SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2000

OR

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [No Fee Required]

Commission file number: 0-10546

LAWSON PRODUCTS, INC
(Exact Name of Registrant as Specified in Charter)

DELAWARE	36-2229304
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of each exchange on which registered
None	None

Securities registered pursuant to Section 12(g) of the Act:

COMMON STOCK, $1.00 PAR VALUE
(Title of class)

Indicate by check mark whether the Registrant (l) 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

As of March 1, 2001, 9,711,804 shares of Common Stock were outstanding.

The aggregate market value of the Registrant's Common Stock held by nonaffiliates on March 1, 2001 was approximately $124,218,000.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (ss.229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The following documents are incorporated into this Form 10-K by reference:

Proxy Statement for Annual Meeting of Stockholders to be held on May 15, 2001
Part III

EXPLANATORY NOTE: This Amendment No. 1 on Form 10-K/A amends Part II, Item 8, "Financial Statements and Supplementary Data" to include segment reporting in Lawson Products, Inc.'s consolidated financial statements. See Note N to the consolidated financial statements.

PART II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The following information is presented in this report:

Report of Independent Auditors

Consolidated Balance Sheets as of December 31, 2000 and 1999.

Consolidated Statements of Income for the Years ended December 31, 2000, 1999 and 1998.

Consolidated Statements of Changes in Stockholders' Equity for the Years ended December 31, 2000, 1999 and 1998.

Consolidated Statements of Cash Flows for the Years ended December 31, 2000, 1999 and 1998.

Notes to Consolidated Financial Statements.

Schedule II

REPORT OF INDEPENDENT AUDITORS

To the Shareholders and Board of Directors
Lawson Products, Inc.

We have audited the accompanying consolidated balance sheets of Lawson Products, Inc. and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2000. Our audits also included the financial statement schedule listed in the Index at Item 14(a). These financial statements and related schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Lawson Products, Inc. and subsidiaries at December 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/Ernst & Young LLP

Chicago, Illinois
February 23, 2001

LAWSON PRODUCTS, INC.
CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 2000	DECEMBER 31, 1999
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,911,710	$ 11,974,611
Marketable securities	29,972,654	12,282,229
Accounts receivable, less allowance for doubtful accounts (2000-$1,658,585; 1999-$1,601,649)	40,823,141	41,108,121
Inventories	55,228,380	55,484,532
Miscellaneous receivables	2,696,986	2,835,685
Prepaid expenses	6,658,687	5,193,621
Deferred income taxes	1,857,000	1,389,000
Total Current Assets	145,148,558	130,267,799
Property, plant and equipment, at cost, less allowances for depreciation and amortization (2000-$41,571,230; 1999-$36,479,611)	39,404,599	41,988,652
Other assets:		
Marketable securities	400,832	4,694,776
Investments in real estate	705,000	4,107,664
Cash value of life insurance	15,795,812	14,760,461
Deferred income taxes	9,212,000	8,784,000
Goodwill, less accumulated amortization (2000-$304,632; 1999-$124,533)	2,431,347	3,611,447
Other	9,623,318	7,776,078
	38,168,309	43,734,426
	$ 222,721,466	$ 215,990,877
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 6,730,250	$ 8,248,929
Accrued expenses and other liabilities	24,517,530	25,844,991
Income taxes	2,614,768	4,331,935
Total Current Liabilities	33,862,548	38,425,855
Non-current liabilities and deferred credits:		
Accrued liability under security bonus plans	17,968,018	16,494,190
Deferred compensation and other liabilities	10,978,435	11,030,843
	28,946,453	27,525,033
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-2000-9,706,404 shares; 1999-10,203,922 shares	9,706,404	10,203,922
Capital in excess of par value	761,725	717,004
Retained earnings	151,065,840	140,200,567
	161,533,969	151,121,493
Foreign currency translation adjustment	(1,621,504)	(1,053,504)
Unrealized (loss) gain on marketable securities	--	(28,000)
Accumulated other comprehensive income	(1,621,504)	(1,081,504)
	159,912,465	150,039,989
	$ 222,721,466	$ 215,990,877

