SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

---------------------------

FORM 10-Q

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

For the quarterly period ended March 31, 2004.

or

[ ] Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _______

Commission file no. 0-10546

LAWSON PRODUCTS, INC.

(Exact name of registrant as specified in its 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) | (Zip Code) |

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

Not applicable

Former name, former address and former fiscal year, if changed since last report.

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 9,454,398 Shares, $1 par value, as of April 14, 2004.

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PART I - FINANCIAL INFORMATION

ITEM 1 FINANCIAL STATEMENTS

LAWSON PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

| (Amounts in thousands, except share data) | March 31, 2004 | December 31, 2003 |
|---|---|---|
| | (UNAUDITED) | |
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | $ 26,193 | $ 21,399 |
| Marketable securities | 2,513 | 2,156 |
| Accounts receivable, less allowance for doubtful accounts | 48,225 | 47,972 |
| Inventories | 59,717 | 59,817 |
| Miscellaneous receivables and prepaid expenses | 7,613 | 11,439 |
| Deferred income taxes | 1,837 | 1,975 |
| Total Current Assets | 146,098 | 144,758 |
| Property, plant and equipment, less allowances for depreciation and amortization | 42,130 | 42,946 |
| Deferred income taxes | 13,208 | 13,201 |
| Goodwill | 28,649 | 28,649 |
| Other assets | 17,907 | 17,389 |
| Total Assets | $247,992 | $246,943 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Accounts payable | $ 8,860 | $ 8,240 |
| Accrued expenses and other liabilities | 22,795 | 27,176 |
| Income taxes | 1,020 | --- |
| Current portion of long term debt | 1,489 | 1,462 |
| Total Current Liabilities | 34,164 | 36,878 |
| Accrued liability under security bonus plans | 20,721 | 20,823 |
| Long term debt | 1,190 | 1,573 |
| Other | 14,424 | 14,318 |
| | 36,335 | 36,714 |
| Stockholders' Equity: | | |
| Preferred Stock, $1 par value: Authorized - 500,000 shares Issued and outstanding - None | --- | --- |
| Common Stock, $1 par value: Authorized - 35,000,000 shares Issued and outstanding-(2004-9,469,064 shares; 2003-9,493,511 shares) | 9,469 | 9,494 |

| | | |
|---|---|---|
| Capital in excess of par value | 2,747 | 2,667 |
| Retained earnings | 165,836 | 161,831 |
| Accumulated other comprehensive income | (559) | (641) |
| Total Stockholders' Equity | 177,493 | 173,351 |
| Total Liabilities and Stockholders' Equity | $247,992 | $246,943 |

See notes to condensed consolidated financial statements.

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

(UNAUDITED)

(Amounts in thousands, except per share data)

| | For the Three Months Ended March 31, 2004 | 2003 |
|---|---|---|
| Net sales | $100,658 | $96,075 |
| Cost of goods sold | 35,261 | 34,548 |
| Gross profit | 65,397 | 61,527 |
| Selling, general and administrative expenses | 55,335 | 55,265 |
| Operating income | 10,062 | 6,262 |
| Investment and other income | 528 | 359 |
| Interest expense | 63 | --- |
| Income before income taxes | 10,527 | 6,621 |
| Provision for income taxes | 4,001 | 2,863 |
| Net income | $6,526 | $ 3,758 |
| Net income per share of common stock: | | |
| Basic | $0.69 | $0.40 |
| Diluted | $0.69 | $0.40 |
| Cash dividends declared per share of common stock | $0.18 | $0.16 |
| Weighted average shares outstanding: | | |
| Basic | 9,487 | 9,492 |
| Diluted | 9,515 | 9,511 |

See notes to condensed consolidated financial statements.

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

(UNAUDITED)

| (Amounts in thousands) | For the Three Months Ended March 31, 2004 | 2003 |
|---|---|---|
| Operating activities: | | |
| Net income | $ 6,526 | $ 3,758 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 1,700 | 1,644 |
| Changes in operating assets and liabilities | (317) | (3,855) |
| Other | 598 | 707 |
| Net Cash Provided by Operating Activities | 8,507 | 2,254 |
| Investing activities: | | |
| Additions to property, plant and equipment | (528) | (1,333) |
| Purchases of marketable securities | (2,278) | (1,654) |
| Proceeds from sale of marketable securities | 1,921 | 1,809 |
| Net Cash Used in Investing Activities | (885) | (1,178) |
| Financing activities: | | |
| Purchases of treasury stock | (856) | (127) |
| Payments on long term debt | (356) | --- |
| Dividends paid | (1,709) | (1,519) |
| Other | 93 | (124) |
| Net Cash Used in Financing Activities | (2,828) | (1,770) |
| Increase (Decrease) in Cash and Cash Equivalents | 4,794 | (694) |
| Cash and Cash Equivalents at Beginning of Period | 21,399 | 7,591 |
| Cash and Cash Equivalents at End of Period | $26,193 | $ 6,897 |

See notes to condensed consolidated financial statements.

