SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended JUNE 30, 2004 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. 9,422,987 Shares, $1 par value, as of July 16, 2004.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

ITEM 1 FINANCIAL STATEMENTS

LAWSON PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except share data)	JUNE 30, 2004 (UNAUDITED)	DECEMBER 31, 2003
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 23,818	$ 21,399
Marketable securities	4,419	2,156
Accounts receivable, less allowance for doubtful accounts	47,767	47,972
Inventories	61,716	59,817
Miscellaneous receivables and prepaid expenses	8,621	11,439
Deferred income taxes	1,689	1,975
Total Current Assets	148,030	144,758
Property, plant and equipment, less allowances for depreciation and amortization	41,205	42,946
Deferred income taxes	13,627	13,201
Goodwill	28,649	28,649
Other assets	18,536	17,389
Total Assets	$ 250,047	$ 246,943
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 9,256	$ 8,240
Accrued expenses and other liabilities	23,488	27,176
Current portion of long term debt	1,516	1,462
Total Current Liabilities	34,260	36,878
Accrued liability under security bonus plans	20,739	20,823
Long term debt	801	1,573
Other	14,915	14,318
	36,455	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-(2004-9,425,187 shares; 2003-9,493,511 shares)	9,425	9,494
Capital in excess of par value	3,220	2,667
Retained earnings	167,430	161,831
Accumulated other comprehensive income	(743)	(641)
Total Stockholders' Equity	179,332	173,351
Total Liabilities and Stockholders' Equity	$ 250,047	$ 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 JUNE 30		FOR THE SIX MONTHS ENDED JUNE 30,	
	2004	2003	2004	2003
Net sales	$ 104,443	$ 97,109	$ 205,101	$ 193,184
Cost of goods sold	38,796	35,034	74,057	69,582
Gross profit	65,647	62,075	131,044	123,602
Selling, general and administrative expenses	57,455	54,505	112,790	109,770
Other charges	---	1,246	---	1,246
Operating income	8,192	6,324	18,254	12,586
Investment and other income	582	388	1,110	747
Interest expense	48	7	111	7
Income before income taxes	8,726	6,705	19,253	13,326
Provision for income taxes	3,409	2,564	7,410	5,427
Net income	$ 5,317	$ 4,141	$ 11,843	$ 7,899
Net income per share of common stock:				
Basic	$ 0.56	$ 0.44	$ 1.25	$ 0.83
Diluted	$ 0.56	$ 0.44	$ 1.25	$ 0.83
Cash dividends declared per share of common stock	$ 0.18	$ 0.16	$ 0.36	$ 0.32
Weighted average shares outstanding:				
Basic	9,446	9,490	9,466	9,491
Diluted	9,475	9,506	9,493	9,509

See notes to condensed consolidated financial statements.

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

(Amounts in thousands)

	FOR THE SIX MONTHS ENDED JUNE 30, 2004	2003
Operating activities:		
Net income	$ 11,843	$ 7,899
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,415	3,255
Changes in operating assets and liabilities	(4,403)	(8,196)
Other	1,164	1,831
Net Cash Provided by Operating Activities	12,019	4,789
Investing activities:		
Additions to property, plant and equipment	(946)	(2,508)
Purchases of marketable securities	(4,198)	(2,059)
Proceeds from sale of marketable securities	1,935	2,166
Other	100	100
Net Cash Used in Investing Activities	(3,109)	(2,301)
Financing activities:		
Purchases of treasury stock	(2,964)	(127)
Proceeds from revolving line of credit	---	4,000
Payments on revolving line of credit	---	(4,000)
Payments on long term debt	(718)	---
Dividends paid	(3,413)	(3,037)
Other	604	(124)
Net Cash Used in Financing Activities	(6,491)	(3,288)
Increase(Decrease) in Cash and Cash Equivalents	2,419	(800)
Cash and Cash Equivalents at Beginning of Period	21,399	7,591
Cash and Cash Equivalents at End of Period	$ 23,818	$ 6,791

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 June 30, 2004, the Condensed Consolidated Statements of Income for the three and six month periods ended June 30, 2004 and 2003 and the Condensed Consolidated Statements of Cash Flows for the six month periods ended June 30, 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 three and six month periods ended June 30, 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 three and six months of 2004 and 2003 are as follows (in thousands):