See notes to consolidated financial statements

LAWSON PRODUCTS, INC.
CONSOLIDATED STATEMENTS OF INCOME

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
Net sales	$ 348,967,486	$ 328,987,099	$ 301,831,128
Cost of goods sold	117,256,150	109,370,225	99,686,906
Gross profit	231,711,336	219,616,874	202,144,222
Selling, general and administrative expenses	188,468,661	178,210,549	167,608,758
Special charges	--	2,932,365	2,621,124
Provision for doubtful accounts	1,419,120	1,065,811	983,367
Operating Income	41,823,555	37,408,149	30,930,973
Interest and dividend income	1,072,730	1,312,312	1,458,548
Interest expense	(7,959)	(7,351)	(47,957)
Gain from sale of partnership interest	3,502,336	--	--
Other income - net	1,175,011	1,556,871	1,248,665
	5,742,118	2,861,832	2,659,256
Income Before Income Taxes	47,565,673	40,269,981	33,590,229
Federal and state income taxes (benefit):			
Current	20,012,000	18,275,000	16,034,000
Deferred	(582,000)	(1,933,000)	(1,918,000)
	19,430,000	16,342,000	14,116,000
Net Income	$ 28,135,673	$ 23,927,981	$ 19,474,229
Net Income Per share of Common Stock			
Basic	$ 2.85	$ 2.29	$ 1.77
Diluted	$ 2.85	$ 2.29	$ 1.76

See notes to consolidated financial statements

LAWSON PRODUCTS, INC.
CONSOLIDATED STATEMENTS OF
CHANGES IN STOCKHOLDERS' EQUITY

	COMMON STOCK, $1 PAR VALUE	CAPITAL IN EXCESS OF PAR VALUE	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	COMPREHENSIVE INCOME
Balance at January 1, 1998	$ 11,135,233	$ 769,738	$ 128,708,111	$ (687,695)	$ -
Net income			19,474,229		19,474,229
Other comprehensive income, net of tax:					
Unrealized gain on marketable securities				105,000	105,000
Adjustment for foreign currency translation				(104,376)	(104,376)
Other comprehensive loss for the year					624
Comprehensive income for the year					$ 19,474,853
Cash dividends declared			(6,130,363)		
Stock issued under employee stock plans	589	12,738			
Purchase and retirement of common stock	(472,000)	(33,156)	(9,843,313)		
Balance at December 31, 1998	10,663,822	749,320	132,208,664	(687,071)	
Net income			23,927,981		$ 23,927,981
Other comprehensive income, net of tax:					
Unrealized loss on marketable securities				(696,000)	(696,000)
Adjustment for foreign currency translation				301,567	301,567
Other comprehensive loss for the year					(394,433)
Comprehensive income for the year					$23,533,548
Cash dividends declared			(5,908,594)		
Purchase and retirement of common stock	(459,900)	(32,316)	(10,027,484)		
Balance at December 31, 1999	10,203,922	717,004	140,200,567	(1,081,504)	
Net income			28,135,673		$ 28,135,673
Other comprehensive income, net of tax:					
Unrealized gain on marketable securities				28,000	28,000
Adjustment for foreign currency translation				(568,000)	(568,000)
Other comprehensive loss for the year					(540,000)
Comprehensive income for the year					$ 27,595,673
Cash dividends declared			(5,875,305)		
Stock issued under employee stock plans	3,750	80,625			
Purchase and retirement of common stock	(501,268)	(35,904)	(11,395,095)		
Balance at December 31, 2000	$ 9,706,404	$ 761,725	$ 151,065,840	$ (1,621,504))	

See notes to consolidated financial statements

LAWSON PRODUCTS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
Operating activities:			
Net income	$ 28,135,673	$ 23,927,981	$ 19,474,229
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	5,986,466	5,977,205	5,197,571
Amortization	677,197	550,254	300,814
Provision for allowance for doubtful accounts	1,419,120	1,065,811	983,367
Deferred income taxes	(582,000)	(1,933,000)	(1,918,000)
Deferred compensation and security bonus plans	3,922,781	4,651,635	4,190,541
Payments under deferred compensation and security bonus plans	(2,420,361)	(2,263,293)	(3,414,210)
Losses/(Gains) from sale of marketable securities	803	(902,960)	(50,776)
Income from investments in real estate	(695,000)	(544,000)	(763,000)
Gain from sale of investment in real estate	(3,502,336)	-	-
Changes in operating assets and liabilities (Exclusive of effect of acquisition):			
Accounts receivable	(1,134,140)	(4,276,788)	(2,524,428)
Inventories	256,152	(2,886,074)	(4,881,840)
Prepaid expenses and other assets	(3,730,055)	(5,757,891)	(6,121,144)
Accounts payable and accrued expenses	(2,770,387)	4,290,592	4,753,798
Income taxes payable	(1,717,167)	1,049,135	1,642,005
Other	(961,691)	368,539	(798,019)
Net Cash Provided by Operating Activities	22,885,055	23,317,146	16,070,908
Investing activities:			
Additions to property, plant and equipment	(3,392,458)	(6,462,348)	(5,377,660)
Purchases of marketable securities	(75,344,146)	(122,774,913)	(196,265,030)
Proceeds from sale of marketable securities	61,987,598	130,451,955	204,848,618
Proceeds from sale of investment in real estate	7,400,000	-	-
Proceeds from life insurance policies	-	-	438,819
Acquisition of business, net of cash acquired of $4,850	-	(10,519,909)	-
Other	200,000	490,000	440,000
Net Cash Provided by (Used In) Investing Activities	(9,149,006)	(8,815,215)	4,084,747
Financing Activities:			
Purchases of common stock	(11,932,267)	(10,519,700)	(10,348,469)
Proceeds from exercise of stock options	84,375	-	13,327
Dividends paid	(5,951,058)	(5,879,340)	(6,196,361)
Net Cash Used in Financing Activities	(17,798,950)	(16,399,040)	(16,531,503)
Increase (Decrease) in Cash and Cash Equivalents	(4,062,901)	(1,897,109)	3,624,152
Cash and Cash Equivalents at Beginning of Year	11,974,611	13,871,720	10,247,568
Cash and Cash Equivalents at End of Year	$ 7,911,710	$ 11,974,611	$ 13,871,720

