

## Lawson Products, Inc. Announces First Quarter 2008 Results

April 29, 2008

DES PLAINES, III.--(BUSINESS WIRE)--April 29, 2008--Lawson Products, Inc. (NASDAQ:LAWS)(the "Company"), a distributor of services, systems and products to the maintenance, repair and operations (MRO) and original equipment manufacturer (OEM) marketplaces, today announced financial results for its first quarter ended March 31, 2008. Net sales from continuing operations were \$125.0 million, a decrease of \$4.7 million or 3.6 percent from the comparable prior year quarter. Net income for the quarter was \$4.4 million, compared to net income of \$4.6 million in the first quarter of 2007. Diluted income per share was \$0.51 for the quarter, compared to income of \$0.54 per share a year ago.

"Although the first quarter 2008 sales performance did not meet our expectations, we managed to meet our operating income objective," said Thomas Neri, President and CEO. Sales were impacted negatively by service level disruptions at the Company's Reno, Nevada distribution center that began in the fourth quarter of 2007 and extended into early 2008. Although service levels returned to normal levels by the end of the first quarter 2008, sales results for the first quarter were impacted.

Mr. Neri continued, "I am encouraged by our progress. We are continuing to build our supply chain operations and sales capabilities. We expect these and other investments will begin to deliver stronger results later in 2008. The first quarter of 2007 was a relatively strong quarter and presented a difficult comparison for us particularly in light of the operations challenges that were at hand as we began this year."

The Company reported operating income of \$7.9 million for the current quarter compared to operating income of \$8.1 million in the prior year, a 2.5 percent decline, which was the result of lower sales.

Gross profit margins for the first quarter 2008 of 58.6 percent were slightly higher compared to 58.5 percent gross profit margins in the first quarter of 2007.

Selling, general and administrative (SG&A) expenses were \$64.7 million and 51.8 percent of sales for the first quarter of 2008 compared to \$66.0 million and 50.9 percent of sales in the prior year period. The \$1.3 million reduction in first quarter SG&A expenses primarily reflects lower variable selling costs associated with lower sales in the current quarter. In addition, compensation costs were reduced by \$1.2 million in the first quarter of 2008 compared to \$0.2 million of expense in the prior year quarter, in conjunction with the Company's long-term performance based incentive plans and stock performance rights. The first quarter 2008 compensation cost reductions reflected the Company's lower financial performance and stock price.

The effective tax rate for the three months ended March 31, 2008 was 42.2 percent, which was consistent with the 42.1 percent rate for the three months ended March 31, 2007.

About Lawson Products, Inc.

Lawson Products, Inc. is a leader in selling and distributing services, systems and products to the industrial, commercial and institutional maintenance, repair and operations (MRO) market. The Company also manufacturers, sells and distributes production and specialized component parts to the original equipment marketplace (OEM) including the automotive, appliance, aerospace, construction and transportation industries.

This release contains certain forward-looking statements 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. Such statements speak only as of the date of the news release and are subject to a variety of risks and uncertainties, many of which are beyond the Company's control, which could cause actual results to differ materially from the expectations. These risks include, but are not limited to: the impact of governmental investigations, such as the ongoing investigation by U.S. Attorney's Office for the Northern District of Illinois; excess and obsolete inventory; disruptions of the Company's information systems; risks of rescheduled or cancelled orders; increases in commodity prices; the influence of controlling stockholders; competition and competitive pricing pressures; the effect of general economic conditions and market conditions in the markets and industries the Company serves; the risks of war, terrorism, and similar hostilities; and, all of the factors discussed in the Company's "Risk Factors" set forth in its Annual Report on Form 10-K for the year ended December 31, 2007. 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.

LAWSON PRODUCTS, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, ex	cept share ar	nd per	March 31,	December 31
share data)	2008	2007		

(UNAUDITED)

ASSETS

Current assets:

Cash and cash equivalents \$ 2,549 \$ 1,671

Accounts receivable, less allowance for doubtful accounts 56,888 58,882 97,768 96,785 Inventories Miscellaneous receivables and prepaid expenses 8,043 10,303

Deferred income taxes 3,010 3,226

Discontinued current assets 1,003 1,064 Total current assets 169,261 171,931 Property, plant and equipment, less accumulated depreciation and amortization 53,031 52,158 20,515 21,344 Deferred income taxes 20,515 27,999 27,999 Goodwill Other assets 24,571 25,558 -----Total assets \$ 294,504 \$ 299,863 LIABILITIES AND STOCKHOLDERS' EQUITY Current Liabilities: Accounts payable \$ 16,700 \$ 16,266 Revolving line of credit \$ 15,500 11,000 Accrued expenses and other liabilities 34,616 45,254 Discontinued current liabilities 333 322 -----Total current liabilities 67,149 72,842 -----Accrued liability under security bonus plans 25,993 25,491 Other 24,528 27,169 -----50,521 52,660 \_\_\_\_\_ 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 - 8,522,001 shares in 2008 and 2007 8,522 8,522 Capital in excess of par value 4,774 4,774 Retained earnings 163,270 160,606 Accumulated other comprehensive income 459 -----

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Total stockholders' equity

Total liabilities and stockholders' equity \$ 294,504 \$ 299,863

176,834 174,361

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

For the Three Months Ended March 31,

(Amounts in thousands, except per share data) 2008 2007

Net sales \$ 125,004 \$ 129,669 Cost of goods sold 51,742 53,842

Gross profit 73,262 75,827

Operating expenses:

Selling, general and administrative expenses 64,713 65,961 Severance and other charges 602 1,721

Operating income 7,947 8,145

Investment and other income 108 102 Interest expense (229) (81)

Income from continuing operations before

income taxes 7,826 8,166

Income tax expense 3,302 3,440

Income from continuing operations 4,524 4,726

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Loss from discontinued operations, net of income taxes (155) (156)

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Net income \$ 4,369 \$ 4,570

Basic income (loss) per share of common

stock:

Continuing operations \$ 0.53 \$ 0.55 Discontinued operations \$ (0.02) (0.02)

Net income \$ 0.51 \$ 0.54

Diluted income (loss) per share of common

stock:

Continuing operations \$ 0.53 \$ 0.55 Discontinued operations \$ (0.02)

Cash dividends declared per share of common stock \$ 0.20 \$ 0.20

Weighted average shares outstanding:
Basic 8,522 8,521

CONTACT: Lawson Products, Inc.

Scott F. Stephens 847-827-9666, ext. 2269

SOURCE: Lawson Products, Inc.