a payer, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) *Civil Penalty for False Information with Respect to Withholding.* If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

(3) *Criminal Penalty for Falsifying Information.* Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE.

The letter of transmittal and certificates for shares and any other required documents should be sent or delivered by each tendering stockholder or its broker, dealer, commercial bank, trust company or other nominee to the depository at one of its addresses set forth on the cover letter of this letter of transmittal.

Any questions or requests for assistance or for additional copies of the offer to purchase, the letter of transmittal or the notice of guaranteed delivery may be directed to the information agent at the telephone number and address set forth below. You may also contact the dealer manager or your broker, dealer, commercial bank or trust company for assistance concerning the tender offer. To confirm delivery of your shares, please contact the depository.

The information agent for the tender offer is:

Morrow & Co., Inc.

470 West Avenue
Stamford, CT 06902
(203) 658-9400

Banks and Brokerage Firms, Please Call: (203) 658-9400
Stockholders Call Toll Free: (800) 607-0088

The dealer manager for the tender offer is:

Credit Suisse Securities (USA) LLC

Eleven Madison Avenue
New York, New York 10010-3629
Call Toll Free (800) 318-8219

NOTICE OF GUARANTEED DELIVERY
(Not to be Used for Signature Guarantee)
for
Offer to Purchase for Cash
Up to 1,000,000 Shares of its Common Stock
At a Purchase Price Not Greater Than \$43.00
Nor Less Than \$37.50 Per Share
by
Lawson Products, Inc.

THE TENDER OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON THURSDAY, OCTOBER 5, 2006 UNLESS LAWSON PRODUCTS EXTENDS THE TENDER OFFER.

As set forth in Section 3 of the offer to purchase, dated September 8, 2006, you should use this notice of guaranteed delivery (or a facsimile of it) to accept the tender offer (as defined herein) if:

(a) your share certificates are not immediately available or you cannot deliver certificates representing shares of common stock, par value \$1.00 per share of Lawson Products, Inc., a Delaware corporation ("Lawson"), prior to the "expiration date" (as defined in Section 1 of the offer to purchase); or

(b) the procedure for book-entry transfer cannot be completed before the expiration date; or

(c) time will not permit a properly completed and duly executed letter of transmittal and all other required documents to reach the depository referred to below before the expiration date.

You may deliver this notice of guaranteed delivery (or a facsimile of it), signed and properly completed, by hand, mail, overnight courier or facsimile transmission so that the depository receives it before the expiration date. See Section 3 of the offer to purchase and Instruction 2 to the letter of transmittal.

The depository for the tender offer is:



By Mail:
Computershare Trust Company, N.A.
Attention: Corporate Actions
P.O. Box 859208
Braintree, MA 02185-9208

By Facsimile Transmission:
For Eligible Institutions Only:
(781) 380-3388

For Confirmation Only
Telephone:

By Hand or Overnight Courier:
Computershare Trust Company, N.A.
Attention: Corporate Actions
161 Bay State Drive
Braintree, MA 02184

(781) 843-1833 extension 200

Delivery of this notice of guaranteed delivery to an address other than those shown above or transmission of instructions via the facsimile number other than the one listed above does not constitute a valid delivery.

Deliveries to Lawson, to the dealer manager of the tender offer or to the information agent of the tender offer will not be forwarded to the depository and therefore will not constitute valid delivery. Deliveries to the book-entry transfer facility (as defined in the offer to purchase) will not constitute valid delivery to the depository.

You cannot use this notice of guaranteed delivery form to guarantee signatures. If a signature on the letter of transmittal is required to be guaranteed by an “eligible guarantor institution” (as defined in Section 3 of the offer to purchase) under the instructions thereto, such signature must appear in the applicable space provided in the signature box on the letter of transmittal.

Ladies and Gentlemen:

The undersigned hereby tenders to Lawson the number of shares indicated below, at the price per share indicated below, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the offer to purchase and the related letter of transmittal, which together (and as each may be amended and supplemented from time to time) constitute the tender offer, and the receipt of which is hereby acknowledged. This tender is being made pursuant to the guaranteed delivery procedure set forth in Section 3 of the offer to purchase.

Number of Shares Being Tendered Hereby: _____ Shares

CHECK ONE AND ONLY ONE BOX. IF YOU CHECK MORE THAN ONE BOX, OR IF YOU DO NOT CHECK ANY BOX, YOU WILL HAVE FAILED TO VALIDLY TENDER ANY SHARES.