See notes to consolidated financial statements

LAWSON PRODUCTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A-DESCRIPTION OF BUSINESS

Lawson Products, Inc. and subsidiaries principally are distributors of expendable parts and supplies for maintenance, repair and operation of equipment. The Company has seven operating units with which it conducts its business; however these operating units have been aggegrated into three reportable segments. See Note N for details of the Company's reportable segments

NOTE B-SUMMARY OF MAJOR ACCOUNTING POLICIES

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries, each of which is wholly owned. All inter-company accounts and transactions have been eliminated in consolidation.

Revenue Recognition: Sales and associated cost of goods sold are recognized when products are shipped and title passes to customers.

Shipping and Handling Fees and Costs: 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 No. 00-10 requires companies to reflect all amounts billed to customers in sales transactions as part of net sales. Costs related to shipping and handling fees are included in the income statement in the caption selling, general and administrative expenses and totaled $10,521,000, $10,017,000 and $9,308,000 in 2000, 1999 and 1998, respectively.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Investment in Real Estate: The Company's investment in real estate representing a limited partnership interest is carried on the basis of the equity method.

Marketable Securities: Marketable equity and debt securities are classified as available-for-sale and are carried at fair value, with the unrealized gains and losses, net of tax, recorded in stockholders' equity. Realized gains and losses, declines in value judged to be other-than-temporary, and interest and dividends are included in investment income. The cost of securities sold is based on the specific identification method.

Inventories: Inventories (principally finished goods) are stated at the lower of cost (first-in, first-out method) or market.

Property, Plant and Equipment: Provisions for depreciation and amortization are computed by the straight-line method for buildings using useful lives of 20 to 30 years and by the double declining balance method for machinery and equipment, furniture and fixtures and vehicles using useful lives of 4 to 10 years.

Investment Tax Credits: Investment tax credits on assets leased to others (see Investment in Real Estate) are deferred and amortized over the useful life of the related asset.

Cash Equivalents: The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Stock Options: Stock options are accounted for under Accounting Principles Board (APB) Opinion No. 25, "Accounting For Stock Issued to Employees." Under APB 25, no compensation expense is recognized because the exercise price of the stock options granted equals the market price of the underlying stock at the date of grant.

Goodwill: Goodwill represents the cost of business acquisitions in excess of the fair value of identifiable net tangible assets acquired. Goodwill is amortized over 15 years using the straight-line method and the carrying value is reviewed for impairment annually. If this review indicates that goodwill is not expected to be recoverable based on the undiscounted cash flows of the entity acquired over the remaining amortization period, the Company's carrying value of the goodwill will be reduced.

Foreign Currency Translation: The financial statements of foreign entities have been translated in accordance with Statement of Financial Accounting Standards No. 52 and, accordingly, unrealized foreign currency translation adjustments are reflected as a component of stockholders' equity. Realized foreign currency transaction gains and losses were not significant for the years ended December 31, 2000, 1999 and 1998.

Income Per Share: Basic EPS is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution from the exercise or conversion of securities into common stock, such as stock options.

Reclassifications: Certain amounts have been reclassified in the 1998 and 1999 financial statements to conform with the 2000 presentation.

