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

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended JUNE 30, 2001 Commission file no. 0-10546

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

DELAWARE (State or other jurisdiction of incorporation or organization)

36-2229304 (I.R.S. Employer Identification No.)

1666 EAST TOUHY AVENUE, DES PLAINES, ILLINOIS 60018
(Address of principal executive offices) (Zip Code)

Registrant's telephone no., including area code: (847) 827-9666

NOT APPLICABLE
Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 9,704,757 SHARES, $1 PAR VALUE, AS OF JULY 17, 2001.

PART I - FINANCIAL INFORMATION

ITEM 2 FINANCIAL STATEMENTS

LAWSON PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)	JUNE 30, 2001 (UNAUDITED)	DECEMBER 31, 2000
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,993	$ 7,912
Marketable securities	6,018	29,973
Accounts receivable, less allowance for doubtful accounts	50,934	40,823
Inventories (Note B)	63,672	55,228
Miscellaneous receivables and prepaid expenses	11,947	9,356
Deferred income taxes	1,926	1,857
Total Current Assets	136,490	145,149
Marketable securities	---	401
Property, plant and equipment, less allowances for depreciation and amortization	40,284	39,405
Investments in real estate	845	705

Deferred income taxes	9,686	9,212
Goodwill, less accumulated amortization	30,525	2,431
Other assets	27,482	25,418
Total Assets	$ 245,312	$ 222,721
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Revolving line of credit	$ 23,400	$ ---
Accounts payable	8,636	6,730
Accrued expenses and other liabilities	18,695	24,518
Income taxes	788	2,615
Total Current Liabilities	51,519	33,863
Accrued liability under security bonus plans	18,611	17,968
Other	11,271	10,978
	29,882	28,946
Stockholders' Equity:		
Preferred Stock, $1 par value: Authorized - 500,000 shares; Issued and outstanding - None	---	---
Common Stock, $1 par value: Authorized - 35,000,000 shares; Issued and outstanding-(2001-9,710,157 shares; 2000-9,706,404 shares)	9,710	9,706
Capital in excess of par value	878	762
Retained earnings	155,141	151,066
Accumulated other comprehensive income	(1,818)	(1,622)
Total Stockholders' Equity	163,911	159,912
Total Liabilities and Stockholders' Equity	$ 245,312	$ 222,721

See notes to condensed consolidated financial statements.

LAWSON PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	FOR THE THREE MONTHS ENDED JUNE 30,		FOR THE SIX MONTHS ENDED JUNE 30,	
	2001	2000	2001	2000
Net sales	$ 98,980	$ 89,632	$ 182,630	$ 175,912
Cost of goods sold (Note B)	33,888	30,458	63,825	60,404
Gross profit	65,092	59,174	118,805	115,508
Selling, general and administrative expenses	58,214	48,334	106,845	94,323
Operating income	6,878	10,840	11,960	21,185
Investment and other income	303	541	1,046	1,107
Interest expense	254	0	254	3
Income before income taxes	6,927	11,381	12,752	22,289
Provision for income taxes	2,939	4,664	5,526	9,127
Net income	$ 3,988	$ 6,717	$ 7,226	$ 13,162
Net income per share of common stock:				
Basic	$ 0.41	$ 0.68	$ 0.74	$ 1.32
Diluted	$ 0.41	$ 0.68	$ 0.74	$ 1.32
Cash dividends declared per share of common stock	$ 0.16	$ 0.15	$ 0.32	$ 0.30
Weighted average shares outstanding:				
Basic	9,711	9,895	9,710	9,991
Diluted	9,740	9,908	9,736	10,000

See notes to condensed consolidated financial statements.

LAWSON PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(AMOUNTS IN THOUSANDS)

	FOR THE SIX MONTHS ENDED JUNE 30, 2001	2000
Operating activities:		
Net income	$ 7,226	$ 13,162
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,864	3,091
Changes in operating assets and liabilities	(24,497)	(8,533)
Other	688	404
Net Cash Provided by (Used in) Operating Activities	(12,719)	8,124
Investing activities:		
Additions to property, plant and equipment	(3,755)	(1,764)
Purchases of marketable securities	(9,219)	(24,769)
Proceeds from sale of marketable securities	33,586	27,904
Acquisition of IPD and Kent Automotive	(34,378)	---
Other	100	100
Net Cash Provided by (Used in) Investing Activities	(13,666)	1,471
Financing activities:		
Purchases of treasury stock	(46)	(10,752)
Proceeds from revolving line of credit	23,400	---
Dividends paid	(3,010)	(2,963)
Other	122	84
Net Cash Provided by (Used in) Financing Activities	20,466	(13,631)
Decrease in Cash and Cash Equivalents	(5,919)	(4,036)
Cash and Cash Equivalents at Beginning of Period	7,912	11,975
Cash and Cash Equivalents at End of Period	$ 1,993	$ 7,939

See notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

A) As contemplated by the Securities and Exchange Commission, the accompanying consolidated financial statements and footnotes have been condensed and therefore, do not contain all disclosures required by generally accepted accounting principles. Reference should be made to Lawson Products, Inc.'s (the "Company") Annual Report on Form 10-K for the year ended December 31, 2000. The Condensed Consolidated Balance Sheet as of June 30, 2001, the Condensed Consolidated Statements of Income for the three and six month periods ended June 30, 2001 and 2000 and the Condensed Consolidated Statements of Cash Flows for the six month periods ended June 30, 2001 and 2000 are unaudited. In the opinion of the Company, all adjustments (consisting only of normal recurring accruals) have been made, which are necessary to present fairly the results of operations for the interim periods. Operating results for the three and six month periods ended June 30, 2001 are not necessarily indicative of the results that may be expected for the year ending December 31, 2001.

B) Inventories (consisting of primarily finished goods) at June 30, 2001 and cost of goods sold for the three and six month periods ended June 30, 2001 and 2000 were determined through the use of estimated gross profit rates. The difference between actual and estimated gross profit is adjusted in the fourth quarter. In 2000, this adjustment increased net income by approximately $1,349,000.

C) Total comprehensive income and its components, net of related tax, for the first three and six months of 2001 and 2000 are as follows (in thousands):

	THREE MONTHS ENDED JUNE 30, 2001	THREE MONTHS ENDED JUNE 30, 2000
Net income	$ 3,988	$ 6,717
Unrealized gain on marketable securities	-	15
Foreign currency translation adjustments	378	(319)
Comprehensive income	$ 4,366	$ 6,413

	SIX MONTHS ENDED JUNE 30, 2001	SIX MONTHS ENDED JUNE 30, 2000
Net income	$ 7,226	$ 13,162
Unrealized gain on marketable securities	-	11
Foreign currency translation adjustments	(196)	(438)
Comprehensive income	$ 7,030	$ 12,735

The components of accumulated other comprehensive income, net of related tax, at June 30, 2001 and December 31, 2000 are as follows (in thousands):

	2001	2000
Foreign currency translation adjustments	$ (1,818)	$ (1,622)
Accumulated other comprehensive income	$ (1,818)	$ (1,622)

D) Earnings per Share

The calculation of dilutive weighted average shares outstanding for the three and six months ended June 30, 2001 and 2000 are as follows (in thousands):

	THREE MONTHS ENDED JUNE 30, 2001	THREE MONTHS ENDED JUNE 30, 2000
Basic weighted average shares outstanding	9,711	9,895
Dilutive impact of options outstanding	29	13
Dilutive weighted average shares outstanding	9,740	9,908

	SIX MONTHS ENDED JUNE 30, 2001	SIX MONTHS ENDED JUNE 30, 2000
Basic weighted average shares outstanding	9,710	9,991
Dilutive impact of options outstanding	26	9
Dilutive weighted average shares outstanding	9,736	10,000

E) Revolving Line of Credit

In March 2001 the Company entered into a $50 million revolving line of credit. The revolving line of credit matures five years from the closing date and carries an interest rate of prime minus 150 basis points floating or LIBOR plus 75 basis points, at the Company's option. Interest is payable quarterly on prime borrowings and at the earlier of quarterly or maturity with respect to the LIBOR contracts. The line of credit contains certain financial covenants regarding interest coverage, minimum stockholders' equity and working capital, all of which the Company was in compliance with at June 30, 2001.