SHARES TENDERED AT PRICE DETERMINED PURSUANT TO THE TENDER OFFER
(See Instruction 5 of the letter of transmittal)

- The undersigned wants to maximize the chance of having Lawson purchase all shares the undersigned is tendering (subject to the possibility of proration). Accordingly, by checking this **ONE** box **INSTEAD OF ONE OF THE PRICE BOXES BELOW**, the undersigned hereby tenders shares and is willing to accept the purchase price determined by Lawson pursuant to the tender offer (the "Purchase Price"). This action could result in receiving a price per share of as low as \$37.50.

— OR —

SHARES TENDERED AT PRICE DETERMINED BY STOCKHOLDER
(See Instruction 5 of the letter of transmittal)

By checking **ONE** of the boxes below **INSTEAD OF THE BOX ABOVE**, the undersigned hereby tenders shares at the price checked. This action could result in none of the shares being purchased if the Purchase Price is less than the price checked below. **A stockholder who desires to tender shares at more than one price must complete a separate notice of guaranteed delivery for each price at which the stockholder tenders shares.** You cannot tender the same shares at more than one price, unless you have previously validly withdrawn those shares at a different price in accordance with Section 4 of the offer to purchase.

Price (in Dollars) Per Share at Which Shares Are Being Tendered

<input type="checkbox"/>	\$37.50	<input type="checkbox"/>	\$38.50	<input type="checkbox"/>	\$39.50	<input type="checkbox"/>	\$40.50	<input type="checkbox"/>	\$41.50	<input type="checkbox"/>	\$42.50
<input type="checkbox"/>	\$37.75	<input type="checkbox"/>	\$38.75	<input type="checkbox"/>	\$39.75	<input type="checkbox"/>	\$40.75	<input type="checkbox"/>	\$41.75	<input type="checkbox"/>	\$42.75
<input type="checkbox"/>	\$38.00	<input type="checkbox"/>	\$39.00	<input type="checkbox"/>	\$40.00	<input type="checkbox"/>	\$41.00	<input type="checkbox"/>	\$42.00	<input type="checkbox"/>	\$43.00
<input type="checkbox"/>	\$38.25	<input type="checkbox"/>	\$39.25	<input type="checkbox"/>	\$40.25	<input type="checkbox"/>	\$41.25	<input type="checkbox"/>	\$42.25		

You WILL NOT have validly tendered your shares unless you check ONE AND ONLY ONE BOX ON THIS PAGE.

ODD LOTS
(See Instruction 6 of the letter of transmittal)

To be completed **only** if shares are being tendered by or on behalf of a person owning, beneficially or of record, an aggregate of fewer than 100 shares.

On the date hereof, the undersigned either (check one box):

is the beneficial or record owner of an aggregate of fewer than 100 shares and is tendering all of those shares,

OR

is a broker, dealer, commercial bank, trust company or other nominee that (i) is tendering, for the beneficial owner(s) thereof, shares with respect to which it is the record holder, and (ii) believes, based upon representations made to it by such beneficial owner(s), that each such person was the beneficial owner of an aggregate of fewer than 100 shares and is tendering all of such shares.

In addition, the undersigned is tendering shares (check ONE box):

at the Purchase Price, which will be determined by Lawson in accordance with the terms of the tender offer (persons checking this box should check the first box on page 3 of this notice of guaranteed delivery, under the heading "Shares Tendered at Purchase Price Pursuant to the Tender Offer"); or

at the price per share indicated under the heading, "Price (in Dollars) Per Share at Which Shares Are Being Tendered" on page 3 of this notice of guaranteed delivery.

CONDITIONAL TENDER
(See Instruction 11 of the letter of transmittal)

A tendering stockholder may condition such stockholder's tender of any shares upon the purchase by Lawson of a specified minimum number of the shares such stockholder tenders, as described in Section 6 of the offer to purchase. Unless Lawson purchases at least the minimum number of shares you indicate below pursuant to the terms of the tender offer, Lawson will not purchase any of the shares tendered below. It is the tendering stockholder's responsibility to calculate that minimum number, and we urge each stockholder to consult his or her own tax advisor in doing so. Unless you check the box immediately below and specify, in the space provided, a minimum number of shares that Lawson must purchase if Lawson purchases any shares, Lawson will deem your tender unconditional.

The minimum number of shares that Lawson must purchase if Lawson purchases any shares, is: _____ shares.

If, because of proration, Lawson will not purchase the minimum number of shares that you designate, Lawson may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, the tendering stockholder must have tendered all of his or her shares. To certify that you are tendering all of the shares you own, check the box below.

The tendered shares represent all shares held by the undersigned.