## NOTES TO CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

A) As contemplated by the Securities and Exchange Commission, the accompanying consolidated financial statements and footnotes have been condensed and therefore, do not contain all disclosures required by generally accepted accounting principles. Reference should be made to Lawson Products, Inc.'s (the "Company") Annual Report on Form 10-K for the year ended December 31, 2003. The Condensed Consolidated Balance Sheet as of March 31, 2004, the Condensed Consolidated Statements of Income for the three month periods ended March 31, 2004 and 2003 and the Condensed Consolidated Statements of Cash Flows for the three month periods ended March 31, 2004 and 2003 are unaudited. In the opinion of the Company, all adjustments (consisting only of normal recurring accruals) have been made, which are necessary to present fairly the results of operations for the interim periods. Operating results for the quarter ended March 31, 2004 are not necessarily indicative of the results that may be expected for the year ending December 31, 2004.

B) Total comprehensive income and its components, net of related tax, for the first quarter of 2004 and 2003 are as follows (in thousands):

| | 2004 | 2003 |
|---|---|---|
| Net income | $6,526 | $3,758 |
| Foreign currency translation adjustments | 82 | 341 |
| Comprehensive income | $6,608 | $4,099 |

The components of accumulated other comprehensive income, net of related tax, at March 31, 2004 and December 31, 2003 are as follows (in thousands):

| | 2004 | 2003 |
|---|---|---|
| Foreign currency translation adjustments | $ (559) | $ (641) |
| Accumulated other comprehensive income | $ (559) | $ (641) |

C) Earnings per Share

The calculation of dilutive weighted average shares outstanding at March 31, 2004 and 2003 are as follows (in thousands):

| | 2004 | 2003 |
|---|---|---|
| Basic weighted average shares outstanding | 9,487 | 9,492 |
| Dilutive impact of options outstanding | 28 | 19 |
| Dilutive weighted average shares outstanding | 9,515 | 9,511 |

D) Revolving Line of Credit

In March 2001 the Company entered into a $50 million revolving line of credit. The revolving line of credit matures five years from the closing date and carries an interest rate of prime minus 150 basis points floating or LIBOR plus 75 basis points, at the Company's option. Interest is payable quarterly on prime borrowings and at the earlier of quarterly or maturity with respect to the LIBOR contracts. The line of credit contains certain financial covenants regarding interest coverage, minimum stockholders' equity and working capital, all of which the Company was in compliance with at March 31, 2004. The Company had no borrowings outstanding under the line at March 31, 2004 and December 31, 2003.

E) Other Charges

The table below shows an analysis of the Company's reserves for severance and related expenses for the first quarter of 2004 and 2003:

| In thousands | Three Months Ended March 31, 2004 | 2003 |
|---|---|---|
| Balance at beginning of year | $2,476 | $876 |
| Cash paid in the quarter | (365) | (140) |
| Balance at March 31 | $2,111 | $736 |

F) Intangible Assets

Intangible assets subject to amortization, included within other assets, were as follows (in thousands):

| March 31, 2004 | Gross Balance | Accumulated Amortization | Net Carrying Amount |
|---|---|---|---|
| Trademarks and tradenames | $1,747 | $ 897 | $ 850 |
| Customer Lists | 953 | 376 | 577 |
| | $2,700 | $1,273 | $1,427 |

| December 31, 2003 | Gross Balance | Accumulated Amortization | Net Carrying Amount |
|---|---|---|---|
| Trademarks and tradenames | $1,747 | $ 851 | $ 896 |
| Customer Lists | 953 | 368 | 585 |
| | $2,700 | $ 1,219 | $1,481 |

Trademarks and tradenames are being amortized over a weighted average 15.14 years. Customer lists are being amortized over 13.96 years. Amortization expense for intangible assets is expected to be $116,000, $83,000, $83,000, $83,000 and $83,000 for 2004 and the next four years.

