SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 1999

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, 2000, 10,041,922 shares of Common Stock were outstanding.

The aggregate market value of the Registrant's Common Stock held by nonaffiliates on March 1, 2000 was approximately $112,629,000.

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.
[X]

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

Proxy Statement for Annual Meeting of Stockholders to be held on May 16, 2000	Part III

PART I

Item 1. Business.

Lawson Products, Inc. was incorporated in Illinois in 1952 and reincorporated in Delaware in 1982.

Products

The Company is a distributor of approximately 70,000 expendable maintenance, repair and replacement products. In addition, the Company distributes 12,000 production components (mostly fasteners) to the O.E.M. marketplace. It manufactures approximately 1,000 of these items. These products may be divided into three broad categories: Fasteners, Fittings and Related Parts, such as screws, nuts, rivets and other fasteners; Industrial Supplies, such as hoses and hose fittings, lubricants, cleansers, adhesives and other chemicals, as well as files, drills, welding products and other shop supplies; and Automotive and Equipment Maintenance Parts, such as primary wiring, connectors and other electrical supplies, exhaust and other automotive parts. The Company estimates that these categories of products accounted for the indicated percentages of its total consolidated net sales for 1999, 1998 and

1997 respectively:

	Percentage of Consolidated Net Sales		
	1999	1998	1997
Fasteners, Fittings and Related Parts	46%	45%	46%
Industrial Supplies	50	51	49
Automotive and Equipment Maintenance Parts	4	4	5
	100%	100%	100%

All of the Company's maintenance and repair products are manufactured by others and must meet the Company's specifications. Approximately 90% of the Company's products are sold under the Company label. Substantially all maintenance and repair items which the Company distributes are purchased by the Company in bulk and subsequently repackaged in smaller quantities. The Company regularly uses a large number of suppliers but has no long-term or fixed price contracts with any of them. Most maintenance and repair items which the Company distributes are purchased from several sources, and the Company believes that the loss of any single supplier would not significantly affect its operations. No single supplier accounted for more than 4.8% of the Company's purchases in 1999.

Production components sold to the O.E.M. marketplace may be manufactured to customers' specification or purchased from other sources.

Marketing

The Company's principal markets are as follows:

Heavy Duty Equipment Maintenance. Customers in this market include operators of trucks, buses, agricultural implements, construction and road building equipment, mining, logging and drilling equipment and other off-the-road equipment. The Company estimates that approximately 31% of 1999 sales were made to customers in this market.

In-Plant and Building Maintenance. This market includes plants engaged in a broad range of manufacturing and processing activities, as well as institutions such as hospitals, universities, school districts and government units. The Company estimates that approximately 45% of 1999 sales were made to customers in this market.

Passenger Car Maintenance. Customers in this market include automobile service center chains, independent garages, automobile dealers, car rental agencies and other fleet operators. The Company estimates that approximately 12% of 1999 sales were made to customers in this market.

Original Equipment Manufacturers. This market includes plants engaged in a broad range of manufacturing and processing activities. The Company estimates that approximately 12% of 1999 sales were made to customers in this market.

The Company has approximately 222,000 customers, the largest of which accounted for less than one percent of net sales during 1999. Sales are made through a force of approximately 1,750 independent sales representatives of which 81 serve the O.E.M. marketplace. Included in this group are 196 district and zone managers, each of whom, in addition to his own sales activities, acts in an advisory capacity to other sales representatives in a designated area. The Company employs 40 regional managers to coordinate regional marketing efforts. Most sales representatives, including district and zone managers, are compensated on a commission basis and are responsible for repayment of commissions on their respective uncollectible accounts. In addition to the sales representatives and district, zone and regional managers discussed above, the Company has approximately 1,190 employees.

The Company's products are sold in all 50 states, Mexico, Puerto Rico, the District of Columbia, Canada and the United Kingdom. The Company believes that an important factor in its success is its ability to service customers promptly. During the past five years, more than 99.5% of all items were shipped to the customer within 24 hours after an order was received by the Company. This rapid delivery is facilitated by computer controlled order entry and inventory control systems in each general distribution center. In addition, the receipt of customer orders at Lawson distribution facilities has been accelerated by portable facsimile transmission equipment and personal computer systems used by sales representatives. Customer orders are delivered by common carriers.

The Company is required to carry significant amounts of inventory in order to meet its high standards of rapid processing of customer orders. The Company funds its working capital requirements internally.

Distribution and Manufacturing Facilities

Substantially all of the Company's maintenance products are stocked in and distributed from each of its seven general distribution centers in; Addison, Illinois; Reno, Nevada; Farmers Branch, Texas; Suwanee, Georgia; Fairfield, New Jersey; Mississauga, Ontario, Canada and Bradley Stoke (Bristol) England. Chemical products are distributed from a facility in Vernon Hills, Illinois and welding products are distributed from a facility in Charlotte, North Carolina. Production components are stocked in and distributed from five centers located in Decatur, Alabama; Burr Ridge, Illinois; Memphis, Tennessee; Lenexa, Kansas and Cincinnati, Ohio. Production components are manufactured in Decatur, Alabama. In the opinion of the Company, all existing facilities are in good condition and are well maintained. All are being used substantially to capacity on a single shift basis, except the manufacturing facility in Decatur, Alabama which operates two shifts and the inbound facility in Des Plaines, Illinois, which operates two shifts. Further expansion of warehousing capacity may require new warehouses, some of which may be located in new geographical areas.

Canadian Operations

Canadian operations are conducted at the Company's 40,000 square foot general distribution center in Mississauga, Ontario, a suburb of Toronto. These operations constituted less than 3% of the Company's net sales during 1999.

United Kingdom Operations

Operations in the United Kingdom are conducted under the name of Lawson Products Limited from a 19,000 square foot general distribution center in Bradley Stoke (Bristol) England. These operations constituted less than 1% of the Company's net sales during 1999.

Mexican Operations

Operations in Mexico are conducted under the name of Lawson Products de Mexico S.A. de C.V. from a 10,000 square foot facility in Guadalajara, Mexico. These operations constituted less than 1% of the Company's net sales during 1999.

Competition

The Company encounters intense competition from several national distributors and manufacturers and a large number of regional and local distributors. Due to the nature of its business and the absence of reliable trade statistics, the Company cannot estimate its position in relation to its competitors. However, the Company recognizes that some competitors may have greater financial and personnel resources, handle more extensive lines of merchandise, operate larger facilities and price some merchandise more competitively than the Company. Although the Company believes that the prices of its products are competitive, it endeavors to meet competition primarily through the quality of its product line, its response time and its delivery systems.

Item 2. Properties.