STOCKHOLDERS COMPLETE AND SIGN BELOW

Certificate No.(s) (if available):

Signature(s) of Stockholder(s):

Date:

Date:

Date:

Name(s) of
Stockholders:

Area Code &
Phone No.:

Address(es) of
Stockholders:

If shares will be tendered by book-entry transfer provide the following information:

Name of Tendering Institution:

Account No:

GUARANTEE
(Not to be used for Signature Guarantee)

The undersigned, a bank, broker, dealer, credit union, savings association or other entity which is a member in good standing of the Securities Transfer Agents Medallion Program or a bank, broker, dealer, credit union, savings association or other entity which is an "Eligible Guarantor Institution," as such term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (each of the foregoing constituting an "Eligible Guarantor Institution") guarantees the delivery of the shares tendered hereby to the depository, in proper form for transfer, or a confirmation that the shares tendered hereby have been delivered under the procedure for book-entry transfer set forth in the offer to purchase into the depository's account at the book-entry transfer facility, together with a properly completed and duly executed letter of transmittal and any other required documents, all within three Nasdaq Global Select Market trading days of the date hereof.

Name of Firm:

Name of Firm:

Authorized Signature:

Authorized Signature:

Name:

Name:

Title:

Title:

Address:

Address:

Zip Code:

Zip Code:

Area Code and Telephone Number:

Area Code and Telephone Number:

6

Dated:

_____, 2006

Dated:

_____, 2006

DO NOT SEND SHARE CERTIFICATES WITH THIS NOTICE OF GUARANTEED DELIVERY.
SHARE CERTIFICATES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.

Offer to Purchase for Cash
Up to 1,000,000 Shares of its Common Stock
At a Purchase Price Not Greater Than \$43.00
Nor Less Than \$37.50 Per Share
by
Lawson Products, Inc.

THE TENDER OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON THURSDAY, OCTOBER 5, 2006, UNLESS LAWSON PRODUCTS EXTENDS THE TENDER OFFER.

September 8, 2006

To Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

Lawson Products, Inc., a Delaware corporation ("Lawson"), has appointed us to act as the dealer manager in connection with its offer to purchase for cash up to 1,000,000 shares of its common stock, par value \$1.00 per share, at a price not greater than \$43.00 nor less than \$37.50 per share, net to the seller in cash, without interest. The terms and conditions of the tender offer are set forth in Lawson's offer to purchase, dated September 8, 2006 and the letter of transmittal, which together (and as each may be amended and supplemented from time to time) constitute the tender offer.

Lawson will, upon the terms and subject to the conditions of the tender offer, determine a single per share price, not greater than \$43.00 nor less than \$37.50 per share (the "Purchase Price"), that it will pay for shares properly tendered and not properly withdrawn pursuant to the terms of the tender offer, taking into account the number of shares so tendered and the prices specified by tendering stockholders. Lawson will select the lowest Purchase Price that will allow it to purchase 1,000,000 shares, or such fewer number of shares as are properly tendered and not properly withdrawn, at prices not greater than \$43.00 nor less than \$37.50 per share, under the tender offer. All shares properly tendered before the expiration date (as specified in Section 1 of the offer to purchase) at prices at or below the Purchase Price and not validly withdrawn will be purchased by Lawson at the Purchase Price, net to the seller in cash, without interest, upon the terms and subject to the conditions of the tender offer, including the "odd lot," proration and conditional tender provisions thereof. See Section 1 of the offer to purchase. Shares tendered at prices in excess of the Purchase Price and shares that Lawson does not accept for purchase because of proration or conditional tenders will be returned at Lawson's expense to the stockholders that tendered such shares, promptly after the expiration date. Lawson expressly reserves the right, in its sole discretion, to purchase more than 1,000,000 shares under the tender offer, subject to applicable law.

If, at the expiration date more than 1,000,000 shares (or such greater number of shares as Lawson may elect to purchase, subject to applicable law) are properly tendered at or below the Purchase Price and not properly withdrawn, Lawson will buy shares:

- first, from all holders of "odd lots" (holders of less than 100 shares) who properly tender all their shares at or below the Purchase Price and do not properly withdraw them before the expiration date;
 - second, on a *pro rata* basis from all other stockholders who properly tender shares at or below the Purchase Price, other than stockholders who tender conditionally and whose conditions are not satisfied; and
 - third, only if necessary to permit Lawson to purchase 1,000,000 shares (or such greater number of shares as Lawson may elect to purchase, subject to applicable law) from holders who have tendered shares subject to the condition that Lawson purchase a specified minimum number of the holder's shares if Lawson purchases any of the holder's shares in the tender offer (for which the condition was not initially satisfied) at or below the
-

Purchase Price by random lot, to the extent feasible. To be eligible for purchase by random lot, stockholders whose shares are conditionally tendered must have tendered all of their shares.