G) Accounting for Stock-Based Compensation

The Company adopted FASB Statement No. 148, Accounting for Stock Based Compensation - Transition and Disclosure. This Statement requires additional disclosure within interim financial statements. The following table shows the effect on net income and earnings per share as required by FASB Statement No. 123, "Accounting for Stock-Based Compensation."

| In thousands | Three Months Ended March 31 2004 | 2003 |
|---|---|---|
| Net income-as reported | $6,526 | $3,758 |
| Deduct: Total stock based employee | | |

| | | |
|---|---|---|
| compensation expense determined under fair value method, net of tax | (3) | (7) |
| Net income-pro forma | 6,523 | 3,751 |
| Basic and diluted earnings per share -as reported | .69 | .40 |
| Basic earnings per share-pro forma | .69 | .40 |
| Diluted earnings per share-pro forma | .69 | .39 |

The Company's incentive stock plan provides for the issuance of Stock Performance Rights (SPRs). These SPRs vest at 20% per year and entitle the recipient to receive a cash payment equal to the excess of the market value of the Company's common stock and the SPR price when the SPRs are surrendered. The Company records an accrued liability based on the number of outstanding vested SPRs and the market value of the Company's common stock. A $73,000 and $243,000 reduction of this compensation expense accrual was recorded in the first quarter of 2004 and 2003, respectively.

H) Segment Reporting

The Company has four reportable segments: Maintenance, Repair and Replacement distribution in the U.S. (MRO-US), International Maintenance, Repair and Replacement distribution in Canada (MRO-CAN), Original Equipment Manufacturer distribution and manufacturing in the U.S. (OEM-US), International Original Equipment Manufacturer distribution in the United Kingdom and Mexico (OEM-INTL).

The operations of the Company's MRO distribution segments distribute a wide range of MRO parts to repair and maintenance organizations by the Company's force of independent field sales agents, and inside sales personnel.

The operations of the Company's OEM segments manufacture and distribute component parts to OEM manufacturers through a network of independent manufacturers representatives as well as internal sales personnel.

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

The Company evaluates performance and allocates resources to reportable segments primarily based on operating income.

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

| | Three Months Ended March 31, | |
|---|---|---|
| In thousands | 2004 | 2003 |
| Net sales | | |
| MRO-US | $ 76,396 | $ 75,047 |
| MRO-CAN | 5,052 | 4,386 |
| OEM-US | 14,740 | 14,271 |
| OEM-INTL | 4,470 | 2,371 |
| Consolidated total | $ 100,658 | $ 96,075 |
| Operating income(loss) | | |
| MRO-US | $ 9,212 | $ 6,104 |
| MRO-CAN | 400 | 324 |
| OEM-US | 478 | 475 |
| OEM-INTL | (28) | (641) |
| Consolidated total | $ 10,062 | $ 6,262 |

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

| In thousands | Three Months Ended March 31, 2004 | 2003 |
|---|---|---|
| Total operating income from reportable segments | $ 10,062 | $ 6,262 |
| Investment and other income | 528 | 359 |
| Interest expense | (63) | --- |
| Income before income taxes | $ 10,527 | $ 6,621 |

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

| In thousands | March 31, 2004 | December 31, 2003 |
|---|---|---|
| Total assets | | |
| MRO-US | $168,294 | $168,783 |
| MRO-CAN | 17,003 | 17,137 |
| OEM-US | 36,622 | 36,076 |
| OEM-INTL | 11,028 | 9,771 |
| Total for reportable segments | 232,947 | 231,767 |
| Corporate | 15,045 | 15,176 |
| Consolidated total | $247,992 | $246,943 |

At December 31, 2003, the carrying value of goodwill within each reportable segment was as follows (in thousands):

| | |
|---|---|
| MRO-US | $ 22,104 |
| MRO-CAN | 4,294 |
| OEM-US | 2,251 |
| Consolidated total | $ 28,649 |

I) Impact of Recently Issued Accounting Standards

In January 2003, the Financial Accounting Standards Board (FASB) issued Interpretation No. 46, "Consolidation of Variable Interest Entities (FIN 46)." FIN 46 explains how to identify variable interest entities (VIE) and how an enterprise assesses its interest in a VIE to decide whether to consolidate the VIE. It requires existing unconsolidated VIEs to be consolidated if the Company is the primary beneficiary. The Company adopted FIN 46 as of July 1, 2003, which has resulted in the consolidation of the Company's investment in a limited partnership, which owns an office building in Chicago, Illinois. In conjunction with the consolidation of its investment, the Company has recorded the long-term debt of the VIE, which represents a mortgage payable relative to the building, of approximately $2.7 million at March 31, 2004. The interest rate of the mortgage payable is 7.315%, with a maturity date of January 1, 2006. The building and land have a net carrying value of approximately $4.4 million, which are included in property, plant and equipment. The remaining assets, none of which are significant, are recorded in other assets.