The Company owns two facilities located in Des Plaines, Illinois, (152,600 and 27,000 square feet, respectively). These buildings contain the Company's main administrative activities and an inbound warehouse facility that principally supports the Addison, Illinois facility and all Lawson distribution facilities. Additional administrative, warehouse and distribution facilities owned by the Company are located in Addison, Illinois (90,000 square feet); Fairfield, New Jersey (61,000 square feet); Reno, Nevada (97,000 square feet); Suwanee, Georgia (105,000 square feet); Farmers Branch, Texas (54,500 square feet); and Mississauga, Ontario, Canada (40,000 square feet). Chemical products are distributed from a 105,400 square foot owned facility in Vernon Hills, Illinois and welding products are distributed from a 40,000 square foot owned facility located in Charlotte, North Carolina. Administrative, warehouse and distribution facilities in Bradley Stoke (Bristol) England (19,000 square feet) are leased by the Company. Administrative and distribution facilities in Guadalajara, Mexico (10,000 square feet) are leased by the Company. Production components are distributed from leased facilities in Burr Ridge, Illinois (24,000 sq. ft.) Memphis, Tennessee, (40,000 sq. ft.), Lenexa, Kansas (40,500 sq. ft.) and Cincinnati, Ohio (16,800 sq. ft.). The Company owns a 54,000 square foot facility in Decatur, Alabama which manufacturers and distributes production components. From time to time, the Company leases additional warehouse space near its present facilities. See Item 1, "Business - Distribution Facilities" for further information regarding the Company's properties.

Item 3. Legal Proceedings.

There is no material pending litigation to which the Company, or any of its subsidiaries, is a party or to which any of their property is subject.

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

No matter was submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this Report.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.

The Company's Common Stock is traded on the NASDAQ National Market System under the symbol of "LAWS." The approximate number of stockholders of record at December 31, 1999 was 1,005. The following table sets forth the high and low closing sale prices as reported on the NASDAQ National Market System during the last two years. The table also indicates the cash dividends paid by the Company during such periods.

	1999			1998		
	High	Low	Cash Dividends	High	Low	Cash Dividends
First Quarter	$23 1/8	$20 1/2	$.14	$31 1/4	$24 1/2	$.14
Second Quarter	27 1/4	20 7/8	.14	28 1/4	25 1/4	.14
Third Quarter	27	21 5/8	.14	27 1/4	20 9/16	.14
Fourth Quarter	23 3/4	22	.14	24 3/4	21 1/2	.14

Item 6. Selected Financial Data.

The following selected financial data should be read in conjunction with the Financial Statements of the Company and notes thereto included elsewhere in this Report. The income statement data and balance sheet data is for and as of the end of each of the years in the five-year period ended December 31, 1999, are derived from the audited Financial Statements of the Company.

	1999	1998	1997	1996	1995
Net Sales	$318,970,113	$292,523,475	$278,144,321	$250,289,124	$223,537,182
Income Before Income Taxes	40,269,981	33,590,229	35,723,277	33,884,637	34,815,029
Net Income - As Reported	23,927,981	19,474,229	21,350,277	19,994,637	21,120,029
Net Income, Exclusive of Special Items (1)	25,133,981	20,994,229	21,350,277	19,994,637	21,120,029
Total Assets	215,990,877	198,982,290	188,974,415	175,161,839	160,613,798
Return on Assets (percent)	11.1	9.8	11.3	11.4	13.1
Noncurrent Liabilities	27,525,033	25,246,269	24,577,547	22,065,583	19,292,794
Stockholders' Equity	150,039,989	142,934,735	139,925,387	128,746,212	122,810,577
Return on Equity (percent)	16.5%	13.5%	16.0%	15.8%	16.9%
Per Share of Common Stock:					
Basic Net Income	$2.29	$1.77	$1.91	$1.73	$1.75
Diluted Net Income	2.29	1.76	1.91	1.73	1.75
Stockholders' Equity (2)	14.37	12.97	12.55	11.13	10.17
Cash Dividends Declared (2)	.57	.56	.54	.52	.51
Basic Weighted Average Shares Outstanding	10,444,076	11,023,934	11,153,091	11,563,052	12,072,668
Diluted Weighted Average Shares Outstanding	10,445,836	11,041,819	11,175,232	11,563,715	12,074,647

(1) In 1999 and 1998, the Company recorded special charges for compensation arrangements related to management personnel reductions and retirements. These charges reduced net income by $1,760,000 and $1,520,000 for 1999 and 1998, respectively. Additionally, in 1999, a gain of $554,000, net of income taxes, was recorded on the sale of marketable securities.

(2) These per share amounts were computed using basic weighted average shares outstanding for all periods presented.

Item 7. Management's Discussion and Analysis of Results of Operation and Financial Condition

RESULTS OF OPERATIONS

Net sales for 1999 and 1998 increased 9.0% and 5.2%, respectively, over the immediately preceding years. The sales gains for 1999 resulted from the addition of new customers, increased orders, a higher average order size throughout Lawson's businesses and from the acquisition of our newest subsidiary, ACS/SIMCO. The advance for 1998 reflected increased contribution from substantially all Lawson operations with our specialty chemical subsidiary spearheading the 1998 increase.

Net income for 1999 rose 22.9% from 1998 to $23.9 million, while diluted net income per share in 1999 increased 30.1% to $2.29 from $1.76 in 1998. Sales gains, cost containment efforts and improved performance by our international subsidiaries were primarily responsible for the increase in net income in 1999 over 1998. Excluding a $1.8 million special charge, net of taxes, for compensation arrangements related to management personnel reductions and a gain of $600,000, net of income taxes, from the sale of marketable securities, net income was approximately $25.1 million ($2.41 per diluted share), an improvement of 19.7% over 1998 net income, exclusive of a special charge of $1.5 million, net of taxes. Net income in 1998 declined 8.8% from 1997 to $19.5 million, while diluted net income per share in 1998 decreased 7.9% to $1.76 from $1.91 in 1997. The decrease in net income from 1997 is primarily due to a $1.5 million special charge, net of taxes, for compensation arrangements related to management personnel reductions and retirements. Costs arising from the realignment of management in Lawson's domestic sales organization, as well as increased losses from our foreign operations and a higher effective tax rate also contributed to the decline in net income for 1998. These items more than offset the sales gains and gross profit improvements in 1998. Excluding the effect of the restructuring charge, 1998 net income was approximately $21 million ($1.90 per diluted share). Per share net income for 1999, 1998 and 1997 was positively affected by the Company's share repurchases discussed below.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows provided by operations for 1999, 1998 and 1997 were $23.3 million, $16.1 million and $17.0 million, respectively. The increase in 1999 was due primarily to the gain in net income noted above, lower payments made under deferred compensation and security bonus plans and higher depreciation and amortization levels. The decline in 1998 resulted principally from the decrease in net income noted above, and increased payments made under deferred compensation and security bonus plans which more than offset the positive impact from higher operating liabilities. In addition to satisfying operating requirements, current investments and cash flows from operations are expected to finance the Company's future growth, cash dividends and capital improvements.

Capital expenditures for 1999, 1998 and 1997, respectively, were $6.5 million, $5.4 million and $5.9 million. Consistent with prior years, capital expenditures were incurred primarily for new facilities, improvement of existing facilities, and for the purchase of related equipment. During the third quarter of 1999, construction of a new Lawson outbound facility in Suwanee, Georgia was substantially completed at a cost of approximately $7 million. The new facility will be used in place of the Norcross, Georgia facility, which was disposed of in a tax-free exchange as a component of the purchase price of the Suwanee facility. In 1998, construction was completed relative to the facilities expansion of the Company's specialty chemical subsidiary, at a cost of approximately $3 million.