The tender offer is not conditioned on any minimum number of shares being tendered. The tender offer is, however, subject to other conditions. See Section 7 of the offer to purchase.

For your information and for forwarding to your clients for whom you hold shares registered in your name or in the name of your nominee, we are enclosing the following documents:

1. Offer to Purchase, dated September 8, 2006;
2. Letter to Clients, which you may send to your clients for whom you hold shares registered in your name or in the name of your nominee, with an Instruction Form provided for obtaining such clients' instructions with regard to the tender offer;
3. Letter of Transmittal, for your use and for the information of your clients, together with accompanying instructions, Substitute Form W-9, and Guidelines of the Internal Revenue Service for Certification of Taxpayer Identification Number on Substitute Form W-9;
4. Notice of Guaranteed Delivery, to be used to accept the tender offer in the event that you are unable to deliver the share certificates, together with all other required documents, to the depository before the expiration date, or if the procedure for book-entry transfer cannot be completed before the expiration date; and

WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. THE TENDER OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON OCTOBER 5, 2006, UNLESS LAWSON EXTENDS THE TENDER OFFER.

No fees or commissions will be payable to brokers, dealers, commercial banks, trust companies or any person for soliciting tenders of shares under the tender offer other than fees paid to the dealer manager and the information agent and the depository, as described in the offer to purchase. Lawson will, however, upon request, reimburse brokers, dealers, commercial banks and trust companies for reasonable and necessary costs and expenses incurred by them in forwarding the enclosed materials to their customers who are beneficial owners of shares held by them as a nominee or in a fiduciary capacity. Lawson will pay or cause to be paid any stock transfer taxes applicable to its purchase of shares pursuant to the tender offer, except as otherwise provided in the offer to purchase and letter of transmittal (see Instruction 9 of the letter of transmittal). No broker, dealer, bank, trust company or fiduciary shall be deemed to be either our agent or the agent of Lawson, the depository, or the information agent for purposes of the tender offer.

For shares to be properly tendered pursuant to the tender offer, the depository must timely receive (1) the share certificates or confirmation of receipt of such shares under the procedure for book-entry transfer, together with a properly completed and duly executed letter of transmittal, including any required signature guarantees or an "agent's message" (as defined in the offer to purchase and the letter of transmittal) and any other documents required pursuant to the tender offer, or (2) the tendering stockholder must comply with the guaranteed delivery procedures, all in accordance with the instructions set forth in the offer to purchase and letter of transmittal.

Stockholders (a) whose share certificates are not immediately available or who will be unable to deliver to the depository the certificate(s) for the shares being tendered and all other required documents before the expiration date, or (b) who cannot complete the procedures for book-entry transfer before the expiration date, must tender their shares according to the procedure for guaranteed delivery set forth in Section 3 of the offer to purchase.

Neither Lawson nor its Board of Directors makes any recommendation to any stockholder as to whether to tender or refrain from tendering all or any shares or as to the price or prices at which to tender. Holders of shares must make their own decision as to whether to tender shares and, if so, how many shares to tender and at which prices.

Please address any inquiries you may have with respect to the tender offer to the dealer manager, Credit Suisse Securities (USA), LLC or to the information agent, Morrow & Co., Inc. at their respective addresses and telephone numbers set forth on the back cover page of the offer to purchase.

You may obtain additional copies of the enclosed material from Morrow & Co., Inc. by calling them at: (800) 607-0088.

Capitalized terms used but not defined herein have the meanings assigned to them in the offer to purchase and the letter of transmittal.

Very truly yours,

Credit Suisse Securities (USA) LLC

Enclosures

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON AN AGENT OF LAWSON, THE DEALER MANAGER, THE INFORMATION AGENT OR THE DEPOSITARY OR ANY AFFILIATE OF THE FOREGOING, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE TENDER OFFER OTHER THAN THE DOCUMENTS ENCLOSED HERewith AND THE STATEMENTS CONTAINED THEREIN.

Offer to Purchase for Cash
Up to 1,000,000 Shares of its Common Stock
At a Purchase Price Not Greater Than \$43.00
Nor Less Than \$37.50 Per Share
by
Lawson Products, Inc.

THE TENDER OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON THURSDAY, OCTOBER 5, 2006, UNLESS LAWSON PRODUCTS EXTENDS THE TENDER OFFER.