New Accounting Standards: In June 1998, the Financial Accounting Standards Board (FASB) issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." The Company expects to adopt the new Statement effective January 1, 2001. Statement No. 133 will require the Company to recognize all derivatives on the consolidated balance sheet at fair value. The adoption of Statement No. 133 will not have a significant effect on its results of operations or financial position.

NOTE C-BUSINESS COMBINATION

On July 1, 1999, the Company purchased substantially all of the assets and liabilities of SunSource Inventory Management Company, Inc. (SunSource) and Hillman Industrial Division (Hillman), at a cost of approximately $10.5 million with certain contingent purchase price adjustment features based on future operating results. This all-cash transaction was accounted for as a purchase; accordingly, the accounts and transactions of the acquired company have been included in the consolidated financial statements since the date of acquisition. The purchase price exceeded tangible net assets acquired by approximately $3.7 million. This goodwill will be amortized over 15 years using the straight-line method. SunSource and Hillman are distributors of fasteners to the original equipment marketplace. The former business operations of SunSource and Hillman are being conducted through the Company's new subsidiary, ACS/SIMCO.

NOTE D-SPECIAL CHARGES

In the second and fourth quarter of 1999, the Company recorded special charges of $2,053,000 and $879,000, respectively. These charges were for severance and early retirement benefits to several members of management. These benefits will be paid through 2004. Payments against these accruals of approximately $1,033,000 and $323,000 were made in 2000 and 1999, respectively.

In the fourth quarter of 1998, the Company recorded a special charge of $2,621,000 for severance and early retirement benefits for several members of management. These benefits will be paid through 2003. Payments of approximately $626,000 and $1,069,000 were made in 2000 and 1999 against this accrual, respectively. In addition, an adjustment to reduce the accrual for approximately $129,000 was made in 1999 to reflect a change in the estimated total severance payments required.

NOTE E-MARKETABLE SECURITIES

The following is a summary of the Company's investments at December 31 which are all classified as available-for-sale:

(IN THOUSANDS) 2000	COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED FAIR VALUE
Obligations of states and political subdivisions	$ 3,454	$ 5	$ 5	$ 3,454
Foreign government securities	7,797	-	-	7,797
Other debt securities	19,122	-	-	19,122
Total debt securities	$ 30,373	$ 5	$ 5	$ 30,373
1999				
Obligations of states and political subdivisions	$ 10,268	$ 1	$ 44	$ 10,225
Foreign government securities	6,724	-	-	6,724
Other debt securities	28	-	-	28
Total debt securities	$ 17,020	$ 1	$ 44	$ 16,977

The gross realized gains on sales of marketable securities totaled $1,000, $992,000 and $52,000 in 2000, 1999 and 1998, respectively, and the gross realized losses totaled $2,000, $89,000 and $1,000, respectively. The net adjustment to unrealized holding gains included as a separate component of stockholders' equity, net of taxes, totaled $28,000 and $105,000 in 2000 and 1998, respectively, while in 1999, the net adjustment to unrealized holding losses included as a separate component of stockholders' equity, net of taxes, totaled $696,000.

The amortized cost and estimated fair value of marketable securities at December 31, 2000, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because the issuers of certain securities have the right to prepay obligations without prepayment penalties.

(IN THOUSANDS)	COST	ESTIMATED FAIR VALUE
Due in one year or less	$ 29,970	$ 29,973
Due after one year through five years	403	400
Total debt securities	$ 30,373	$ 30,373

NOTE F-PROPERTY, PLANT AND EQUIPMENT

The cost of property, plant and equipment consists of:

	2000	1999
Land	$ 6,649,440	$ 6,683,222
Buildings and improvements	39,145,917	38,863,186
Machinery and equipment	28,955,498	27,363,448
Furniture and fixtures	5,231,947	5,293,762
Vehicles	217,345	260,895
Construction in Progress	775,682	3,750
	$ 80,975,829	$ 78,468,263

NOTE G-INVESTMENT IN REAL ESTATE

The Company is a limited partner in one real estate limited partnership. An officer and member of the Board of Directors of the Company has a 1.5% interest as a general partner in this partnership. This interest is subordinated to the Company's interest in distributable cash.

In the fourth quarter of 2000, the Company sold its interest in a real estate partnership for $7,400,000 to the general partners, one of which is an officer of the Company and member of the Board of Directors, resulting in an after-tax gain to the Company of $2,136,000. A special committee of outside directors of the Board of Directors approved the sale price after receiving independent appraisals of the property sold.