During the third quarter of 1999, the Company purchased, for cash, substantially all of the assets and liabilities of SunSource Inventory Management Company, Inc. (SunSource) and Hillman Industrial Division (Hillman), headquartered in Lenexa, Kansas, at a cost of approximately $10.5 million. SunSource and Hillman were distributors of fasteners in the original equipment marketplace. The former business operations of SunSource and Hillman are conducted by the Company's new subsidiary, ACS/SIMCO.

During the fourth quarter of 1999, the Board of Directors authorized the purchase of up to 500,000 shares of the Company's common stock. As of December 31, 1999, no shares have been purchased relative to this authorization. In 1998, the Board of Directors authorized the purchase of up to 500,000 shares of the Company's common stock, of which 411,500 were purchased in 1999 for approximately $9.5 million. Additionally, during 1999, the remaining 48,500 shares relative to the 1996 stock repurchase authorization of up to 1,000,000 shares, were purchased for approximately $1 million. Relative to the 1996 stock repurchase authorization, 472,000 shares were purchased for approximately $10.3 million in 1998 and 187,500 shares were purchased for approximately $4.1 million in 1997. Funds to purchase these shares were provided by investments and cash flows from operations.

IMPACT OF THE YEAR 2000

The Company did not experience any significant malfunctions or errors in its operating or business systems when the year changed from 1999 to 2000. Based upon operations since January 1, 2000, the Company does not expect any significant impact to its ongoing business as a result of the "Year 2000 issue." However, it is possible that the full impact of the date change, which was of concern due to computer programs that use two digits instead of four digits to define years, has not been fully recognized. The Company believes that such problems, if any, are likely to be minor and correctable.

The Company could also still be negatively affected if its customers or suppliers are adversely impacted by the Year 2000 or similar issue. The Company is not currently aware of any significant Year 2000 or similar problems that have arisen for its customers or suppliers.

The Company expended $600,000 on Year 2000 readiness efforts from 1997 to 1999. Those efforts included identifying and remediating Year 2000 problems and modification of Year 2000 non-complaint software.

IMPACT OF INFLATION AND CHANGING PRICES

The Company has continued to pass on to its customers most increases in product costs and, accordingly, gross margins have not been materially impacted. The impact from inflation has been more significant on the Company's fixed and semi-variable operating expenses, primarily wages and benefits, although to a lesser degree in recent years due to moderate inflation levels.

Although the Company expects that future costs of replacing warehouse and distribution facilities will rise due to inflation, such higher costs are not anticipated to have a material effect on future earnings.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The Company, through its foreign subsidiaries, distributes products in the United Kingdom, Canada and Mexico. As a result, the Company is from time to time exposed to market risk relating to the impact of foreign currency exchange rates; however, this exposure is minimal.

In addition, the Company maintains a portfolio of marketable securities, the majority of which are debt securities. As a result, the Company is exposed to market risk relating to interest rate movements; however, a hypothetical 10% adverse movement in interest rates would have no material impact on net income of the Company.

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, 1999 and 1998.

Consolidated Statements of Income for the Years ended December 31, 1999, 1998 and 1997.

Consolidated Statements of Changes in Stockholders' Equity for the Years ended December 31, 1999, 1998 and 1997.

Consolidated Statements of Cash Flows for the Years ended December 31, 1999, 1998 and 1997.

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, 1999 and 1998, 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, 1999. 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, 1999 and 1998, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, 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 25, 2000

LAWSON PRODUCTS, INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 1999	December 31, 1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,974,611	$ 13,871,720
Marketable securities	12,282,229	13,815,692
Accounts receivable, less allowance for doubtful accounts (1999-$1,601,649; 1998-$1,450,067)	41,108,121	35,255,226
Inventories	55,484,532	46,670,162
Miscellaneous receivables	2,835,685	2,894,636
Prepaid expenses	5,193,621	4,638,406
Deferred income taxes	1,389,000	1,256,000
Total Current Assets	130,267,799	118,401,842
Property, plant and equipment, at cost, less allowances for depreciation and amortization (1999-$36,479,611; 1998-$32,450,023)	41,988,652	41,142,497
Other assets:		
Marketable securities	4,694,776	11,019,945
Investments in real estate	4,107,664	4,053,664
Cash value of life insurance	14,760,461	12,876,120
Deferred income taxes	8,784,000	6,747,000
Goodwill, less accumulated amortization (1999-$124,533)	3,611,447	--
Other	7,776,078	4,741,222
	43,734,426	39,437,951
	$ 215,990,877	$ 198,982,290
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 8,248,929	$ 5,112,982
Accrued expenses and other liabilities	25,844,991	22,405,504
Income taxes	4,331,935	3,282,800
Total Current Liabilities	38,425,855	30,801,286
Non-current liabilities and deferred credits:		
Accrued liability under security bonus plans	16,494,190	15,314,813
Deferred compensation and other liabilities	11,030,843	9,931,456
	27,525,033	25,246,269
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-1999-10,203,922 shares; 1998-10,663,822 shares	10,203,922	10,663,822
Capital in excess of par value	717,004	749,320
Retained earnings	140,200,567	132,208,664
	151,121,493	143,621,806
Foreign currency translation adjustment	(1,053,504)	(1,355,071)
Unrealized (loss) gain on marketable securities	(28,000)	668,000
Accumulated other comprehensive income	(1,081,504)	(687,071)
	150,039,989	142,934,735
	$ 215,990,877	$ 198,982,290

See notes to consolidated financial statements

LAWSON PRODUCTS, INC.
CONSOLIDATED STATEMENTS OF INCOME

	Year ended December 31, 1999	1998	1997
Net sales	$ 318,970,113	$ 292,523,475	$ 278,144,321
Cost of goods sold	109,224,791	99,554,363	95,985,602
Gross profit	209,745,322	192,969,112	182,158,719
Selling, general and administrative expenses	168,338,997	158,433,648	147,235,497
Special charges	2,932,365	2,621,124	-
Provision for doubtful accounts	1,065,811	983,367	1,028,221
Operating Income	37,408,149	30,930,973	33,895,001
Interest and dividend income	1,312,312	1,458,548	1,285,809
Interest expense	(7,351)	(47,957)	(31,280)
Other income - net	1,556,871	1,248,665	573,747
	2,861,832	2,659,256	1,828,276
Income Before Income Taxes	40,269,981	33,590,229	35,723,277
Federal and state income taxes (benefit):			
Current	18,275,000	16,034,000	15,306,000
Deferred	(1,933,000)	(1,918,000)	(933,000)
	16,342,000	14,116,000	14,373,000
Net Income	$ 23,927,981	$ 19,474,229	$ 21,350,277
Net Income Per share of Common Stock			
Basic	$ 2.29	$ 1.77	$ 1.91
Diluted	$ 2.29	$ 1.76	$ 1.91