September 8, 2006

To Our Clients:

Enclosed for your consideration are the offer to purchase, dated September 8, 2006, and the letter of transmittal, in connection with the tender offer by Lawson Products, Inc., a Delaware corporation ("Lawson"), to purchase up to 1,000,000 shares of its common stock, par value \$1.00 per share. Pursuant to the offer to purchase and the letter of transmittal, which together (as each may be amended and supplemented from time to time) constitute the tender offer, Lawson will purchase the shares at a price, specified by tendering stockholders, not greater than \$43.00 nor less than \$37.50 per share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the offer to purchase.

Lawson will, upon the terms and subject to the conditions of the tender offer, determine a single per share price, not greater than \$43.00 nor less than \$37.50 per share (the "Purchase Price"), that it will pay for shares properly tendered and not properly withdrawn pursuant to the terms of the tender offer, taking into account the number of shares so tendered and the prices specified by tendering stockholders. Lawson will select the lowest Purchase Price that will allow it to purchase 1,000,000 shares, or such fewer number of shares as are properly tendered and not properly withdrawn, at prices not greater than \$43.00 nor less than \$37.50 per share, under the tender offer.

All shares properly tendered before the expiration date (as specified in Section 1 of the offer to purchase) at prices at or below the Purchase Price and not properly withdrawn will be purchased by Lawson at the Purchase Price, net to the seller in cash, without interest, upon the terms and subject to the conditions of the tender offer, including the "odd lot," proration and conditional tender provisions thereof. All shares tendered at prices in excess of the Purchase Price and all shares that Lawson does not accept for purchase because of proration or conditional tenders will be returned at Lawson's expense to the stockholders that tendered such shares promptly after the expiration date. Lawson expressly reserves the right, in its sole discretion, to purchase more than 1,000,000 shares under the tender offer, subject to applicable law.

We are the owner of record of shares held for your account. As such, we are the only ones who can tender your shares, and then only pursuant to your instructions. We are sending you the letter of transmittal for your information only. You cannot use the letter of transmittal to tender shares we hold for your account. The letter of transmittal must be completed and executed by us, according to your instructions.

Please instruct us as to whether you wish us to tender, on the terms and subject to the conditions of the tender offer, any or all of the shares we hold for your account, by completing and signing the Instruction Form enclosed herein.

Please note carefully the following:

1. You may tender shares at prices not greater than \$43.00 nor less than \$37.50 per share as indicated in the enclosed Instruction Form, net to you in cash, without interest.
 2. You should consult with your broker and/or your tax advisor as to whether (and if so, in what manner) you should designate the priority in which you want your tendered shares to be purchased in the event of proration.
 3. The tender offer is not conditioned upon any minimum number of shares being tendered or on Lawson obtaining financing. The tender offer is, however, subject to certain other conditions set forth in Section 7 of the offer to purchase, which you should read carefully.
 4. The tender offer, the proration period and the withdrawal rights will expire at 12:00 Midnight, New York City time, on October 5, 2006, unless Lawson extends the tender offer.
 5. The tender offer is for 1,000,000 shares, constituting approximately 11.1% of the shares outstanding as of August 31, 2006.
 6. Tendering stockholders who are registered stockholders or who tender their shares directly to Computershare Trust Company of New York will not be obligated to pay any brokerage commissions or fees, solicitation fees, or (except as set forth in the offer to purchase and Instruction 9 to the letter of transmittal) stock transfer taxes on Lawson's purchase of shares under the tender offer.
 7. If you (i) own beneficially or of record an aggregate of fewer than 100 shares, (ii) instruct us to tender on your behalf **ALL** of the shares you own at or below the Purchase Price before the expiration date and (iii) check the box captioned "Odd Lots" in the attached Instruction Form, then Lawson, upon the terms and subject to the conditions of the tender offer, will accept all of your tendered shares for purchase regardless of any proration that may be applied to the purchase of other shares properly tendered but not meeting the above conditions.
 8. If you wish to condition your tender upon the purchase of all shares tendered or upon Lawson's purchase of a specified minimum number of the shares that you tender, you may elect to do so and thereby avoid (in full or in part) possible proration of your tender. Lawson's purchase of shares from all tenders which are so conditioned will be determined, to the extent necessary, by random lot. To elect such a condition complete the section captioned "Conditional Tender" in the attached Instruction Form.
 9. If you wish to tender portions of your shares at different prices, you must complete a **SEPARATE** Instruction Form for each price at which you wish to tender each such portion of your shares. We must and will submit separate letters of transmittal on your behalf for each price you will accept.
 10. **The Board of Directors of Lawson has approved the tender offer. However, neither Lawson nor its Board of Directors makes any recommendation to stockholders as to whether to tender or refrain from tendering their shares for purchase, or as to the price or prices at which stockholders should choose to tender their shares. Stockholders must make their own decisions as to whether to tender their shares and, if so, how many shares to tender and the price or prices at which they should tender such shares. Lawson's directors and executive officers have advised Lawson that they do not intend to tender any shares in the tender offer. In addition, Lawson's principal stockholders have advised Lawson that they do not intend to tender any shares in the tender offer.**
- If you wish to have us tender any or all of your shares, please instruct us to that effect by completing, executing, and returning to us the enclosed Instruction Form. A pre-addressed envelope is enclosed for your convenience. If you authorize us to tender your shares, we will tender all of the shares that we hold beneficially for your account unless you specify otherwise on the enclosed Instruction Form.
- Please forward your completed Instruction Form to us in a timely manner to give us ample time to permit us to submit the tender on your behalf before the expiration date of the tender offer. The tender offer, proration period and withdrawal rights will expire at 12:00 Midnight, New York City time, on October 5, 2006, unless Lawson extends the tender offer.
- As described in the offer to purchase, if more than 1,000,000 shares, or such greater number of shares as Lawson may elect to purchase in accordance with applicable law, are properly tendered at or below the Purchase Price and not