F) On March 30, 2001, the Company purchased certain assets of Premier Farnell's Cleveland based North American Industrial Products (IPD) and Kent Automotive (Kent) Divisions for approximately $28.4 million plus approximately $8.0 million for related inventories. This all-cash transaction was accounted for as a purchase; accordingly, the accounts and transactions of the acquired business have been included in the consolidated financial statements since the date of acquisition. Under the agreement, the Company acquired the field sales, telephone sales and customer service professionals, the customer accounts, certain administrative executives, and use of various intellectual properties, including trademarks and trade names of the IPD and Kent divisions in certain territories. The assets acquired were recorded at estimated fair values as determined by the Company's management based on information currently available. Accordingly, the allocation of the purchase price is subject to revision. The Company will combine its existing operations with Premier Farnell's Premier Fastener, Rotanium Products, Certanium Alloys, CT Engineering, JI Holcomb and Kent Automotive business units in the United States, Canada, Mexico, Central America and the Caribbean. Due to the nature of the acquisition, the Company is unable to provide any meaningful pro forma information of prior period results.

G) Reclassification

In the fourth quarter of 2000, the Company adopted Emerging Issues Task Force (EITF) No. 00-10, "Accounting for Shipping and Handling Fees and Costs." EITF 00-10 requires companies to reflect all amounts billed to customers in sales transactions as part of net sales. As such, the Company has reclassified $2,720,000 and $5,291,000 of freight revenue to net sales from selling, general and administrative expenses for the second quarter and six months ended June 30, 2000, respectively.

H) New Accounting Standards

In June 2001, the Financial Accounting Standards Board issued Statement No. 142, "Goodwill and Intangible Assets." Statement No. 142 provides that amortization of goodwill no longer be required but does require the testing of the goodwill for impairment at least annually. Statement No. 142 will be required to be adopted by the Company as of January 1, 2002. The Company expects the impact of adoption will be to increase operating income by approximately $1.6 million in 2002.

I) Segment Reporting

The company has three reportable segments: Maintenance, Repair and Replacement (MRO) distribution, OEM distribution and manufacturing (OEM), and international distribution.

Financial information for the Company's reportable segments consisted of the following:

	Three Months Ended June 30	
In thousands	2001	2000
Net sales		
MRO distribution	$ 80,612	$ 72,551
OEM distribution	12,570	13,695
International distribution	5,798	3,386
Consolidated total	$ 98,980	$ 89,632
Operating income (loss)		
MRO distribution	$ 6,011	$ 9,924
OEM distribution	653	1,146
International distribution	214	(230)
Consolidated total	$ 6,878	$ 10,840

The reconciliation of segment profit to consolidated income before income taxes consisted of the following:

	Three Months Ended June 30	
In thousands	2001	2000
Total operating income from reportable segments	$ 6,878	$ 10,840
Investment and other income	303	541
Interest expense	(254)	-
Income before income taxes	$ 6,927	$ 11,381

	Six Months Ended June 30	
In thousands	2001	2000
Net sales		
MRO distribution	$ 147,783	$ 141,718
OEM distribution	25,866	27,555
International distribution	8,981	6,639
Consolidated total	$ 182,630	$ 175,912
Operating income (loss)		
MRO distribution	$ 10,953	$ 19,468
OEM distribution	1,256	2,149
International distribution	(249)	(432)
Consolidated total	$ 11,960	$ 21,185

The reconciliation of segment profit to consolidated income before income taxes consisted of the following:

In thousands	Six Months Ended June 30 2001	2000
Total operating income from reportable segments	$ 11,960	$ 21,185
Investment and other income	1,046	1,107
Interest expense	(254)	(3)
Income before income taxes	$ 12,752	$ 22,289

Asset information related to the Company's reportable segments consisted of the following:

In thousands	June 30, 2001	December 31, 2000
Total assets		
MRO distribution	$ 179,690	$ 160,169
OEM distribution	33,157	32,182
International distribution	20,853	19,302
Total for reportable segments	233,700	211,652
Corporate	11,612	11,069
Consolidated total	$ 245,312	$ 222,721

Independent Accountants' Review Report

Board of Directors and Stockholders
Lawson Products, Inc.

We have reviewed the accompanying condensed consolidated balance sheet of Lawson Products, Inc. and subsidiaries as of June 30, 2001 and the related condensed consolidated statements of income for the three month and six month periods ended June 30, 2001 and 2000 and the condensed consolidated statements of cash flows for the six month periods ended June 30, 2001 and 2000. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States, which will be performed for the full year with the objective of expressing an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States.