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, 1997	$ 11,311,464	$ 512,008	$ 117,234,229	$ (311,489)	$ -
Net income			21,350,277		21,350,277
Other comprehensive income, net of tax:					
Unrealized gain on marketable securities				55,000	55,000
Adjustment for foreign currency translation				(431,206)	(431,206)
Other comprehensive loss for the year					(376,206)
Comprehensive income for the year					$ 20,974,071
Cash dividends declared			(6,010,507)		
Stock issued under employee stock plans	11,269	266,217			
Purchase and retirement of common stock	(187,500)	(8,487)	(3,865,888)		
Balance at December 31, 1997	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 income 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:				(696,000)	(696,000)
Unrealized loss on marketable securities					
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)	

See notes to consolidated financial statements

LAWSON PRODUCTS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31, 1999	1998	1997
Operating activities:			
Net income	$ 23,927,981	$ 19,474,229	$ 21,350,277
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	6,527,459	5,498,385	5,019,437
Provision for allowance for doubtful accounts	1,065,811	983,367	1,028,221
Deferred income taxes	(1,933,000)	(1,918,000)	(933,000)
Deferred compensation and security bonus plans	4,651,635	4,190,541	4,214,100
Payments under deferred compensation and security bonus plans	(2,263,293)	(3,414,210)	(1,604,352)
Losses from sale of property, plant and equipment	-	627	108,079
Gains from sale of marketable securities	(902,960)	(50,776)	(45,470)
Income from investments in real estate	(544,000)	(763,000)	(506,000)
Changes in operating assets and liabilities (Exclusive of effect of acquisition):			
Accounts receivable	(4,276,788)	(2,524,428)	(4,416,319)
Inventories	(2,886,074)	(4,881,840)	(4,741,208)
Prepaid expenses and other assets	(5,757,891)	(6,121,144)	(2,224,583)
Accounts payable and accrued expenses	4,290,592	4,753,798	886,109
Income taxes payable	1,049,135	1,642,005	(852,139)
Other	368,539	(798,646)	(303,506)
Net Cash Provided by Operating Activities	23,317,146	16,070,908	16,979,646
Investing activities:			
Additions to property, plant and equipment	(6,462,348)	(5,378,660)	(5,894,656)
Purchases of marketable securities	(122,774,913)	(196,265,030)	(143,028,547)
Proceeds from sale of marketable securities	130,451,955	204,848,618	137,301,088
Proceeds from sale of property, plant and equipment	-	1,000	2,308
Proceeds from life insurance policies	-	438,819	-
Acquisition of business, net of cash acquired of $4,850	(10,519,909)	-	-
Other	490,000	440,000	80,000
Net Cash Provided by (Used In) Investing Activities	(8,815,215)	4,084,747	(11,539,807)
Financing Activities:			
Purchases of common stock	(10,519,700)	(10,348,469)	(4,061,875)
Proceeds from exercise of stock options	-	13,327	277,486
Dividends paid	(5,879,340)	(6,196,361)	(5,923,040)
Net Cash Used in Financing Activities	(16,399,040)	(16,531,503)	(9,707,429)
Increase (Decrease) in Cash and Cash Equivalents	(1,897,109)	3,624,152	(4,267,590)
Cash and Cash Equivalents at Beginning of Year	13,871,720	10,247,568	14,515,158
Cash and Cash Equivalents at End of Year	$ 11,974,611	$ 13,871,720	$ 10,247,568

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 six operating units with which it conducts its business, however these units have been aggegrated into one reportable segment. The Company's principle operations are in the United States, however the Company does have foreign operations as follows:

	YEARS ENDED DECEMBER 31		
	1999	1998	1997
Revenues:			
Canada	$6,967	$6,324	$6,212
United Kingdom	3,001	2,872	3,018
Mexico	2,335	2,276	1,912
Long-lived Assets:			
Canada	2,312	2,273	2,553
United Kingdom	693	693	714
Mexico	86	135	220

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 to customers.

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.

Investments in Real Estate: The Company's investments in real estate representing limited partnership interests are 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 Investments 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 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, 1999, 1998 and 1997.

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 1997 and 1998 financial statements to conform with the 1999 presentation.

New Accounting Standards: In June 1998, the 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 133 will require the Company to recognize all derivatives on the consolidated balance sheet at fair value. The Company does not anticipate that the adoption of Statement 133 will 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 in the original equipment marketplace. The former business operations of SunSource and Hillman are being conducted through the Company's new subsidiary, ACS/SIMCO.

Pro forma consolidated net sales, assuming the purchase had occurred as of January 1, 1998 would approximate $329.9 million and $315.4 million for 1999 and 1998, respectively; pro forma net income or net income per share would not differ materially from reported amounts.

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 $323,000 were made in 1999.

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 $1,069,000 were made in 1999 against this accrual. 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) 1999	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
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

1998	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of states and political subdivisions	$ 16,723	$ 90	$ 4	$ 16,809
Foreign government securities	7,007	-	-	7,007
Other debt securities	73	-	-	73
Total debt securities	23,803	90	4	23,889
Equity securities	6	947	6	947
	$ 23,809	$ 1,037	$ 10	$ 24,836

The gross realized gains on sales of marketable securities totaled: $992,000, $52,000 and $52,000 in 1999, 1998 and 1997, respectively, and the gross realized losses totaled $89,000, $1,000 and $7,000, respectively. The net adjustment to unrealized holding losses included as a separate component of stockholders' equity, net of taxes, totaled $696,000 in 1999, while in 1998 and 1997, the net adjustment to unrealized holding gains included as a separate component of stockholders' equity, net of taxes, totaled $105,000 and $55,000, respectively.

The amortized cost and estimated fair value of marketable securities at December 31, 1999, 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	$ 12,291	$ 12,282
Due after one year through five years	4,729	4,695
Total debt securities	$ 17,020	$ 16,977

NOTE F-PROPERTY, PLANT AND EQUIPMENT

The cost of property, plant and equipment consists of:

	1999	1998
Land	$ 6,683,222	$ 6,011,531
Buildings and improvements	38,863,186	38,290,080
Machinery and equipment	27,363,448	22,216,024
Furniture and fixtures	5,293,762	5,014,995
Vehicles	260,895	272,829
Construction in Progress	3,750	1,787,061
	$ 78,468,263	$ 73,592,520

NOTE G-INVESTMENTS IN REAL ESTATE

The Company is a limited partner in two real estate limited partnerships. An officer and member of the Board of Directors of the Company has a 1.5% interest and 5.5% interest, respectively, as a general partner in these partnerships, which interests are subordinated to the Company's interests in distributable cash.