properly withdrawn before the expiration date, then Lawson will accept shares for purchase at the Purchase Price in the following order of priority:

1. First, Lawson will purchase all shares properly tendered at or below the Purchase Price and not properly withdrawn before the expiration date by any "odd lot" holder who:

(a) tenders ALL of the shares owned beneficially or of record by such odd lot holder at or below the Purchase Price before the expiration date (partial tenders will not qualify for this preference);

AND

(b) completes the section captioned "Odd Lots" on the letter of transmittal and, if applicable, on the notice of guaranteed delivery,

without regard to any proration that would otherwise be applicable to such "odd lot" shares.

2. Second, after Lawson has purchased all properly tendered (and not validly withdrawn) "odd lot" shares, Lawson will purchase all other shares properly tendered at or below the Purchase Price before the expiration date (and not properly withdrawn) on a *pro rata* basis if necessary, subject to the conditional tender provisions described in Section 6 of the offer to purchase, and with adjustments to avoid purchases of fractional shares, all as provided in the offer to purchase.

3. Third, and only if necessary to permit Lawson to purchase 1,000,000 shares (or such greater number of shares as Lawson may elect to purchase subject to applicable law), Lawson will purchase properly tendered shares from holders who have tendered shares conditionally (and for whom the condition was not initially satisfied) by random lot to the extent feasible. To be eligible for purchase by random lot, stockholders whose shares are conditionally tendered (and for whom the condition was not initially satisfied) must have tendered all of their shares.

The tender offer is being made solely under the offer to purchase and the letter of transmittal and is being made to all record holders of shares. The tender offer is not being made to, nor will tenders be accepted from or on behalf of, holders of shares residing in any jurisdiction in which the making of the tender offer or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction.

YOUR PROMPT ACTION IS REQUESTED. PLEASE FORWARD YOUR COMPLETED INSTRUCTION FORM TO US IN AMPLE TIME TO PERMIT US TO SUBMIT THE TENDER ON YOUR BEHALF BEFORE THE EXPIRATION OF THE TENDER OFFER.

Instruction Form with Respect to

Lawson Products, Inc.

Offer to Purchase for Cash

**Up to 1,000,000 Shares of its Common Stock
At a Purchase Price Not Greater Than \$43.00
Nor Less Than \$37.50 Per Share**

The undersigned acknowledge(s) receipt of your letter in connection with the tender offer by Lawson Products, Inc., a Delaware corporation ("Lawson Products"), to purchase up to 1,000,000 shares of its common stock, par value \$1.00 per share (the "shares"), at a price specified by the undersigned and not greater than \$43.00 nor less than \$37.50 per share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the enclosed offer to purchase, dated September 8, 2006 and the letter of transmittal, which together (as each maybe amended and supplemented from time to time) constitute the tender offer.

The undersigned understands that Lawson Products will, upon the terms and subject to the conditions of the tender offer, (i) determine a single per share price not greater than \$43.00 nor less than \$37.50 per share (the "Purchase Price") and (ii) purchase the shares properly tendered and not properly withdrawn under the tender offer, taking into account the number of shares so tendered and the prices specified by tendering stockholders. Lawson will select the lowest Purchase Price that will allow it to purchase 1,000,000 shares, or such lesser number of shares as are properly tendered and not properly withdrawn, at prices not greater than \$43.00 nor less than \$37.50 per share under the tender offer. Lawson will purchase all shares properly tendered at prices at or below the Purchase Price and not properly withdrawn at the Purchase Price, net to the seller in cash, without interest, upon the terms and subject to the conditions of the tender offer, including the odd lot, proration and conditional tender provisions described in the offer to purchase. All other shares, including shares tendered at prices in excess of the Purchase Price and shares that Lawson does not accept for purchase because of proration or conditional tenders will be returned at Lawson's expense to the stockholders that tendered such shares promptly.