	THREE MONTHS ENDED JUNE 30	
	2004	2003
Net income	$ 5,317	$ 4,141
Foreign currency translation adjustments	(184)	750
Comprehensive income	$ 5,133	$ 4,891

	SIX MONTHS ENDED JUNE 30	
	2004	2003
Net income	$ 11,843	$ 7,899
Foreign currency translation adjustments	(102)	1,091
Comprehensive income	$ 11,741	$ 8,990

The components of accumulated other comprehensive income, net of related tax, at June 30, 2004 and December 31, 2003 are as follows (in thousands):

	2004	2003
Foreign currency translation adjustments	$ (743)	$ (641)
Accumulated other comprehensive income	$ (743)	$ (641)

C) Earnings per Share

The calculation of dilutive weighted average shares outstanding for the three and six months ended June 30, 2004 and 2003 are as follows (in thousands):

	THREE MONTHS ENDED JUNE 30	
	2004	2003
Basic weighted average shares outstanding	9,446	9,490
Dilutive impact of options outstanding	29	16
Dilutive weighted average shares outstanding	9,475	9,506

	SIX MONTHS ENDED JUNE 30	
	2004	2003
Basic weighted average shares outstanding	9,466	9,491
Dilutive impact of options outstanding	27	18
Dilutive weighted average shares outstanding	9,493	9,509

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 June 30, 2004. The Company had no borrowings outstanding under the line at June 30, 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 six months of 2004 and 2003:

	SIX MONTHS ENDED JUNE 30	
In thousands	2004	2003
Balance at beginning of year	$ 2,476	$ 876
Charged to earnings	- - -	1,246
Cash paid	(716)	(283)
Balance at June 30	$ 1,760	$ 1,839

F) Intangible Assets

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

	JUNE 30, 2004		
	GROSS BALANCE	ACCUMULATED AMORTIZATION	NET CARRYING AMOUNT
Trademarks and tradenames	$ 1,747	$ 910	$ 837
Customer Lists	953	384	569
	$ 2,700	$ 1,294	$ 1,406

	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 for 2004 and $83,000 for each of 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 tables show the effect on net income and earnings per share as required by FASB Statement No. 123, "Accounting for Stock-Based Compensation."

	THREE MONTHS ENDED JUNE 30	
In thousands	2004	2003
Net income-as reported	$ 5,317	$ 4,141
Deduct: Total stock based employee compensation expense determined under fair value method, net of tax	(1)	(9)
Net income-pro forma	5,316	4,132
Basic and diluted earnings per share -as reported	.56	.44
Basic earnings per share-pro forma	.56	.44
Diluted earnings per share-pro forma	.56	.43

In thousands	SIX MONTHS ENDED JUNE 30 2004	2003
Net income-as reported	$ 11,843	$ 7,899
Deduct: Total stock based employee compensation expense determined under fair value method, net of tax	(4)	(16)
Net income-pro forma	11,839	7,883
Basic and diluted earnings per share - as reported	1.25	.83
Basic and diluted earnings per share - pro forma	1.25	.83

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 over 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. The compensation expense accrual increased $443,000 in the first six months of 2004 compared to a $223,000 reduction in the first six months of 2003. The increase in the compensation expense accrual for the first six months of 2004 resulted from the significant increase in the Company's stock price. No additional SPRs were issued during the first six months of 2004.

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); and, 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:

In thousands	THREE MONTHS ENDED JUNE 30 2004	2003
Net sales		
MRO-US	$ 77,983	$ 75,326
MRO-CAN	5,543	4,901
OEM-US	16,326	13,325
OEM-INTL	4,591	3,557
Consolidated total	$ 104,443	$ 97,109
Operating income(loss)		
MRO-US	$ 6,885	$ 6,108
MRO-CAN	739	690
OEM-US	623	(332)
OEM-INTL	(55)	(142)
Consolidated total	$ 8,192	$ 6,324

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

In thousands	THREE MONTHS ENDED JUNE 30 2004	2003
Total operating income from reportable segments	$ 8,192	$ 6,324
Investment and other income	582	388
Interest expense	(48)	(7)
Income before income taxes	$ 8,726	$ 6,705