We have previously audited, in accordance with auditing standards generally accepted in the United States, the consolidated balance sheet of Lawson Products, Inc. as of December 31, 2000, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the year then ended, not presented herein, and in our report dated February 23, 2001, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2000, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ ERNST & YOUNG LLP

July 17, 2001

This Quarterly Report on Form 10-Q for the quarter ended June 30, 2001, contains certain forward-looking statements pertaining to the ability of the Company to finance future growth, cash dividends and capital expenditures, the ability to successfully integrate acquired businesses and certain other matters. These statements are subject to uncertainties and other factors which could cause actual events or results to vary materially from those anticipated. The Company does not undertake any obligation to revise these forward-looking statements to reflect future events or circumstances.

ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS

Net sales for the three and six month periods ended June 30, 2001 increased 10.4% to $98,980,000 and 3.8% to $182,630,000, respectively, relative to the comparable periods of 2000. The sales gains are attributable to the sales generated by the North American Industrial Products (IPD) and Kent Automotive (Kent) Divisions of Premier Farnell which were acquired on March 30, 2001 of approximately $13,020,000. The sales generated by IPD and Kent more than offset decreased sales from substantially all Lawson operations. See Note F to Notes to Condensed Consolidated Financial Statements.

Gross profit, as a percentage of sales, was flat compared to the second quarter of 2000. Selling, general and administrative expenses increased approximately $10 million to $58.2 million for the second quarter of 2001. The biggest cause of this increase was increased sales agent compensation on the 10.4 percent increase in net sales as well as additional costs incurred for the IPD/Kent acquisition on March 30, 2001, including employee salaries paid to the telephone sales, customer service professionals and certain administrative executives and the amortization of goodwill.

The Company's acquisition of IPD and Kent was completed using the proceeds from the sale of marketable securities and borrowings under the $50 million unsecured line of credit which the Company entered into in March 2001. This resulted in the decrease in investment and other income and an increase in interest expense for both of the 2001 periods presented in comparison to 2000.

The decrease in the provision for income taxes for both 2001 periods presented is due to the decrease in income before income taxes partially offset by a higher effective tax rate. The higher effective tax rate was primarily due to foreign losses for which no income tax benefits are currently available.

Net income for the second quarter declined 40.6% to $3,988,000 ($.41 per diluted share) from $6,717,000 ($.68 per diluted share) for the similar period of 2000. Net income for the six months ended June 30, 2001 decreased 45.1% to $7,226,000 ($.74 per diluted share) from $13,162,000 ($1.32 per diluted share) for the same period of 2000. The decrease in net income resulted primarily from the higher selling, general and administrative expenses discussed above and reduced contribution from substantially all Lawson operations, offset by the gains in net sales from IPD/Kent noted above. Per share net income for 2001 and 2000 was positively impacted by the Company's share repurchase program.

The Company used $12,719,000 of cash in operations for the six months ended June 30, 2001 compared to cash provided from operations of $8,124,000 in the similar period of the prior year. This decline was due primarily to the decrease in net income noted above, increases in accounts receivable, inventories and other current assets largely associated with the acquisition of IPD and Kent. Additions to property, plant and equipment were $3,755,000 and $1,764,000, respectively, for the six months ended June 30, 2001 and 2000. Capital expenditures during 2001 primarily reflect purchases of computer related and warehouse equipment and building improvements, while 2000 additions to property, plant and equipment primarily reflect purchases of computer related equipment.

On March 30, 2001, the Company purchased certain assets of Premier Farnell's Cleveland based North American Industrial Products (IPD) and Kent Automotive (Kent) Divisions for approximately $28.4 million plus approximately $8.0 million for related inventories. This all-cash transaction was accounted for as a purchase; accordingly, the accounts and transactions of the acquired business have been included in the consolidated financial statements since the date of acquisition. Under the agreement, the Company acquired the field sales, telephone sales and customer service professionals, the customer accounts, certain administrative executives, and use of various intellectual properties, including trademarks and trade names of the IPD and Kent divisions in certain territories. The assets acquired were recorded at estimated fair values as determined by the Company's management based on information currently available. Accordingly, the allocation of the purchase price is subject to revision.

During the first six months of 2001, the Company purchased 1,647 shares of its common stock for approximately $46,000. These shares were acquired pursuant to the 1999 Board authorization to purchase up to 500,000 shares. In the first six months of 2000, the Company purchased 453,700 shares of its common stock for approximately $10,752,000. Of these purchases, 365,100 shares were acquired pursuant to the 1999 Board authorization described above and 88,600 shares represented the remaining shares authorized for purchase under the 1998 Board authorization to purchase up to 500,000 shares. All shares purchased as of June 30, 2001 have been retired. Funds to purchase these shares were provided by investments and cash flows from operations.