## Independent Accountants' Review Report

Board of Directors and Stockholders
Lawson Products, Inc.

We have reviewed the accompanying condensed consolidated balance sheet of Lawson Products, Inc. and subsidiaries as of March 31, 2004 and the related condensed consolidated statements of income and cash flows for the three-month periods ended March 31, 2004 and 2003. These financial statements are the responsibility of the Company's management.

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

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

We have previously audited, in accordance with auditing standards generally accepted in the United States, the consolidated balance sheet of Lawson Products, Inc. as of December 31, 2003, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the year then ended, not presented herein, and in our report dated February 25, 2004, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2003, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ ERNST & YOUNG LLP

Chicago, Illinois
April 14, 2004

"Safe Harbor" Statement under the Securities Litigation Reform Act of 1995: This Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. The terms "may," "should," "could," "anticipate," "believe," "continues", "estimate," "expect," "intend," "objective," "plan," "potential," "project" and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. These statements are based on management's current expectations, intentions or beliefs and are subject to a number of factors, assumptions and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those related to general economic conditions and market conditions in the original equipment manufacturers and maintenance, repair and replacement distribution industries in North America and to a lesser extent, the United Kingdom, the Company's ability to obtain new customers and manage growth, material or labor cost increases, competition in the Company's business, operating margin risk due to competitive pricing and operating efficiencies, successful integration of acquisitions, the Company's dependence on key personnel and the length of economic downturns in the Company's markets. In the event of continued economic downturn, the Company could experience additional customer bankruptcies, reduced volume of business from its existing customers and lost volume due to plant shutdowns or consolidations by the Company's customers and other factors that may be referred to or noted in the Company's reports filed with the Securities and Exchange Commission from time to time. The Company undertakes no obligation to update any such factor or to publicly announce the results of any revisions to any forward-looking statements contained herein whether as a result of new information, future events or otherwise.

## ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Revenues

Net sales for the three-month period ended March 31, 2004 increased 4.8% to $100,658,000, from $96,075,000 in the similar period of 2003. The impact of foreign exchange fluctuations accounted for approximately $1.0 million of the reported increase.

Combined Maintenance, Repair and Replacement distribution (MRO-US and MRO-CAN) net sales increased $2.0 million in the first quarter of 2004 to $81.4 million from $79.4 million in the first quarter of 2003. Sales increases were achieved by both the U.S. and Canadian MRO segments. The sales increases in the U.S. is principally attributable to a higher average order size. In Canada, substantially all of the sales increase in Canada, approximately $0.7 million, is attributable to foreign exchange fluctuations.

Combined Original Equipment Manufacturer (OEM-US and OEM-INTL) net sales increased $2.6 million to $19.2 million from $16.6 million for the same period in 2003. Sales were higher in the U.S. and internationally for the combined OEM segment, with increased sales in the OEM-INTL segment accounting for most of the sales gain. The increase in the OEM-INTL segment resulted primarily from more products sold to existing accounts, and the addition of new customers. The impact of foreign exchange fluctuations accounted for $0.3 million of the $2.1 million sales increase achieved by the OEM-INTL segment.

### Operating Income

Operating income for the three-month period ended March 31, 2004 rose $3.8 million to $10.1 million, a 60.7% increase over the comparable period of 2003. The increase in consolidated operating income is attributable to the higher net sales and improved gross margins. Operating income for the combined MRO segments advanced $3.2 million, a 49.5% gain over the first quarter of 2003. This increase resulted primarily from the higher net sales noted above and improved gross margins. The combined OEM segments had operating income of $0.5 million for the three month period ended March 31, 2004 compared to an operating loss of $0.2 million for the similar period of 2003. This improvement is primarily attributable to a significantly lower operating loss incurred by the international segment, resulting from higher sales.

Net Income
- ----------

For the first quarter of 2004, net income increased 73.7%, to $6.5 million ($.69 per diluted share), compared to $3.8 million ($.40 per diluted share) in the similar period of 2003. This increase in net income resulted from higher sales and improved gross margins, as noted above, a decline in the effective tax rate, and the Company's efforts to contain costs. The tax rate decline was principally due to lower international losses in 2004 compared to 2003. No tax benefit was provided for the international losses in either year. Per share net income for 2004 and 2003 was positively impacted by the Company's share repurchase program.