NOTE H-ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following:

	2000	1999
Salaries, commissions and other compensation	$ 7,490,351	$ 8,051,216
Accrued special charges	2,671,088	4,032,000
Accrued and withheld taxes, other than income taxes	2,344,955	2,196,971
Accrued profit sharing contributions	2,606,254	2,646,677
Accrued self-insured health benefits	1,300,000	1,574,878
Cash dividends payable	1,455,961	1,531,713
Other	6,648,921	5,811,536
	$ 24,517,530	$ 25,844,991

NOTE I-STOCK PLANS

In 2000, the Company granted 71,250 stock appreciation rights (SARs) pursuant to an incentive plan adopted in 2000. These SARs had a weighted average exercise price of $26.50 per share, vest at 20% per year and entitle the employee to receive a cash payment equal to the difference between the SAR price and the market value of the Company's common stock when the SARs are surrendered. No SARs are exercisable at December 31, 2000. No compensation expense for the SARs was incurred in 2000.

The Company also has an Incentive Stock Plan, as amended ("Plan"), which provides for the issuance of shares of Common Stock to non-employee directors, officers and key employees pursuant to stock options, SARs, stock purchase agreements and stock awards. 641,027 shares of Common Stock were available for issuance under the Plan as of December 31, 2000.

The Plan permits the grant of incentive stock options, subject to certain limitations, with substantially the same terms as non-qualified stock options. Non-employee directors are not eligible to receive incentive stock options.

Stock options are not exercisable within six months from date of grant and may not be granted at prices less than the fair market value of the shares at the dates of grant.

Benefits may be granted under the Plan through December 16, 2006.

Additional information with respect to the Plan is summarized as follows:
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	AVERAGE PRICE	OPTION SHARES
Outstanding January 1, 1998	$24.38	294,579
Granted	26.75	9,000
Exercised	24.19	(889)
Canceled or expired	26.89	(27,500)
Outstanding December 31, 1998	23.34	275,190
Granted	22.44	9,000
Exercised	-	-
Canceled or expired	23.56	(9,700)
Outstanding December 31, 1999	24.18	274,490
Granted	23.56	11,000
Exercised	22.50	(3,750)
Cancelled or expired	27.50	(97,050)
Outstanding at December 31, 2000	$22.86	184,690
Exercisable options at		
December 31, 2000	$22.72	162,190
December 31, 1999	$24.42	220,439
December 31, 1998	$24.97	169,488

As of December 31, 2000, the Company had the following outstanding options:

Exercise Price	$22.44-$23.56	$26.75	$27.00
Options Outstanding	174,690	9,000	1,000
Weighted Average Exercise Price	$22.64	$26.75	$27.00
Weighted Average Remaining Life	5.8	7.3	6.6
Options Exercisable	156,940	4,500	750
Weighted Average Exercise Price	$22.58	$26.75	$27.00

Disclosure of pro forma information regarding net income and net income per share is required by FASB Statement No. 123, "Accounting for Stock-Based Compensation," and has been determined as if the Company had accounted for its employee stock options under the fair value method of that Statement. The fair value of these options was estimated at the date of grant using the Black-Scholes options pricing model.

The Company's weighted average fair value of options granted and assumptions used were as follows:

	2000	1999	1998
Risk-free interest rate	5.22%	6.79%	4.97%
Dividend yield	2.00%	2.00%	2.00%
Stock price volatility factor	.19	.18	.18
Weighted-average expected life (years)	8	8	8
Weighted-average fair value of options granted	$6.25	$6.95	$6.80

For purposes of pro forma disclosures, the estimated fair value of options granted is amortized to expense over the option's vesting period. The pro forma effect on net income is not representative of the pro forma effect on net income in future years because grants made in 1996 and later years have an increasing vesting period.

The Company's pro forma information consisted of the following:

	2000	1999	1998
Net income - as reported	$28,135,673	$23,927,981	$19,474,229
Net income - pro forma	27,968,000	23,565,000	19,123,000
Basic earnings per share - as reported	2.85	2.29	1.77
Diluted earnings per share - as reported	2.85	2.29	1.76
Basic earnings per share - pro forma	2.84	2.26	1.73
Diluted earnings per share - pro forma	2.83	2.26	1.73

NOTE J-PROFIT SHARING AND SECURITY BONUS PLANS

The Company and certain subsidiaries have a profit sharing plan for office and warehouse personnel. The amounts of the companies' annual contributions are determined by the respective boards of directors subject to limitations based upon current operating profits (as defined) or participants' compensation (as defined).

The plan also has a 401(k) defined contribution savings feature. This feature, available to all participants, was provided to give employees a pre-tax investment vehicle to save for retirement. The Company does not match the contributions made by plan participants.