NOTE H-ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following:

	1999	1998
Salaries, commissions and other compensation	$ 8,051,216	$ 7,567,449
Accrued special charges	4,032,000	2,621,000
Accrued and withheld taxes, other than income taxes	2,196,971	2,080,204
Accrued profit sharing contributions	2,646,677	2,443,289
Accrued self-insured health benefits	1,574,878	1,318,356
Cash dividends payable	1,531,713	1,492,935
Other	5,811,536	4,882,271
	$ 25,844,991	$ 22,405,504

NOTE I-STOCK PLAN

The Company's Incentive Stock Plan, As Amended ("Plan"), provides for the issuance of shares of Common Stock to non-employee directors, officers and key employees pursuant to stock options, stock appreciation rights, stock purchase agreements and stock awards. At December 31, 1999, 647,777 shares of Common Stock were available for issuance under the Plan.

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:

	Average Price	Option Shares
Outstanding January 1, 1997	24.48	310,285
Granted	27.00	1,000
Exercised	24.62	(11,269)
Canceled or expired	27.07	(9,737)
Outstanding December 31, 1997	24.40	290,279
Granted	26.75	9,000
Exercised	24.19	(889)
Canceled or expired	26.89	(27,500)
Outstanding December 31, 1998	23.34	270,890
Granted	22.44	9,000
Exercised	-	-
Cancelled or expired	23.63	(9,700)
Outstanding at December 31, 1999	24.19	270,190
Exercisable options at		
December 31, 1999	$24.42	220,439
December 31, 1998	24.97	169,488
December 31, 1997	26.10	149,026

As of December 31, 1999, the Company had the following outstanding options:

Exercise Price	$22.44-$23.25	$26.75	$27.00-$29.75
Options Outstanding	179,440	9,000	81,750
Weighted Average Exercise Price	$22.55	$26.75	$27.49
Weighted Average Remaining Life	6.5	8.4	.5
Options Exercisable	136,939	2,250	81,250
Weighted Average Exercise Price	$22.56	$26.75	$27.50

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:

	1999	1998	1997
Risk-free interest rate	6.79%	4.97%	5.81%
Dividend yield	2.00%	2.00%	2.00%
Stock price volatility factor	.18	.18	.19
Weighted-average expected life (years)	8	8	8
Weighted-average fair value of options granted	$6.95	$6.80	$7.77

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:

	1999	1998	1997
Net income - as reported	$23,927,981	$19,474,229	$21,350,277
Net income - pro forma	23,565,000	19,123,000	21,010,000
Basic earnings per share - as reported	2.29	1.77	1.91
Diluted earnings per share - as reported	2.29	1.76	1.91
Basic earnings per share - pro forma	2.26	1.73	1.88
Diluted earnings per share - pro forma	2.26	1.73	1.88

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 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 $5,051,000, $4,845,000 and $4,387,000 for the years ended December 31, 1999, 1998 and 1997, respectively.

The Company sponsors a 401(k) defined contribution savings plan. The plan, which is available to all employees, was provided to give employees a pre-tax investment vehicle to save for retirement. All contributions to the plan are made by plan participants.

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:

Deferred Tax Assets:	1999	1998
Compensation and benefits	$ 12,327,000	$ 10,850,000
Inventory	1,237,000	1,037,000
Net operating loss carryforwards of subsidiary	4,169,000	3,877,000
Accounts receivable	486,000	446,000
Other	583,000	730,000
Total Deferred Tax Assets	18,802,000	16,940,000
Valuation allowance for deferred tax assets	(4,169,000)	(3,877,000)
Net Deferred Tax Assets	14,633,000	13,063,000
Deferred Tax Liabilities:		
Property, plant & equipment	1,060,000	1,318,000
Investments in real estate	3,063,000	3,169,000
Marketable securities	-	359,000
Other	337,000	214,000
Total Deferred Tax Liabilities	4,460,000	5,060,000
Total Net Deferred Tax Assets	$ 10,173,000	$ 8,003,000

Net deferred tax assets include the tax impact of items in comprehensive income of $583,000 and $371,000 at December 31, 1999 and 1998, respectively.

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

	1999	1998	1997
United States	$41,671,677	$36,288,309	$37,303,959
Foreign	(1,401,696)	(2,698,080)	(1,580,682)
	$40,269,981	$33,590,229	$35,723,277

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

	1999	1998	1997
Current:			
Federal	$ 15,187,000	$ 13,136,000	$ 12,568,000
State	3,088,000	2,898,000	2,738,000
	18,275,000	16,034,000	15,306,000
Deferred benefit	(1,933,000)	(1,918,000)	(933,000)
	$ 16,342,000	$ 14,116,000	$ 14,373,000

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

	1999	1998	1997
Statutory federal rate	35.0%	35.0%	35.0%
Increase (decrease) resulting from:			
State income taxes, net of federal income tax benefit	5.0	5.6	5.0
Non-taxable dividend and interest income	(.1)	(.7)	(1.6)
Foreign losses	1.5	2.7	1.9
Other items	(.8)	(.6)	(.1)
Provision for income taxes	40.6%	42.0%	40.2%

Income taxes paid for the years ended December 31, 1999, 1998 and 1997 amounted to $17,157,000, $14,359,000 and $16,078,000, respectively.

NOTE L-COMMITMENTS

The Company's minimum rental commitments, principally for equipment, under noncancelable leases in effect at December 31, 1999 amounted to approximately $5,333,000. Such rentals are payable as follows: 2000-$2,551,000; 2001-$1,786,000; 2002-$735,000 and 2003 and thereafter-$261,000.

Total rental expense for the years ended December 31, 1999, 1998 and 1997 amounted to $2,203,000, $1,655,000 and $1,647,000, 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 1999	1998	1997
NUMERATOR:			
Net income	$ 23,928	$ 19,474	$ 21,350
DENOMINATOR:			
Denominator for basic income per share - Weighted average shares	10,444	11,024	11,153
Effect of dilutive securities: Stock option plans	2	18	22
Denominator for diluted income per share - Adjusted weighted average shares	10,446	11,042	11,175
Basic income per share	$ 2.29	$ 1.77	$ 1.91
Diluted income per share	$ 2.29	$ 1.76	$ 1.91

NOTE N - SUMMARY OF UNAUDITED QUARTERLY RESULTS OF OPERATIONS

Unaudited quarterly results of operations for the years ended December 31, 1999 and 1998 are summarized as follows:

	Quarter ended			
1999	Mar. 31	Jun. 30, (1)(2)	Sept. 30, (3)	Dec. 31, (1)(4)
(In thousands, except per share data)				
Net sales	$74,148	$78,247	$82,515	$84,060
Cost of goods sold	25,837	26,672	29,595	27,121
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

	Quarter ended			
1998	Mar. 31	Jun. 30	Sept. 30	Dec. 31, (1)(4)
(In thousands, except per share data)				
Net sales	$70,363	$72,535	$75,530	$74,095
Cost of goods sold	24,828	24,876	25,941	23,909
Income before income taxes	7,728	8,267	9,138	8,458
Provision for income taxes	3,205	3,538	3,884	3,489
Net income	4,523	4,729	5,254	4,969
Net income per share of common stock:				
Basic	.41	.42	.48	.46
Diluted	.40	.42	.48	.46
Diluted weighted average shares outstanding	11,175	11,161	11,057	10,785

(1) During the second quarter of 1999 and the fourth quarter of 1999 and 1998, special charges were recorded related to severance and early retirement benefits, which reduced net income by $1,236,000, $524,000 and $1,520,000, respectively.