Liquidity
- ---------

Cash flows provided by operations for the three months ended March 31, 2004 and March 31, 2003 were $8.5 million and $2.3 million, respectively. In 2004, cash flows provided by operations were positively impacted by higher net income, while net operating assets and liabilities remained flat compared to balances at the previous year-end. In 2003, the net decrease in operating liabilities, primarily accrued expenses and accounts payable, negatively impacted operating cash flows. Additions to property, plant and equipment were $0.5 million and $1.3 million for the three months ended March 31, 2004 and 2003, respectively.

Additions to property, plant and equipment in 2004 were incurred for the purchase of equipment. In 2003, capital expenditures were incurred primarily for improvement of existing facilities and for the purchase of related equipment.

The Company increased the cash dividend to $.18 per share on common shares for the first quarter of 2004. This is a 12.5% increase over the previous $.16 per share on common shares paid in the first quarter of 2003.

During the first quarter of 2004, the Company purchased 28,547 shares of its own common stock for approximately $856,000 pursuant to the 2000 Board authorization to purchase up to 500,000 shares. In the first three months of 2003, the Company purchased 4,600 shares of its own common stock for approximately $127,000 pursuant to the 2000 Board authorization noted above. All shares purchased as of March 31, 2004 have been retired. Funds to purchase these shares were provided by investments and cash flows from operations.

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in market risk at March 31, 2004 from that reported in the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

ITEM 4. CONTROLS AND PROCEDURES

The Company's chief executive officer and chief financial officer have concluded, based on their evaluation as of the end of the period covered by this report, that the Company's "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) are effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. There have been no significant changes in our internal controls over financial reporting or in other factors that could significantly affect these controls subsequent to the date of the previous mentioned evaluation.

PART II

OTHER INFORMATION

Items 1, 3, 4 and 5 are inapplicable and have been omitted from this report.

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

| Period | (a) Total Number of Shares Purchased | (b) Average Price Paid per Share | (c) Total Number Of Shares Purchased as Part of Publicly Announced Plans or Programs | (d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| 01/01/04 - 01/31/04 | --- | --- | --- | 286,399 |
| 02/01/04 - 02/29/04 | 8,242 | 29.76 | 8,242 | 278,157 |
| 03/01/04 - 03/31/04 | 20,305 | 30.07 | 20,305 | 257,852 |
| Total | 28,547 | 29.98 | 28,547 | 257,852 |

On May 16, 2000, the Board of Directors of the Company authorized the purchase of up to 500,000 shares of its own common stock. There is no expiration date relative to this authorization.

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

(a) Exhibits

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

31.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32 Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K

Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 3, 2004, regarding the Company's results from operations for the year ended December 31, 2003.

## SIGNATURES

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

LAWSON PRODUCTS, INC.
(Registrant)

Dated May 6, 2004

/s/ Robert J. Washlow

Robert J. Washlow
Chief Executive Officer and
Chairman of the Board

Dated May 6, 2004

/s/ Thomas Neri

Thomas Neri
Executive Vice President, Chief
Financial Officer, and Treasurer

Exhibit 15

April 14, 2004

Board of Directors
Lawson Products, Inc.

We are aware of the incorporation by reference in the Registration Statement (Form S-8 No. 33-17912 dated November 4, 1987) of Lawson Products, Inc. of our report dated April 14, 2004 relating to the unaudited condensed consolidated interim financial statements of Lawson Products, Inc. which are included in its Form 10-Q for the quarter ended March 31, 2004.

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

/s/ ERNST & YOUNG LLP

Chicago, Illinois

Exhibit 31.1

CERTIFICATIONS

I, Robert J. Washlow, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lawson Products, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2004

/s/ Robert J. Washlow

Robert J. Washlow
Chief Executive Officer

Exhibit 31.2

# CERTIFICATIONS

I, Thomas Neri, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lawson Products, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2004

/s/ Thomas Neri

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Thomas Neri
Executive Vice President, Chief Financial Officer, and Treasurer

Exhibit 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Lawson Products, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Chief Executive Officer and Chief Financial Officer of the Company hereby certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002 that based on their knowledge: 1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and 2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the Report.

/s/ Robert J. Washlow

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Robert J. Washlow, Chief Executive Officer

/s/ Thomas Neri

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Thomas Neri, Executive Vice President,
Chief Financial Officer, and Treasurer

May 6, 2004

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Lawson Products, Inc. and will be retained by Lawson Products, Inc.and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.