The Company and its subsidiaries also have in effect security bonus plans for the benefit of their regional managers and independent sales representatives, under the terms of which participants are credited with a percentage of their yearly earnings (as defined). Of the aggregate amounts credited to participants' accounts, 25% vests after five years and an additional 5% vests each year thereafter. For financial reporting purposes, amounts are charged to operations over the vesting period.

Provisions for profit sharing and security bonus plans aggregated $5,222,000, $5,051,000 and $4,845,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

NOTE K-INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. In addition, deferred income taxes include net operating loss carryforwards of a foreign subsidiary which do not expire. The valuation allowance has been provided since there is no assurance that the benefit of the net operating loss carryforwards will be realized. Significant components of the Company's deferred tax assets and liabilities as of December 31 are as follows:

	2000	1999
Deferred Tax Assets:		
Compensation and benefits	$ 12,257,000	$ 12,327,000
Inventory	1,847,000	1,237,000
Net operating loss carryforwards of subsidiary	4,718,000	4,169,000
Accounts receivable	519,000	486,000
Other	873,000	583,000
Total Deferred Tax Assets	20,214,000	18,802,000
Valuation allowance for deferred tax assets	(4,718,000)	(4,169,000)
Net Deferred Tax Assets	15,496,000	14,633,000
Deferred Tax Liabilities:		
Property, plant & equipment	883,000	1,060,000
Investment(s) in real estate	1,949,000	3,063,000
Other	1,595,000	337,000
Total Deferred Tax Liabilities	4,427,000	4,460,000
Total Net Deferred Tax Assets	$ 11,069,000	$ 10,173,000

Net deferred tax assets include the tax impact of items in comprehensive income of $873,000 and $583,000 at December 31, 2000 and 1999, respectively.

Income before income taxes for the years ended December 31, consisted of the following:

	2000	1999	1998
United States	$ 49,259,320	$ 41,494,677	$ 36,288,309
Foreign	(1,693,647)	(1,224,696)	(2,698,080)
	$ 47,565,673	$ 40,269,981	$ 33,590,229

The provisions for income taxes for the years ended December 31, consisted of the following:

	2000	1999	1998
Current:			
Federal	$ 16,945,000	$ 15,187,000	$ 13,136,000
State	3,067,000	3,088,000	2,898,000
	20,012,000	18,275,000	16,034,000
Deferred benefit	(582,000)	(1,933,000)	(1,918,000)
	$ 19,430,000	$ 16,342,000	$ 14,116,000

The reconciliation between the effective income tax rate and the statutory federal rate is as follows:

	2000	1999	1998
Statutory federal rate	35.0%	35.0%	35.0%
Increase (decrease) resulting from:			
State income taxes, net of federal income tax benefit	4.2	5.0	5.6
Foreign losses	1.5	1.5	2.7
Other items, net	.1	(.9)	(1.3)
Provision for income taxes	40.8%	40.6%	42.0%

Income taxes paid for the years ended December 31, 2000, 1999 and 1998 amounted to $21,212,000, $17,157,000 and $14,359,000, respectively.

NOTE L-COMMITMENTS

The Company's minimum rental commitments, principally for equipment, under noncancelable leases in effect at December 31, 2000 amounted to approximately $2,955,000. Such rentals are payable as follows: 2001-$1,834,000; 2002-$788,000; 2003-$228,000 and 2004 and thereafter-$105,000.

Total rental expense for the years ended December 31, 2000, 1999 and 1998 amounted to $2,783,000, $2,203,000 and $1,655,000, respectively.

NOTE M - INCOME PER SHARE

The computation of basic and diluted income per share consisted of the following:

(In thousands, except per share data)	YEAR ENDED DECEMBER 31 2000	1999	1998
NUMERATOR:			
Net income	$ 28,136	$ 23,928	$ 19,474
DENOMINATOR:			
Denominator for basic income per share - Weighted average shares	9,860	10,444	11,024
Effect of dilutive securities: Stock option plans	14	2	18
Denominator for diluted income per share - Adjusted weighted average shares	9,874	10,446	11,042
Basic income per share	$ 2.85	$ 2.29	$ 1.77
Diluted income per share	$ 2.85	$ 2.29	$ 1.76

NOTE N - SEGMENT REPORTING

The Company has three reportable segments: Maintenance, Repair and Replacement (MRO) distribution, OEM distribution and manufacturing (OEM), and international distribution. The operations of the Company's MRO distribution segment sells and distributes a wide range of MRO parts and supplies to repair and maintenance organizations utilizing the Company's force of independent sales agents.