The undersigned hereby instruct(s) you to tender to Lawson the number of shares indicated below or, if no number is indicated, all shares you hold for the account of the undersigned, at the price per share indicated below, in accordance with the terms and subject to the conditions of the tender offer.

**NUMBER OF SHARES TO BE TENDERED BY YOU FOR THE ACCOUNT OF THE
UNDERSIGNED: _____ SHARES*(**

(* Unless you indicate otherwise, we will assume that you are instructing us to tender all of the shares held by us for your account.

CHECK ONE AND ONLY ONE BOX. IF YOU CHECK MORE THAN ONE BOX, OR IF YOU DO NOT CHECK ANY BOX, YOU WILL HAVE FAILED TO VALIDLY TENDER ANY SHARES.

SHARES TENDERED AT PRICE DETERMINED PURSUANT TO THE TENDER OFFER
(See Instruction 5 of the letter of transmittal)

- The undersigned wants to maximize the chance of having Lawson purchase all shares the undersigned is tendering (subject to the possibility of proration). Accordingly, by checking this **ONE** box **INSTEAD OF ONE OF THE PRICE BOXES BELOW**, the undersigned hereby tenders shares and is willing to accept the purchase price determined by Lawson pursuant to the tender offer (the "Purchase Price"). This action could result in receiving a price per share of as low as \$37.50.

— OR —

SHARES TENDERED AT PRICE DETERMINED BY STOCKHOLDER
(See Instruction 5 of the letter of transmittal)

By checking **ONE** of the boxes below **INSTEAD OF THE BOX ABOVE**, the undersigned hereby tenders shares at the price checked. This action could result in none of the shares being purchased if the Purchase Price is less than the price checked below. **A stockholder who desires to tender shares at more than one price must complete a separate letter of transmittal for each price at which the stockholder tenders shares.** You cannot tender the same shares at more than one price, unless you have previously validly withdrawn those shares at a different price in accordance with Section 4 of the offer to purchase.

Price (in Dollars) Per Share at Which Shares Are Being Tendered

<input type="radio"/>	\$37.50	<input type="radio"/>	\$38.50	<input type="radio"/>	\$39.50	<input type="radio"/>	\$40.50	<input type="radio"/>	\$41.50	<input type="radio"/>	\$42.50
<input type="radio"/>	\$37.75	<input type="radio"/>	\$38.75	<input type="radio"/>	\$39.75	<input type="radio"/>	\$40.75	<input type="radio"/>	\$41.75	<input type="radio"/>	\$42.75
<input type="radio"/>	\$38.00	<input type="radio"/>	\$39.00	<input type="radio"/>	\$40.00	<input type="radio"/>	\$41.00	<input type="radio"/>	\$42.00	<input type="radio"/>	\$43.00
<input type="radio"/>	\$38.25	<input type="radio"/>	\$39.25	<input type="radio"/>	\$40.25	<input type="radio"/>	\$41.25	<input type="radio"/>	\$42.25		

You WILL NOT have validly tendered your shares unless you check ONE AND ONLY ONE BOX ON THIS PAGE.

ODD LOTS
(See Instruction 6 of the letter of transmittal)

To be completed **only** if shares are being tendered by or on behalf of a person owning, beneficially or of record, an aggregate of fewer than 100 shares.

- o By checking this box, the undersigned represents that the undersigned owns beneficially or of record an aggregate of fewer than 100 shares and is instructing the holder to tender all such shares.

In addition, the undersigned is tendering shares either (check ONE box):

- o at the Purchase Price, which will be determined by Lawson in accordance with the terms of the tender offer (persons checking this box should check the first box on the previous page, under the heading "Shares Tendered at Price Determined Pursuant to the Tender Offer"); OR
- o at the price per share indicated on the previous page under "Price (in Dollars) Per Share at Which Shares Are Being Tendered."

CONDITIONAL TENDER
(See Instruction 11 of the letter of transmittal)

A tendering stockholder may condition such stockholder's tender of any shares upon the purchase by Lawson of a specified minimum number of the shares such stockholder tenders, as described in Section 6 of the offer to purchase. Unless Lawson purchases at least the minimum number of shares you indicate below pursuant to the terms of the tender offer, Lawson will not purchase any of the shares tendered below. It is the tendering stockholder's responsibility to calculate that minimum number, and we urge each stockholder to consult his or her own tax advisor in doing so. Unless you check the box immediately below and specify, in the space provided, a minimum number of shares that Lawson must purchase if Lawson purchases any shares, Lawson will deem your tender unconditional.

