



Lawson Products Reports Net Gains

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DES PLAINES, Ill., Feb. 28 /PRNewswire/ -- Lawson Products, Inc. (Nasdaq: LAWS), said Wednesday fourth quarter net income increased 12.2 percent to \$8,596,000 and diluted net income per share grew 17.3 percent to \$.88. For the full year 2000, net income increased 17.6 percent to a new high of \$28,136,000 and diluted net income per share increased 24.5 percent to \$2.85. Diluted net income per share was positively impacted by the Company's stock repurchase program.

Excluding a non-operating, non-recurring gain of \$2,136,000 during the fourth quarter of 2000 and non-recurring charges of \$524,000 during the fourth quarter of 1999, net income in the fourth quarter of 2000 decreased 21.1 percent to \$6,460,000 from 1999. For the full year 2000, excluding the \$2,136,000 gain previously mentioned, net income was \$26,000,000. This represents a 3.4 percent increase in net income compared to 1999, excluding a net \$1,206,000 expense for non-recurring charges reduced by a gain on the sale of marketable securities.

A moderate sales decline in November and December of 2000 reduced stronger gains in sales and net income recorded through the first ten months of the year. The Company's cost control measures helped to assure the increase in net income for the year exclusive of special items.

Inventories and cost of goods sold during interim periods are determined through the use of estimated gross profit rates. In the fourth quarter, the difference between actual and estimated gross profit rates is recorded. That adjustment increased net income by approximately \$1,349,000 and \$1,689,000 in 2000 and 1999, respectively.

Lawson Products is an international seller and distributor of systems, services and products to the industrial, commercial and institutional maintenance, repair and replacement market. The Company also manufactures, sells and distributes production and specialized component parts to the original equipment marketplace including the automotive, appliance, aerospace, construction and transportation industries. The Company's major product lines include fasteners, parts, chemical specialties, hardware, welding supplies and accessories, pneumatics, hydraulic and other flexible hose fittings, tools, safety items and electrical shop supplies.

This press release contains historical information and forward-looking statements and opinions. Statements looking forward in time are included in this press release pursuant to the 'safe harbor' provision of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations or beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. The factors that could cause actual results to differ materially from those described in the forward-looking statements include increased competition, seasonality, or an economic downturn.

LAWSON PRODUCTS, INC. AND SUBSIDIARIES CONSOLIDATED SUMMARY OF OPERATIONS

	Three Months Ended December 31,		
	2000	1999	% Change
Net Sales (a)	\$84,991,473	\$86,533,110	-1.8%
Income			
Before Taxes (b)	14,541,480	12,620,371	15.2%
Provision			
for Income Taxes	5,945,000	4,956,000	
Net Income (b)	8,596,480	7,664,371	12.2%
Net Income per share of Common Stock:			
Basic	\$0.89	\$0.75	18.7%
Diluted	\$0.88	\$0.75	17.3%
Weighted Average Shares Outstanding:			
Basic	9,706,404	10,281,397	
Diluted	9,728,893	10,281,904	

LAWSON PRODUCTS, INC. AND SUBSIDIARIES CONSOLIDATED SUMMARY OF OPERATIONS

Twelve Months Ended December 31,

	2000	1999	% Change
Net Sales (a)	\$348,967,486	\$328,987,099	6.1%
Income Before Taxes (b)	47,565,673	40,269,981	18.1%
Provision for Income Taxes	19,430,000	16,342,000	
Net Income (b)	28,135,673	23,927,981	17.6%
Net Income per share of Common Stock:			
Basic	\$2.85	\$2.29	24.5%
Diluted	\$2.85	\$2.29	24.5%
Weighted Average Shares Outstanding:			
Basic	9,859,610	10,444,076	
Diluted	9,873,680	10,445,836	

(a) In 2000, the Emerging Issues Task Force released issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs," which required companies to include amounts billed to customers on sales transactions related to shipping and handling to be classified in net sales. As such, the Company has reclassified \$2,473,000 and \$10,017,000 of shipping costs billed to customers from selling, general and administrative expenses to net sales for the fourth quarter and full year 1999, respectively. This reclassification has no impact on net income or net income per share amounts.

(b) Inventories and cost of goods sold during interim periods are determined through the use of estimated gross profit rates. The difference between actual and estimated gross profit rates used for the interim periods is adjusted in the fourth quarter. This adjustment increased net income by approximately \$1,349,000 and \$1,689,000 in 2000 and 1999, respectively.

Full year results for 1999 were adversely impacted by restructuring charges for compensation arrangements related to management personnel reductions. These charges reduced net income by \$1,760,000 for 1999, of which \$524,000 was incurred in the fourth quarter. In the fourth quarter of 2000, a gain of \$2,136,000, net of income taxes, was recorded relative to the sale of the Company's interest in a real estate investment. Additionally, in the second quarter of 1999, a gain of \$554,000, net of income taxes, was recorded on the sale of marketable securities.

SOURCE Lawson Products, Inc.

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