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LAWSON PRODUCTS INC/NEW/DE/
Form 8-K
March 04, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): March 1, 2005

LAWSON PRODUCTS, INC.
(Exact name of registrant as specified in its charter)

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| Delaware (State or other jurisdiction of incorporation) | 0-10546 (Commission File Number) | 36-2229304 (IRS Employer Identification No.) |
|---|--|--|

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|---|---------------------|
| 1666 East Touhy Avenue, Des Plaines, Illinois (Address of principal executive offices) | 60018 (Zip Code) |
|---|---------------------|

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

On March 1, 2005, Lawson Products, Inc., entered into new employment agreements with Jeffrey B. Belford, the Company's President and Chief Operating Officer, and Roger F. Cannon, the Company's Executive Vice President, Chief Officer-Field Sales Strategy & Development. The agreements replace existing employment agreements with each Executive.

The following description of the employment agreements is a summary of the

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material terms of each of the agreements and does not purport to be complete, and is qualified in its entirety by reference to each agreement, copies of which are attached to this Form 8-K as Exhibits 10(c)(4) and 10(c)(6), and each of which is incorporated herein by reference.

Mr. Belford's employment agreement provides that he will receive an annual base salary of \$390,000.00. Mr. Cannon's employment provides that he will receive an annual base salary of \$340,000.00. The Executives' annual base salaries may from time to time be increased by the Company's Chief Executive Officer subject to approval of the Compensation Committee of the Board of Directors. The employment agreements provide that each of the Executives will be eligible for discretionary annual incentive bonuses and to participate in the Company's Long-Term Capital Accumulation Plan, in each case as determined by the Compensation Committee of the Board of Directors of the Company.

The Company may terminate each Executive's employment with or without cause (as defined in the employment agreement). Each Executive may terminate his employment with the Company upon sixty (60) days' prior written notice. Each Executive may also terminate his employment with the Company in connection with his retirement after January 1, 2007 provided that the Executive gives written notice of his retirement at any time after July 1, 2006. Each Executive's employment will terminate automatically upon his death or permanent disability.

In the event of an Executive's termination of employment without cause or in connection with an Executive's retirement, the Company will continue to pay the Executive's base salary and provide him with certain benefits for a period of two years. During such salary continuation period, the Executive is obligated to provide certain limited consulting services to the Company. In the event an Executive dies while employed by the Company, the Executive will receive an amount equal to two times the Executive's then current annual base salary.

Pursuant to the terms of the employment agreement, each Executive has agreed not to compete with the Company during the term of the employment agreement, while receiving salary continuation payments, if any, and for a period of two (2) years thereafter. The employment agreements also contain provisions related to return of Company property, non-disclosure of Company confidential information and other restrictive covenants related to non-solicitation of Company employees, agents and customers.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits:

Exhibit 10(c)(4) Employment Agreement dated as of March 1, 2005 between the Company and Mr. Belford.

Exhibit 10(c)(6) Employment Agreement dated as of March 1, 2005 between the Company and Mr. Cannon.

SIGNATURES

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

LAWSON PRODUCTS, INC.

Date: March 2, 2005

/s/ Thomas J. Neri

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Name: Thomas J. Neri

Title: Executive Vice President, Finance,
Planning and Corporate Development; Chief
Financial Officer; and Treasurer