(2) The quarter reflects a $554,000 gain, net of income taxes, on the sale of marketable securities.

(3) The Company purchased substantially all the assets and assumed liabilities of the businesses now known as ACS/SIMCO on July 1, 1999. The transaction was accounted for as a purchase, and, therefore the results of ACS/SIMCO have been included with the Company's results since that date.

(4) 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 $1,689,000 and $1,146,000 in 1999 and 1998, respectively.

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, 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
Year ended December 31, 1997	1,357,662	1,028,221	961,981	1,423,902

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

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

a. Directors

The information required by this Item is set forth in the Company's Proxy Statement for the Annual Meeting of Stockholders to be held on May 16, 2000, under the caption "Election of Directors," which information is incorporated herein by reference.

b. Executive Officers

The executive officers of the Company, all of whose terms of office expire on May 16, 2000, are as follows:

Name and Present Position with Company	Age	Year First Elected to Present Office	Other Offices Held During the Past Five Years
Sidney L. Port Chairman of the Executive Committee and Director	89	1977	*
Robert J. Washlow Chairman of the Board, Chief Executive Officer and Director	55	1999	Mr. Washlow has been Chairman of the Board and Chief Executive Officer since August 1999. Prior thereto, Mr. Washlow was Executive Vice President-Corporate Affairs beginning in 1998, Secretary beginning in 1985 and a member of the Office of the President beginning in January 1999.
Bernard Kalish Retired Chief Executive Officer, Chairman of the Board and Director	62	1989	Mr. Kalish retired as Chairman of the Board and Chief Executive Officer of the Company in August 1999.
Jeffrey B. Belford Office of the President and Chief Operating Officer	53	1999	Mr. Belford became Chief Operating Officer and a member of the Office of the President effective January 1, 1999. Prior to 1999, Mr. Belford was Executive Vice President - Operations, Chief Operating Officer since 1989.
Roger Cannon Office of the President and Chief Sales Officer	51	1999	Mr. Cannon has been a member of the Office of the President since January 1, 1999. Prior to 1999, Mr. Cannon was Executive Vice President, Sales - Marketing from 1997-1999, and Vice President - - Central Field Sales from 1991 to 1997.
Jerome Shaffer, Vice President, Treasurer and Director	72	1987	*
James Smith Vice President--Human Resources	59	1996	Mr. Smith was Vice President, Personnel from 1995 to 1996. Prior to 1995, Mr. Smith was Manager, Human Resources since he joined the Company in 1993.
Joseph L. Pawlick, Chief Financial Officer and Secretary	57	1999	Prior to 1999, Mr. Pawlick was Vice President, Controller and Assistant Secretary of the Company since 1987.

Item 11. Executive Compensation.

The information required by this Item is set forth in the

Company's Proxy Statement for the Annual Meeting of Stockholders to be held on May 16, 2000, under the caption "Remuneration of Executive Officers," which information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information required by this Item is set forth in the Company's Proxy Statement for the Annual Meeting of Stockholders to be held on May 16, 2000 under the caption "Securities Beneficially Owned by Principal Stockholders and Management," which information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions.

The information required by this Item is set forth in the Company's Proxy Statement for the Annual Meeting of stockholders to be held on May 16, 2000 under the caption "Election of Directors," which information is incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a) (1) Financial Statements

The following information is presented in this report:

Consolidated Balance Sheets as of December 31, 1999 and 1998.

Consolidated Statements of Income for the Years ended December 31, 1999, 1998 and 1997.

Consolidated Statements of Changes in Stockholders' Equity for the Years ended December 31, 1999, 1998 and 1997.

Consolidated Statements of Cash Flows for the Years ended December 31, 1999, 1998 and 1997.

Notes to Consolidated Financial Statements.

(2) Financial Statement Schedule

The following consolidated financial statement schedule of Lawson Products, Inc. and subsidiaries is included in Item 14(d):

Schedule II - Valuation and Qualifying Accounts is submitted with this report.

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not submitted because they are not applicable or are not required under Regulation S-X or because the required information is included in the financial statements or notes thereto.

(a) (3) Exhibits.

2 Purchase Agreement dated April 30, 1996 among Assembly Component Systems, Inc., Automatic Screw Machine Products Company, David E. Norman and James C. Norman, incorporated herein by reference from Exhibit (2)(a) to the Company's Current Report on Form 8-K dated April 30, 1996.

3(a) Certificate of Incorporation of the Company, as amended, incorporated herein by reference to Exhibit 3(a) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1988.

3(b) By-laws of the Company, as amended, incorporated herein by reference to Exhibit 3(b) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998.

*10(c)(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.

*10(c)(2) Salary Continuation Agreement between the Company and Mr. Sidney L. Port dated January 7, 1980 incorporated herein by reference from Exhibit 10(c)(2) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1991.

*10(c)(3) Employment Agreement between the Company and Mr. Bernard Kalish, incorporated herein by reference from Exhibit 10(c)(6) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1985; First Amendment to Employment Agreement dated as of May 27, 1988 incorporated herein by reference from Exhibit 10(c)(6) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1988.

*10(c)(3.1)	Second Amendment to Employment Agreement between the Company and Bernard Kalish dated as of August 1, 1996, incorporated herein by reference to Exhibit 10(c)(4.1) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.
*10(c)(4)	Employment Agreement between the Company and Mr. Jerome Shaffer, 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, 1985.
*10(c)(4.1)	First Amendment to Employment Agreement dated as of August 1, 1996, incorporated herein by reference from Exhibit 10(c)(6.1) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.
*10(c)5)	Employment Agreement between the Company and Jeffrey B. Belford dated March 10, 1983.
*10(c)(6)	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.
*10(c)(7)	Employment Agreement dated July 21, 1994 between the Company and Roger F. Cannon, incorporated herein by reference to Exhibit 10(c)(8) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998.
*10(c)(8)	Agreement between the Company and Bernard Kalish dated July 31, 1999.
21	Subsidiaries of the Company.
23	Consent of Ernst & Young LLP.
27	Financial Data Schedule

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*Indicates management employment contracts or compensatory plans or arrangements.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the fourth quarter of the fiscal year covered by this Report.

(c) Exhibits

See item 14(a)(3) above for a list of exhibits to this report.

(d) Schedules

See item 14(a)(2) above for a list of schedules filed with this report.