The Company's OEM distribution and manufacturing segment manufactures, sells and distributes component parts to OEM manufacturers through a network of independent sales agents as well as internal sales employees.

The international distribution segment consists of the Company's sales and distribution businesses in Canada, Mexico, and the United Kingdom of principally MRO parts and supplies utilizing independent sales agents and internal sales employees.

The Company's reportable segments are distinguished by the nature of products distributed and sold, types of customers, and geographic location.

The Company evaluates performance and allocates resources to reportable segments primarily based on operating income. The accounting policies of the reportable segments are the same as those described in the summary of significant policies except that the Company records its federal and state deferred tax assets and liabilities at corporate. Intersegment sales are not significant.

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

In thousands	Year Ended December 31, 2000	1999	1998
Net sales			
MRO distribution	$ 283,969,540	$ 274,040,132	$ 258,761,427

OEM distribution	52,001,028	42,435,187	31,345,433
International distribution	12,996,918	12,511,780	11,724,268
Consolidated total	$ 348,967,486	$ 328,987,099	$ 301,831,128
Operating income (loss)			
MRO distribution	$ 39,336,157	$ 35,084,960	$ 30,813,851
OEM distribution	4,052,210	3,465,508	2,788,260
International distribution	(1,564,812)	(1,142,319)	(2,671,138)
Consolidated total	$ 41,823,555	$ 37,408,149	$ 30,930,973
Capital expenditures			
MRO distribution	$ 2,761,755	$ 5,681,211	$ 4,415,899
OEM distribution	570,225	520,536	766,878
International distribution	60,478	260,601	194,883
Consolidated total	$ 3,392,458	$ 6,462,348	$ 5,377,660
Depreciation and amortization			
MRO distribution	$ 5,176,344	$ 5,074,905	$ 4,140,872
OEM distribution	1,130,394	1,011,618	931,181
International distribution	356,925	440,936	426,332
Consolidated total	$ 6,663,663	$ 6,527,459	$ 5,498,385
Total assets			
MRO distribution	$ 160,169,065	$ 155,376,398	$ 152,127,066
OEM distribution	32,181,862	32,763,599	19,717,369
International distribution	19,301,539	17,677,880	19,134,855
Segment total	211,652,466	205,817,877	190,979,290
Corporate	11,069,000	10,173,000	8,003,000
Consolidated total	$ 222,721,466	$ 215,990,877	$ 198,982,290

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

	Year Ended December 31,		
In thousands	2000	1999	1998
Total operating income for reportable segments	$41,823,555	$37,408,149	$30,930,973
Interest and dividend income	1,072,730	1,312,312	1,458,548
Interest expense	(7,959)	(7,351)	(47,957)
Gain from sale of partnership interest	3,502,336	---	---
Other - net	1,175,011	1,556,871	1,248,665
Income before income taxes	$47,565,673	$40,269,981	$33,590,229

Financial information related to the Company's operations by geographic area consisted of the following:

	Year Ended December 31,		
In thousands	2000	1999	1998
Net sales			
United States	$335,970,568	$316,475,319	$290,106,860
Canada	7,980,367	7,154,424	6,515,734
Other foreign countries	5,016,551	5,357,356	5,208,534
Consolidated total	$348,967,486	$328,987,099	$301,831,128

In thousands	Year Ended December 31, 2000	1999	1998
Long-lived assets			
United States	$ 39,155,963	$ 42,509,070	$ 38,253,420
Canada	2,154,539	2,312,377	2,273,121
Other foreign countries	525,444	778,652	828,518
Consolidated total	$ 41,835,946	$ 45,600,099	$ 41,355,059

Net sales are attributed to countries based on the location of customers.
Long-lived assets consist of total property, plant and equipment and intangible assets such as goodwill.

NOTE O - SUMMARY OF UNAUDITED QUARTERLY RESULTS OF OPERATIONS

Unaudited quarterly results of operations for the years ended December 31, 2000 and 1999 are summarized as follows:

2000 (IN THOUSANDS, EXCEPT PER SHARE DATA)	QUARTER ENDED MAR. 31	JUN. 30	SEPT. 30	DEC. 31, (1)(2)
Net sales (3)	86,280	89,632	88,064	84,991
Cost of goods sold (3)	29,946	30,458	30,094	26,758
Income before income taxes	10,908	11,381	10,736	14,541
Provision for income taxes	4,463	4,664	4,358	5,945
Net income	6,445	6,717	6,378	8,596
Net income per share of common stock:				
Basic	.64	.68	.66	.89
Diluted	.64	.68	.65	.88
Diluted weighted average shares outstanding	10,093	9,895	9,718	9,729