In thousands	SIX MONTHS ENDED JUNE 30 2004	2003
Net sales		
MRO-US	$ 154,379	$ 150,373
MRO-CAN	10,595	9,287
OEM-US	31,066	27,596
OEM-INTL	9,061	5,928
Consolidated total	$ 205,101	$ 193,184
Operating income(loss)		
MRO-US	$ 16,097	$ 12,212
MRO-CAN	1,139	1,014
OEM-US	1,101	143
OEM-INTL	(83)	(783)
Consolidated total	$ 18,254	$ 12,586

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

In thousands	SIX MONTHS ENDED JUNE 30 2004	2003
Total operating income from reportable segments	$ 18,254	$ 12,586
Investment and other income	1,110	747
Interest expense	(111)	(7)
Income before income taxes	$ 19,253	$ 13,326

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

In thousands	JUNE 30, 2004	DECEMBER 31, 2003
Total assets		
MRO-US	$ 166,790	$ 168,783
MRO-CAN	18,649	17,137
OEM-US	37,816	36,076
OEM-INTL	11,476	9,771
Total for reportable segments	234,731	231,767
Corporate	15,316	15,176
Consolidated total	$ 250,047	$ 246,943

At June 30, 2004 and 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 $2.3 million at June 30, 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 $4.3 million, which are included in property, plant and equipment. The remaining assets, none of which are significant, are recorded in other assets.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Lawson Products, Inc.

We have reviewed the condensed consolidated balance sheet of Lawson Products, Inc. and subsidiaries as of June 30, 2004 and the related condensed consolidated statements of income for the three-month and six-month periods ended June 30, 2004 and 2003, and the condensed consolidated statements of cash flows for the six-month periods ended June 30, 2004 and 2003. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards of the Public Company Accounting Oversight Board, the objective of which is the expression of 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 condensed consolidated interim financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (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

July 16, 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 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

REVENUES
- --------

Net sales for the three-month period ended June 30, 2004 increased 7.6% to $104.4 million, from $97.1 million in the same period of 2003. For the six-month period ended June 30, 2004, net sales increased 6.2% to $205.1 million, from $193.2 million in the comparable period of 2003.

Combined Maintenance, Repair and Replacement distribution (MRO-US and MRO-CAN) net sales rose $3.3 million in the second quarter, to $83.5 million from $80.2 million and $5.3 million for the six-month period, to $165.0 million from $159.7 million. Sales increases were achieved in both the U.S. and Canadian MRO segments for the three-month and six-month periods. The sales increase in the U.S. is principally attributable to a higher average order size. In Canada, the majority of the sales increase is attributable to favorable foreign exchange fluctuations.

Combined Original Equipment Manufacturer (OEM-US and OEM-INTL) net sales increased $4.0 million in the second quarter, to $20.9 million from $16.9 million and increased $6.6 million in the first six months, to $40.1 million from $33.5 million. Sales were higher in the U.S. and internationally for the combined OEM segment for the three-month and six-month periods. The sales gain in both the U.S. and OEM-INTL segments is attributable to higher sales from existing customers and the addition of new customers. The favorable impact of foreign exchange fluctuations also accounted for a portion of the sales increase achieved by the OEM-INTL segment.

OPERATING INCOME
- ----------------

Operating income for the three-month period ended June 30, 2004 increased 29.5% to $8.2 million, from $6.3 million in the comparable period of 2003. For the six-month period ended June 30, 2004, operating income increased 45.0% to $18.3 million, from $12.6 million in the similar period of 2003. Results for 2003 include a second quarter charge of $1.2 million ($0.7 million and $0.5 million in the combined MRO and OEM segments, respectively) for the severance and retirement of certain management personnel. The increase in consolidated operating income for the quarter and year-to date periods is also attributable to the higher net sales noted above and lower selling, general and administrative (S,G&A) expenses as a percent of sales.

Operating income for the combined MRO segments increased $0.8 million, a 12.2% gain and $4.0 million, a 30.3% gain for the three-month and six-month periods, respectively. The increases are primarily attributable to the higher sales noted above, higher gross margins and the absence of a charge for the severance and retirement of certain management personnel.

The combined OEM segments had operating income of $0.6 million for the second quarter of 2004 compared to an operating loss of $0.5 million for the similar period of 2003. Operating income for the first six months of 2004 was $1.0 million compared to an operating loss of $0.6 million for the similar period of 2003. The improvements are primarily attributable to the higher net sales noted above, and the absence of a charge for the severance and retirement of certain management personnel, offset by lower gross margins.