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: March 20, 2000

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 20th day of March, 2000, 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/ 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
/s/ Peter G. Smith Peter G. Smith	Director

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
2	Purchase Agreement dated April 30, 1996 among Assembly Component Systems, Inc., Automatic Screw Machine Products Company, David E. Norman and James C. Norman, incorporated herein by reference from Exhibit (2)(a) to the Company's Current Report on Form 8-K dated April 30, 1996.
3(a)	Certificate of Incorporation of the Company, as amended, incorporated herein by reference to Exhibit 3(a) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1988.
3(b)	By-laws of the Company, as amended, incorporated herein by reference to Exhibit 3(b) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998.
10(c)(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.
10(c)(2)	Salary Continuation Agreement between the Company and Mr. Sidney L. Port, dated January 7, 1980, incorporated herein by reference from Exhibit 10(c)(2) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1991.
10(c)(3)	Employment Agreement between the Company and Mr. Bernard Kalish, incorporated herein by reference from Exhibit 10(c)(6) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1985; First Amendment to Employment Agreement dated as of May 27, 1988 incorporated herein by reference from Exhibit 10(c)(6) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1988.
10(c)(3.1)	Second Amendment to Employment Agreement between the Company and Bernard Kalish dated as of August 1, 1996, incorporated herein by reference to Exhibit 10(c)(4.1) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.
10(c)(4)	Employment Agreement between the Company and Mr. Jerome Shaffer, 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, 1985.
10(c)(4.1)	First Amendment to Employment Agreement dated as of August 1, 1996, incorporated herein by reference from Exhibit 10(c)(6.1) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.
10(c)(5)	Employment Agreement between the Company and Jeffrey B. Belford dated March 10, 1983.
10(c)(6)	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.
10(c)(7)	Employment Agreement dated July 21, 1994 between the Company and Roger F. Cannon, incorporated herein by reference to Exhibit 10(c)(8) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998.
10(c)(8)	Agreement between the Company and Bernard Kalish dated July 31, 1999.
21	Subsidiaries of the Company.
23	Consent of Ernst & Young LLP.
27	Financial Data Schedule

EXHIBIT 10(C)(5)

EMPLOYMENT AGREEMENT

This Agreement, made this 10th day of March A.D., 1983, effective as of January 1st, 1983, by and between Lawson Products, Inc., a corporation organized and existing under the Laws of Delaware, hereinafter called the "Company" of one part, and of Jeffrey Belford of Roselle, Illinois, hereinafter called "Belford" of the other part.

WITNESSETH:

Whereas Belford has been affiliated with the Company since December 29, 1980, and presently occupies the position of Director of Fastener Engineering; and

Whereas, due to the uncertainty of life and understandable desire of Belford to provide as best he can for the future security of himself and his family, and, therefore, to put into writing for the permanent record various matter which heretofore have been unwritten but understood between the Company and Belford;

Now, therefore, it is agreed that:

A. Belford shall presently continue as Director of Fastener Engineering and perform such other functions as may be assigned and accept, with all rights and privileges appertaining thereto;

B. During his employment, Belford shall actively devote the whole of his time, as required by the Company, to the business of the Company, and shall use his best efforts and endeavors to promote the interest and Welfare of the Company at all times;

C. Belford shall, at all times, conduct himself in a manner reflecting credit upon himself and the Company and he will refrain from any conduct which would cause disparagement of himself or the Company;

D. He will not, during his employment, and for a period' of one (1) year after the termination of his employment, discuss to any person whatsoever any information relating to the Company or its customers or any trade secrets of which he shall become possessed while acting for the Company in any capacity:

E. He will not, during the period referred to in D, without the written permission of the Board of Directors, directly or indirectly, individually or in combination with others with respect to any other company carrying on a business similar to that of the Company or its parent or any direct or indirect subsidiary of the parent ("Affiliated Company"):

   (a) Hold or deal in the shares of any such company which is privately owned, or

   (b) Hold or deal in (except for investment purposes only, and not to the extent in the aggregate of a controlling interest) the shares of any such company which is publicly owned;

B. The basis of compensation shall be no less than $62,500 . and, starting with January 1, 1984, an increase of no less than 8% annually for three (3) years and thereafter, as determined by the Company, subject to such increases being permissible under the existing laws and regulations.

C. Belford covenants that, during and within one (1) year following termination of his employment for whatever reason, he will not directly or indirectly carry on for himself or be associated in any capacity with any business, whether it be corporation, partnership, or individual operation, which business competes with that of the Company or any Affiliated Company, with respect to the products handled or the customers sold or both and he will not engage in any activities which will be detrimental or contrary to the best interest of the Company or any Affiliated Company.

These hereinabove recited covenants (A through G, inclusive) are of the essence of this Agreement and the breach of any or all shall give rise to a cause of action or defense, either in law or equity, for the aggrieved party, and for the immediate termination of employment.

Belford further covenants and agrees that, in the event of a breach or violation on his part of the above covenants, a suit in equity may be instituted to obtain an injunction and that a temporary restraining order or injunction may be granted immediately upon the commencement of any such suit without notice. This remedy is in addition to any other remedies, legal or equitable, available to the Company.

Each party shall be entitled to two (2) years notice by registered or certified mail directed to the regular mailing address in the event termination shall be required by either party, except that in the event of breach by Belford of any of the covenants, A to G, inclusive, advance notice of termination by the

Company shall not be required.

In addition, Belford is to receive a paid vacation of two (2) weeks annually, for five (5) years and thereafter three (3) weeks annually, plus the following benefits as presently in effect; Hospitalization and Major Medical, Long Term Disability, Profit Sharing, Life Insurance Policy, in the amount of $50,000 with Double Indemnity. In addition, an Accidental Death Policy is carried by the Company whereby the sum of $100,000 is paid to the family of Belford in the event of accidental death. This coverage will continue as long as this Accident Policy is carried by the Company.

This is a contract for personal services and , in the event Belford shall become incapacitated in accordance with the terms of his Long Term Disability Policy provided by the Company, and unable to perform his normal duties and it becomes necessary to have another man act in the place of Belford, Belford shall be paid 100% of his salary for a period not to exceed six (6) months and one-half of his salary for the ensuing two and one-half (2-1/2) years. In every instance, under this Agreement, the amounts payable under the Long Term Disability Policy are to be applied as credits for the Company against the amounts to be received by Belford whether for a short term or a long term incapacity.

In the event Belford should suffer a premature demise while in the employ of the Company, and prior to his having given notice of termination of services, as provided above, Lawson Products, Inc., will continue to pay to his designated beneficiary, or if none, to the personal representative of his estate, an amount equal to one-half (1/2) his annual salary for a period of one (1) year, in equal semi-monthly installments, payable on the 10th and 25th respectively. This additional payment is agreed to in consideration of the services rendered over and above that which is called for in the ordinary performance of one's duties, and for which Belford has not been and will not be compensated for during his lifetime, and the Company makes this provision for payment covering such services.

The Agreement constitutes and expresses the whole agreement of said parties hereto in reference to any employment of Belford by the Company and-in reference to any of the matters or things herein provided for or hereinabove discussed or mentioned, in reference to such employment--all representations and understandings relative hereto having been merged herein.

This Agreement is to be construed in accordance with the Laws of the State of Illinois and, in the event any portion of it is or shall be deemed invalid or unenforceable in any State, such invalidity or lack of enforceability shall not render the remaining portion of this Agreement invalid or unenforceable in said State or elsewhere.

In witness whereof the parties have hereto set their hands and seals the day and year first herein above written.

LAWSON PRODUCTS, INC.