Current investments, cash flows from operations and the new $50,000,000 unsecured line of credit are expected to be sufficient to finance the Company's future growth, cash dividends and capital expenditures.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in market risk at June 30, 2001 from that reported in the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

PART II

OTHER INFORMATION

Items 1, 2, 3 and 5 are inapplicable and have been omitted from this report.

Item 4. Submission of Matters to a Vote of Security Holders.

(a) The annual meeting of stockholders of Lawson Products, Inc. was held on May 15, 2001.

(b) Not applicable.

(c) Set forth below is the tabulation of the votes on each nominee for election as a director:

	For	Withheld Authority
Bernard Kalish	9,217,688	220,148
Sidney L. Port	9,134,507	303,329
Robert J. Washlow	9,225,400	212,436

(d) Not applicable.

Item 6. Exhibits and Reports on Form 8-K.

(a) 10 Amended Stock Performance Plan

15 Letter from Ernst & Young LLP Regarding Unaudited Interim Financial Information

(b) The registrant filed an Item 5 and Item 7 Current Report on Form 8-K on April 10, 2001.

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 thereunto duly authorized.

LAWSON PRODUCTS, INC.
(Registrant)

Dated July 17, 2001	/s/ Robert J. Washlow Robert J. Washlow Chairman of the Board
Dated July 17, 2001	/s/ Joseph L. Pawlick Joseph L. Pawlick Chief Financial Officer (Principal Financial Officer)

LAWSON PRODUCTS, INC.
AMENDED STOCK PERFORMANCE PLAN

1. PURPOSE. The purpose of the Lawson Products, Inc. Amended Stock Performance Plan (the "Plan") is to attract and retain outstanding individuals as officers, key employees and directors of, and consultants to, Lawson Products, Inc. (the "Company") and to furnish performance-based incentives to such persons by providing opportunities to participate in the growth in value of the Company on advantageous terms as herein provided. No shares of Lawson Common Stock will be issued under the Plan but participants will be able to receive the gain in value of Lawson Common Stock, in cash.

2. ADMINISTRATION. The Plan shall be administered by the Compensation Committee of the Board of Directors of the Company (the "Committee"). The Committee shall interpret the Plan, prescribe, amend and rescind rules and regulations relating thereto and make all other determinations necessary or advisable for the administration of the Plan. Any interpretation or construction by the Committee of any provision of the Plan or any award granted under it shall be final. No member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any award granted under it.

3. PARTICIPANTS. Participants in the Plan will consist of such key management employees and Qualifying Directors (as hereinafter defined) of, and consultants to, the Company as the Committee in its sole discretion may designate from time to time to receive awards hereunder. The Committee's designation of a participant in any year shall not require the Committee to designate such person to receive an award in any other year. Nothing in the Plan or any award under it shall limit in any way the right of the Company to terminate the Company's employment or consulting relationship (if any) with a participant at any time nor confer upon any employee or consultant any right to continue in the employ of, or as a consultant to, the Company for any period of time.

4. AWARDS. All awards under the Plan shall be granted in the form of stock performance rights, in accordance with the following terms:

(a) The Committee shall determine the number of shares of Common Stock subject to each stock performance right, the term of each right, and subject to the following, any other terms and conditions applicable thereto.

(b) Each stock performance right will entitle the holder to elect to receive the appreciation in the fair market value of the shares subject thereto up to the date the right is exercised. Such appreciation shall be measured from the initial value established by the Committee which shall be not less than the fair market value of the Common Stock of the Company on the date the right is granted.

(c) The fair market value of the Company's Common Stock shall be the closing price of a share of Lawson Common Stock on the relevant date, as reported on NASDAQ or any exchange on which the Common Stock is then listed.

(d) Each stock performance right will be exercisable at the time and to the extent established by the Committee at the time of grant. Payment of the appreciation shall be made in cash as soon as practicable following exercise.

(e) The terms of each award shall indicate what rights, if any, the participant or his estate shall have in such award in the event of the death, total permanent disability, retirement or other termination of the participant's relationship with the Company.

(f) In the event of a change of control, as hereinafter defined, all of the rights then outstanding under the Plan shall be deemed fully vested and exercised on the date of the transaction and the appreciation shall be paid as soon as possible to the holders thereof.