NET INCOME
- ----------

Net income for the second quarter of 2004 increased 28.4%, to $5.3 million ($.56 per diluted share), compared to $4.1 million ($.44 per diluted share) in the similar period of 2003. For the six-month period ended June 30, 2004, net income rose 49.9%, to $11.8 million ($1.25 per diluted share), from $7.9 million ($.83 per diluted share) in the similar period of 2003. The increase in net income for the second quarter resulted from higher sales and the absence of the charge of $1.2 million ($0.8 million after tax) for severance and retirement programs noted above, offset by lower gross margins. The year-to-date increase in net income was principally attributable to higher net sales, the absence of the charge for severance and retirement programs noted above, and a lower effective tax rate. The effective tax rate declined principally due to significantly lower losses internationally for the first six months of 2004. 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 AND CAPITAL RESOURCES
- -------------------------------

Cash flows provided by operations for the six months ended June 30, 2004 and June 30, 2003 were $12.0 million and $4.8 million, respectively. In 2004, cash flows provided by operations were positively impacted by higher net income and negatively impacted by an increase in net operating assets, primarily inventories, and lower operating liabilities. In 2003, increases in net operating assets, primarily accounts receivable and inventories, negatively impacted cash flows from operations. Working capital at June 30, 2004 was $113.8 million as compared to $107.9 million at December 31, 2003. At June 30, 2004 the current ratio was 4.3 to 1 as compared to 3.9 to 1 at December 31, 2003.

Additions to property, plant and equipment were $0.9 million and $2.5 million, respectively, for the six months ended June 30, 2004 and 2003. Capital expenditures in 2004 were incurred for the purchase of equipment. In 2003, additions to property, plant and equipment were incurred primarily for improvement of existing facilities and for the purchase of related equipment. The Company expects total capital expenditures for 2004 to approximate $2.5 million.

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

During the first six months of 2004, the Company purchased 91,434 shares of its own common stock for approximately $2,964,000, pursuant to the 2000 Board authorization to purchase up to 500,000 shares. In the first six 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 June 30, 2004 have been retired. Funds to purchase these shares were provided by investments and cash flows from operations. There is no expiration date relative to this authorization.

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 June 30, 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 Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures as of June 30, 2004. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective to ensure that information we are required to disclose in reports that we file under the Securities and Exchange Act of 1934 is recorded, processed, summarized and reported within the time period specified in the SEC rules and forms. There have been no significant changes during the period covered by this Form 10-Q in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

OTHER INFORMATION

Items 1, 3, 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
04/01/04 - 04/30/04	24,057	32.85	24,057	233,795
05/01/04 - 05/31/04	27,781	33.58	27,781	206,014
06/01/04 - 06/30/04	11,049	34.85	11,049	194,965
Total	91,434	32.42	91,434	194,965

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

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

(a) The annual meeting of stockholders of Lawson Products, Inc. was held on May 11, 2004.

(b) Set forth below is the tabulation of the votes on each nominee for election as a director.

	FOR	WITHHELD AUTHORITY
Lee S. Hillman	8,837,236	133,296
Sidney L. Port	8,850,474	120,058
Robert J. Washlow	8,922,798	47,734

Messrs. Port, Rettig and Smelcer continue to serve as directors of the Company for terms ending in 2005 and Messrs. Brophy, Saranow and Shaffer continue to serve as directors of the Company for terms ending in 2006.

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 April 21, 2004, regarding the Company's results from operations for the quarter ended March 31, 2004 (which report was furnished but not filed with the Securities and Exchange Commission).

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 August 6, 2004	/s/	Robert J. Washlow Robert J. Washlow Chief Executive Officer and Chairman of the Board
Dated August 6, 2004	/s/	Thomas Neri Thomas Neri Executive Vice President, Chief Financial Officer, and Treasurer

Exhibit 15

July 16, 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 July 16, 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 June 30, 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.

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: August 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: August 6, 2004

/s/ Thomas Neri
- ----------------------------
Thomas Neri
Executive Vice President, Chief Financial Officer, and Treasurer

Exhibit 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUAN 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 June 30, 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

August 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.