- o The minimum number of shares that Lawson must purchase if Lawson purchases any shares, is: _____ shares.

If, because of proration, Lawson will not purchase the minimum number of shares that you designate, Lawson may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, the tendering stockholder must have tendered all of his or her shares. To certify that you are tendering all of the shares you own, check the box below.

- o The tendered shares represent all shares held by the undersigned.

THE METHOD OF DELIVERY OF THIS DOCUMENT IS AT THE OPTION AND RISK OF THE TENDERING STOCKHOLDER. IF DELIVERY IS BY MAIL, WE RECOMMEND REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED. IN ALL CASES, PLEASE ALLOW SUFFICIENT TIME TO ASSURE DELIVERY.

— PLEASE SIGN ON THE NEXT PAGE —

SIGNATURE

Please Print

Signature(s):

Names(s):

Taxpayer Identification or Social Security Number:

Address(es):

(include zip code)

Area Code & Phone Number(s):

Date: _____

Neil Jenkins
Executive Vice President
General Counsel
847-827-9666

Lawson Products, Inc. Commences Dutch Auction Tender Offer to Purchase 1,000,000 of Its Shares

Des Plaines, Ill, September 8, 2006 — Lawson Products, Inc. (NASDAQ: LAWS) today commenced its previously announced modified Dutch auction self-tender offer for up to 1,000,000 shares, or approximately 11.1%, of its outstanding common stock, at prices ranging from \$37.50 to \$43.00 per share. Based on the minimum and maximum offering prices specified in the offer, the aggregate purchase price of 1 million shares would range from \$37,500,000 to \$43,000,000 in total value. The tender offer will expire at 12:00 Midnight, New York City time, on Thursday, October 5, 2006, unless Lawson Products extends the tender offer.

Lawson's Board of Directors has authorized this tender offer as a prudent use of financial resources given Lawson's business, assets and current stock price and as an efficient means to provide value to stockholders. The offer represents an opportunity for Lawson to return cash to stockholders who elect to tender their shares while at the same time increasing non-tendering stockholders' proportional interest in Lawson.

The tender offer is not conditioned upon any minimum number of shares being tendered or on Lawson obtaining financing. The tender offer is, however, subject to other conditions specified in the formal tender offer materials. Specific instructions and a complete explanation of the terms and conditions of the tender offer are included in the offer to purchase and related materials, which will be mailed to stockholders of record in connection with the tender offer.

Neither Lawson nor its board of directors, dealer manager, depository or information agent is making any recommendation to stockholders as to whether to tender or refrain from tendering their shares into the tender offer, or as to the price at which to tender their shares. Stockholders must decide how many shares they will tender, if any, and the price within the stated range at which they will offer their shares for purchase by Lawson. The Company's directors and executive officers have advised that they do not intend to tender any shares in the tender offer. In addition, the members of the Port family, including their affiliated partnerships, have advised us that they do not intend to tender any shares in the tender offer.

Credit Suisse Securities (USA) LLC is acting as dealer manager for the tender offer.

About Lawson Products, Inc.

Lawson Products is an international leader in selling and distributing services, systems 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 and provides services and systems to the original equipment marketplace (OEM) including the automotive, appliance, aerospace, construction and transportation industries.

This release contains certain forward-looking statements 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. 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 investigation of the Company 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, 2005. 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.

This press release is for informational purposes only and is not an offer to buy or the solicitation of an offer to sell any shares of the Company's common stock. The solicitation of offers to buy the Company's common stock is only being made pursuant to the Offer to Purchase and related materials that the Company will send to its shareholders. Shareholders should read those materials carefully because they contain important information, including the various terms and conditions to the tender offer. Shareholders may obtain copies of the Offer to Purchase, related materials filed by the Company as part of the statement on Schedule "TO" and other documents filed with the Securities and Exchange Commission through the Commission's internet address at <http://www.sec.gov>, without charge. Shareholders and investors may also obtain a copy of these documents, as well as any other documents the Company has filed with the Securities and Exchange Commission, without charge, from the Company or at the Investor Relations section of the Company's website: www.lawsonproducts.com. Shareholders are urged to carefully read these materials prior to making any decision with respect to the offer. Shareholders and investors who have questions or need assistance may call Morrow & Co., Inc., the information agent for the tender offer, toll free at 800-607-0088.