(g) A "change of control" shall be deemed to have occurred on the first date on which either: (i) any "person" is or becomes the beneficial owner (as defined in Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act")), directly or indirectly of securities of the Company representing at least thirty (30) percent of the combined voting power of the Company's then outstanding securities, or (ii) a majority of the individuals comprising the Company's Board of Directors are not Continuing Directors, or (iii) the Company is involved in any merger, consolidation, share exchange or any other transaction if, after the consummation thereof, the holders of the voting securities of the Company immediately prior thereto do not own at least a majority of the combined voting power of the surviving or resulting corporation, or (iv) all or substantially all of the assets of the Company are sold or otherwise transferred, or (v) a change occurs of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A, promulgated under the Exchange Act, or any other successor disclosure item.

(h) A "person" means a person, (as such term is used in Sections 13(d) and 14(d) of the

Exchange Act) but excluding Sidney L. Port, the estate of Bettie Port, their descendants, their spouses, and trusts, partnerships or other entities for the benefit of any such persons, or in which any such persons have a controlling interest.

(i) A "Continuing Director" means an individual who was a member of the Board of Directors of the Company immediately prior to the transaction or election or other event which resulted in a Change of Control or who was designated (before his initial election or appointment as a director) as a Continuing Director by a majority of the whole Board of Directors but only if the majority of the whole Board of Directors then consisted of Continuing Directors or, if a majority of the whole Board of Directors shall not then consist of Continuing Directors, by a majority of the then Continuing Directors.

(j) A "Qualifying Director" means an individual who is a member of the Board of Directors of the Company but is not an employee or former employee of the Company or any subsidiary of the Company.

5. NONTRANSFERABILITY. All stock performance rights granted under the Plan shall not be transferable other than by will or the laws of descent and distribution and shall be exercisable during the participant's lifetime only by the participant or the participant's guardian or legal representative.

6. OTHER PROVISIONS. The grant of any stock performance right under the Plan may also be subject to other provisions (whether or not applicable to the rights awarded to any other participant) including conditions precedent to the right to exercise, as the Committee determines appropriate, including such provisions as may be required to comply with federal or state securities laws and stock exchange requirements and understandings or conditions as to the employment of any participant who is an employee.

7. ADJUSTMENT PROVISIONS.

(a) If the Company shall at any time change the number of shares of Common Stock outstanding without new consideration to the Company, a corresponding increase shall be made in the number of shares covered by each outstanding right and a decrease shall be made in the initial value of each right so that the aggregate net benefit to the participant shall not be changed. If the Company shall at any time decrease the number of shares of Common Stock outstanding without any distribution to its stockholders, a corresponding decrease shall be made in the number of shares covered by each outstanding right and an increase shall be made in the initial value of each right so that the aggregate net benefit to the participant shall not be changed.

(b) In the event of a reorganization, recapitalization or other change in the shares of Common Stock outstanding, the Committee shall make whatever changes in the Plan and in any rights then outstanding it deems necessary or appropriate.

8. TAXES. The Company shall be entitled to withhold the amount of any tax attributable to the exercise of any right under the Plan, if withholding is appropriate, and may defer making payment or delivery as to any exercise if any such tax is payable until indemnified to its satisfaction.

9. TERM OF PROGRAM; AMENDMENT OR CANCELLATION OF BENEFITS. The Plan shall continue in effect until terminated by the Committee pursuant to Section 10. The terms and conditions applicable to any rights granted hereunder may at any time be amended or cancelled by mutual agreement between the Committee and the participant or any other person as may then have an interest therein and may be unilaterally modified by the Committee whenever such modification is deemed necessary to protect the Company.

10. AMENDMENT OR DISCONTINUATION OF PLAN. The Committee may amend, suspend or discontinue the Plan at any time; provided, however, that no such action shall adversely affect any outstanding stock performance right.

Exhibit 15

July 17, 2001

Board of Directors
Lawson Products, Inc.

We are aware of the incorporation by reference in the Registration Statement (Form S-8 No. 33-17912 dated November 4, 1987) of Lawson Products, Inc. of our report dated July 17, 2001 relating to the unaudited condensed consolidated interim financial statements of Lawson Products, Inc. which are included in its Form 10-Q for the quarter ended June 30, 2001.

Pursuant to Rule 436(c) of the Securities Act of 1933 our report is not part of the registration statement prepared or certified by accountants within the meaning of Section 7 or 11 of the Securities Act of 1933.

/s/ ERNST & YOUNG LLP