By: ------------------------

EXHIBIT 10(C)(8)

AGREEMENT

This Agreement made this 31st day of July, 1999, between Bernard Kalish ("Kalish") and Lawson Products, Inc., a Delaware corporation ("Company") at Des Plaines Illinois.

The Company desires to accept the proposal for part-time employment effective with the close of business on July 31, 1999, on the terms, conditions and in accordance with the provisions as set forth herein. Kalish has since February 1, 1956, served the Company in various capacities including, but not limited to Director, corporate officer, Chairman of the Board, and Chief Executive Officer, and has been directly involved in the creation, acquisition and operation of many aspects of the business of the Company and of its subsidiaries within the United Sates and in foreign countries.

In consideration of the premises hereof and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, the parties hereby agree as follows:

1. Effective August 1, 1999 ("Resignation Date"), Kalish will relinquish his duties and responsibilities and resign from the offices of Chairman of the Board and Chief Executive Officer of Lawson Products, Inc. (Delaware), as a member of the Executive Committee of Lawson Products, Inc. (Delaware), and as an officer of those of its subsidiaries of which he is an officer and as a director of those subsidiaries of which he is a director. Kalish will continue to serve as a member of the Board of Directors of Company until otherwise determined by himself, the Board of Directors or the shareholders of Company. Kalish will remain, during the Salary Continuation Period (defined below), a part-time employee of Company to be available at the request of its Chairman not to exceed twenty (20) hours during any calendar month, subject to his availability.

2. Salary. Kalish will be paid $1,491,000 as compensation over a period of three years, from August 1, 1999 until July 31, 2002 (Salary Continuation Period), subject to normal withholdings and deductions as required by law.

3. Health Insurance. During the Salary Continuation Period, Kalish shall be entitled to continue his participation in the group health insurance program under which he was covered immediately prior to the Resignation Date if in effect and if not, he may participate in any such plan then in effect in accordance with its terms: provided, however, that to continue his participation in any such program, Kalish shall be responsible throughout the Salary Continuation Period for paying the same monthly premiums and costs as he would otherwise have been responsible for had he remained in Lawson's employ during such period.

4. Medicare Coverage. On August 2, 2002, Kalish will become Medicare eligible and all coverage under the Company's medical plan (as may be in force from time to time) will cease. Effective that date, Kalish will have the option of enrolling in the Medicare Supplement and Prescription Plan as may then be in effect and in accordance with its terms. If Kalish enrolls in the Medicare Supplement and Prescription Plan, Kalish will pay the premium cost to the insurance company as long as he participates in the Plan.

5. Dental Insurance. During the Salary Continuation Period, Kalish shall be entitled to continue his participation in the dental insurance program under which he was covered immediately prior to the Resignation Date if in effect and if not, he may participate in any such plan then in effect in accordance with its terms; provided however, that to continue his participation in such program, Kalish shall be responsible throughout the Salary Continuation Period for paying the same monthly premiums and costs as he would otherwise have been responsible for had he remained in the Company's employ during such period.

6. Retiree Spouse Coverage. During the Salary Continuation Period, Kalish's spouse will be permitted to participate in the health and dental insurance programs under which she was covered immediately prior to Kalish's Resignation Date if in effect and if not, in any such programs as may then be in effect in accordance with the terms of any such plan. On the date Kalish reaches the age of 65 and is Medicare eligible, his spouse, if not yet 65, will be entitled to participate in continued coverage of any such plan then in effect, if any, until the earlier of (a) the expiration of a period of five (5) years or (b) until she attains the age if 65. The Company will contribute its portion (as provided in such program then in effect, if any) of the cost of the premium at the rate in effect at the time coverage is elected. Kalish will have the election of adding his spouse to the Medicare supplement insurance, at his cost, when his spouse attains the age of sixty-five (65) to the extent permitted by such insurance, if any.

7. Executive Deferral Plan. During the Salary Continuation Period, Kalish may continue, at his election, to remain a participant in the Company's Executive Salary Deferral Plan. If Kalish elects not to continue as a plan participant during the Salary Continuation Period, the distribution of benefits will begin at the time of such election; otherwise, the distribution of benefits will commence after August 1, 2002 in accordance the payment options permitted by the Plan as they may exist at such time.

8. Profit Sharing. From and after August 1, 1999, Kalish will not be considered an active plan participant for any purpose and any amounts remaining in his Profit Sharing Plan Account will be treated as provided in the Profit Sharing Plan, as amended from time to time. Distributions of funds from Kalish's Profit Sharing Plan Account shall be in conformance with IRS regulations and the provisions of the Profit Sharing Plan, as amended from time to time.

9. Life Insurance. Subject to the last sentence of this paragraph, during the Salary Continuation Period, Kalish will be entitled to the Company paid Life Insurance benefit of $50,000 and the Travel & Accident Insurance benefit of $300,000 limited to the extent such benefits are offered by the Company from time to time. Additionally and subject to the last sentence of this paragraph, Kalish may continue participation in the Supplemental Life Insurance and Spouse Life Insurance benefit programs limited to the extent such benefits are offered by the Company from time to time. Kalish shall be responsible throughout the Salary Continuation Period for paying the same monthly premiums for himself and his wife as he would otherwise have been responsible for had he remained in the Company's employ during such period.

10. Executive Physical. Until the expiration of the Salary Continuation Period, Kalish will be entitled to the Company paid Executive Physical, annually until August 1, 2002.

11. This Agreement supersedes that certain Employment Agreement between Kalish and Lawson Products, Inc. and is intended to survive any management change or any sale or divestiture of the Company.

12. Any stock options Kalish has through the Lawson Products, Inc., Incentive Stock Option Plan shall be administered in accordance with the terms of Stock Option Plan.

LAWSON PRODUCTS, INC.
A Delaware corporation

By: ---------------------------------   ----------------------------------
Bernard Kalish

Its: --------------------------------

EXHIBIT 21

Subsidiaries of the Company

Name	Jurisdiction of Incorporation
Lawson Products, Inc.	New Jersey
Lawson Products, Inc.	Texas
Lawson Products, Inc.	Georgia
Lawson Products, Inc.	Nevada
Lawson Products, Inc. (Ontario)	Ontario, Canada
Lawson Products Limited	England
LPI Holdings, Inc.	Illinois
Lawson Products de Mexico S.A. de C.V.	Mexico
Drummond American Corporation	Illinois
Cronatron Welding Systems, Inc.	North Carolina
Assembly Component Systems, Inc.	Illinois
Automatic Screw Machine Products Company, Inc.*	Alabama
LP Service Co.	Illinois
C.B. Lynn Company	Illinois
ACS/SIMCO, Inc.*	Illinois

*subsidiary of Assembly Component Systems, Inc.

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 25, 2000, with respect to the consolidated financial statements and schedule of Lawson Products, Inc. included in the Annual Report (Form 10-K), for the year ended December 31, 1999.

/s/ Ernst & Young LLP

Chicago, Illinois
March 21, 2000

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Dec-31-1999
Jan-1-1999
Dec-31-1999
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