1999 (IN THOUSANDS, EXCEPT PER SHARE DATA)	QUARTER ENDED MAR. 31	JUN. 30, (4)(5)	SEPT. 30,	DEC. 31, (2)(4)
Net sales (3)	$76,567	$80,859	$85,028	$86,533
Cost of goods sold (3)	25,877	26,716	29,630	27,147
Income before income taxes	8,992	8,716	9,942	12,620
Provision for income taxes	3,715	3,590	4,081	4,956
Net income	5,277	5,126	5,861	7,664
Net income per share of common stock				
Basic	.50	.49	.57	.75
Diluted	.50	.49	.57	.75
Diluted weighted average shares outstanding	10,651	10,495	10,360	10,282

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(1) The fourth quarter includes a gain of $2,136,000, net of income taxes, relative to the sale of the Company's interest in a real estate investment.
(2) Inventories and cost of goods sold during interim periods are determined through the use of estimated gross profit rates. The difference between actual and estimated gross profit rates used for the interim periods is adjusted in the fourth quarter. This adjustment increased net income by approximately $1,349,000 and $1,689,000 in 2000 and 1999, respectively.
(3) Net sales and costs of good sold amounts in 2000 and 1999 have been restated to reflect a shipping revenue reclassification. See Shipping and Handling Fees and Costs in Note B.
(4) During the second and fourth quarters of 1999, special charges were recorded related to severance and early retirement benefits, which reduced net income by $1,236,000, and $524,000, respectively.
(5) The second quarter of 1999 reflects a $554,000 gain, net of income taxes, on the sale of marketable securities.

NOTE P - SUBSEQUENT EVENT

In January 2001, the Company agreed to purchase certain assets of Premier Farnell's Cleveland-based North American Industrial Products and Kent Automotive Divisions for approximately $27,000,000 plus approximately $8,000,000 for related inventories. The all cash transaction is expected to close on March 30, 2001.

Under the agreement, Lawson will acquire the field sales, telephone sales and customer service professionals, the customer accounts, certain administrative executives, and use of various intellectual properties, including trade marks and trade names of the Industrial Products and Kent Automotive divisions in certain territories. Lawson 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. This acquisition is not expected to require a significant investment by the Company in facilities or equipment.

SCHEDULE II

LAWSON PRODUCTS, INC. AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	DEDUCTIONS- DESCRIBE(A)	BALANCE AT END OF PERIOD
Allowance deducted from assets to which it applies:				
Allowance for doubtful accounts:				
Year ended December 31, 2000	$1,601,649	$1,419,120	$1,362,184	$1,658,585
Year ended December 31, 1999	1,450,067	1,065,811	914,229	1,601,649
Year ended December 31, 1998	1,423,902	983,367	957,202	1,450,067

Note A - Uncollected receivables written off, net of recoveries.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) (3) Exhibits.

23 Consent of Ernst & Young LLP.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: August 29, 2001

By: /s/ Robert J. Washlow
Robert J. Washlow, Chairman of the Board and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below this 29th day of August, 2001, by the following persons on behalf of the registrant and in the capacities indicated.

SIGNATURE	TITLE
/s/ Robert J. Washlow Robert J. Washlow	Chairman of the Board, Chief Executive Officer and Director (principal executive officer)
/s/ Joseph L. Pawlick Joseph L. Pawlick	Chief Financial Officer (principal financial officer)
/s/ Victor G. Galvez Victor G. Galvez	Controller (principal accounting officer)
/s/ Jerome Shaffer Jerome Shaffer	Vice President, Treasurer and Director
/s/ James T. Brophy James T. Brophy	Director
/s/ Bernard Kalish Bernard Kalish	Director
/s/ Robert M. Melzer Robert M. Melzer	Director
/s/ Ronald B. Port Ronald B. Port	Director
/s/ Sidney L. Port Sidney L. Port	Director
/s/ Robert G. Rettig Robert G. Rettig	Director
/s/ Mitchell H. Saranow Mitchell H. Saranow	Director

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
23	Consent of Ernst & Young LLP.

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-17912) pertaining to the Lawson Products, Inc. Employees' Profit Sharing Trust, and in the related Prospectus of our report dated February 23, 2001, with respect to the consolidated financial statements and schedule of Lawson Products, Inc. included in the Annual Report (Form 10-K/A), for the year ended December 31, 2001.

/s/ Ernst & Young LLP

Chicago, Illinois
August 29, 2001