

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR
15(d) of The Securities
Exchange Act of 1934

Date of Report (Date of earliest event reported): April 27, 2005

LAWSON PRODUCTS, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	0-10546 (Commission File Number)	36-2229304 (IRS Employer Identification No.)
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1666 East Touhy Avenue, Des Plaines, Illinois (Address of principal executive offices)	60018 (Zip Code)
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Registrant's telephone number, including area code: (847) 827-9666

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition.

On April 27, 2005, Lawson Products, Inc. issued a press release announcing its operating results for the quarter ended March 31, 2005. A copy of the press release is attached as Exhibit 99.1 to this Form 8-K.

ITEM 9.01. Financial Statements and Exhibits.

(c) Exhibits

Exhibit 99.1 Press release issued by Lawson Products, Inc. on April 27, 2005.

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 hereunto duly authorized.

LAWSON PRODUCTS, INC.

Date: May 3, 2005

/s/ Thomas J. Neri

Name: Thomas J. Neri
Title: Executive Vice President,
Finance, Planning and Corporate
Development; Chief Financial
Officer; and Treasurer

Wednesday April 27, 8:10 am ET

DES PLAINES, Ill., April 27 /PRNewswire-FirstCall/ -- Lawson Products, Inc. (Nasdaq: LAWS - News) reported first quarter 2005 net sales increased 6.4% to \$107.1 million, up \$6.4 million from \$100.7 million in the first quarter of 2004. Net income for the first quarter 2005 was \$5.0 million or \$.54 per diluted share, representing a 21.7% decline compared to 2004 first quarter net income of \$6.5 million or \$.69 per diluted share. First quarter 2005 net income per share was 25.6% and \$1.0 million higher than the \$.43 per diluted share earned in the fourth quarter of 2004.

First quarter 2005 earnings were impacted by higher product costs that were temporarily absorbed by the Company resulting in lower gross profit margins, higher operating costs related to compensation costs for performance-based management incentive programs and the addition of marketing and technology personnel, and a higher effective tax rate.

In the first quarter, sales in the Maintenance, Repair and Operations (MRO) segment grew by 6.3%, and in the Original Equipment Manufacturing (OEM) segment sales grew by 6.9% over the comparable period in the prior year. Sales growth was driven by the addition of new customers and improved penetration of existing customers.

Consolidated gross profit margins were 61.2% in the first quarter 2005, comparable to the 61.5% reported for the fourth quarter of 2004 and lower than the 65.0% reported for the first quarter of 2004. "We have felt the impact of raw material shortages and cost increases that started during mid-2004 and are continuing. Our first priority is to continue to assure ready availability of our complete lines to our customers," stated Robert J. Washlow, Chairman of the Board and CEO. Washlow continued, "The Company's management intends to maintain and enhance net profit margins through the implementation of various purchasing, cost management, marketing and technology initiatives."

Operating expenses increased by 3.9% to \$57.5 million compared to \$55.3 million in the first quarter of 2004, driven by higher compensation costs in the marketing and technology areas where Lawson is implementing various long-term programs, intended to enhance profitable growth. Compensation expenses in the first quarter 2005 also reflect costs associated with the Long-Term Capital Accumulation Plan and performance-based incentive plans for management implemented in 2004. Due to the timing of the adoption of those plans, no expenses were recorded for those plans in the first quarter of 2004.

First quarter operating results were negatively affected by a higher tax rate than the prior year first quarter. The effective tax rate of 42.3% for the quarter was 4.3 percentage points higher than the 38.0% rate in the same quarter in 2004. This increase is primarily due to foreign operating losses in 2005, for which no tax benefit was realized, resulting from reduced sales volume from a large customer.

During the quarter, Lawson announced an 11% increase in its quarterly dividend and continued repurchasing its outstanding shares. Approximately \$5.7 million was expended on the repurchase of 117,972 shares. At the end of the first quarter, 419,191 shares remained under the current share repurchase authorization.

Lawson Products is an international seller and distributor of systems, services and products to the industrial, commercial, governmental and institutional maintenance, repair and replacement marketplaces. The Company also manufactures, sells and distributes production and specialized component parts and services to the original equipment marketplace, including the automotive, appliance, aerospace, construction and transportation industries.

This press release, including Mr. Washlow's statements, 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," "protect," and similar expressions are intended to identify forward-looking statements. 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. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. 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 businesses, risks of the Company's inventory becoming obsolete, operating margin risk due to competitive pricing and operating efficiencies, seasonality, effectiveness of our sales and marketing programs, and the length and frequency of economic downturns in the Company's markets and other risks identified in the Company's Annual Report on Form 10-K for the year ended December 31, 2004. 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
CONSOLIDATED SUMMARY OF OPERATIONS
(UNAUDITED)

	Three Months Ended March 31,	
	2005	2004
Net Sales	\$107,081,833	\$100,657,758
Gross Profit	65,564,024	65,397,222
Operating Expenses	57,481,726	55,335,437
Operating Income	8,082,298	10,061,785
Income Before Taxes	8,585,873	10,527,262
Provision for Income Taxes	3,630,000	4,001,000
Net Income	\$4,955,873	\$6,526,262
Net Income per share of Common Stock:		
Basic	\$0.54	\$0.69
Diluted	\$0.54	\$0.69
Weighted Average Shares Outstanding:		
Basic	9,208,285	9,486,789
Diluted	9,232,124	9,515,152

Condensed Consolidated Balance Sheets

Lawson Products, Inc. and Subsidiaries

	March 31, 2005 (UNAUDITED)	December 31, 2004
Current Assets:		
Cash and Cash Equivalents	\$22,956,787	\$28,871,594
Receivables, Net	51,913,994	52,129,231
Inventories, Net	69,036,350	65,686,622
Other Current Assets	10,403,073	11,289,142
Total Current Assets	154,310,204	157,976,589
Property, Plant and Equipment, Net	41,211,059	42,452,261
Other Assets, Net	60,769,539	60,120,733
Total Assets	\$256,290,802	\$260,549,583
Current Liabilities	\$40,423,222	\$42,947,151

Other Noncurrent Liabilities	38,101,542	37,270,975
Stockholders' Equity	177,766,038	180,331,457
Total Liabilities and Equity	\$256,290,802	\$260,549,583

Source: Lawson Products, Inc.