SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 1997

OR

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [No Fee Required]

Commission file number: 0-10546

LAWSON PRODUCTS, INC.
(Exact Name of Registrant as Specified in 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)

Registrant's telephone number, including area code: (847) 827-9666

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of each exchange on which registered
None	None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $1.00 Par Value
(Title of class)

Indicate by check mark whether the Registrant (l) 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

As of March 1, 1998, 11,135,533 shares of Common Stock were outstanding.

The aggregate market value of the Registrant's Common Stock held by nonaffiliates on March 1, 1998 was approximately $212,406,659.

The following documents are incorporated into this Form 10-K by reference:

Proxy Statement for Annual Meeting of Stockholders to be held on May 12, 1998 Part III

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

PART I

Item 1. Business.

Lawson Products, Inc. was incorporated in Illinois in 1952 and reincorporated in Delaware in 1982.

Products

The Company is a distributor of approximately 34,000 expendable maintenance, repair and replacement products. In addition, the Company distributes 12,000 production components (mostly fasteners) to the O.E.M. marketplace. It manufactures approximately 1,000 of these items. These products may be divided into three broad categories: Fasteners, Fittings and Related Parts, such as screws, nuts, rivets and other fasteners; Industrial Supplies, such as hoses and hose fittings, lubricants, cleansers, adhesives and other chemicals, as well as files, drills, welding products and other shop supplies; and Automotive and Equipment Maintenance Parts, such as primary wiring, connectors and other electrical supplies, exhaust and other automotive parts. The Company estimates that these categories of products accounted for the indicated percentages of its total consolidated net sales for 1997, 1996 and 1995 respectively:

	Percentage of Consolidated Net Sales 1997	1996	1995
Fasteners, Fittings and Related Parts . . .	46%	45%	41%
Industrial Supplies	49	50	54
Automotive and Equipment Maintenance Parts	5	5	5
	100%	100%	100%

All of the Company's maintenance products are manufactured by others and must meet the Company's specifications. Approximately 90% of the Company's products are sold under the Company label. Substantially all maintenance items which the Company distributes are purchased by the Company in bulk and subsequently repackaged in smaller quantities. The Company regularly uses a large number of suppliers but has no long-term or fixed price contracts with any of them. Most maintenance items which the Company distributes are purchased from several sources, and the Company believes that the loss of any single supplier would not significantly affect its operations. No single supplier accounted for more than 7.3% of the Company's purchases in 1997.

Production components sold to the O.E.M. marketplace may be manufactured to customers' specification or purchased from other sources.

Marketing

The Company's principal markets are as follows:

Heavy Duty Equipment Maintenance. Customers in this market include operators of trucks, buses, agricultural implements, construction and road building equipment, mining, logging and drilling equipment and other off-the-road equipment. The Company estimates that approximately 40% of 1997 sales were made to customers in this market.

In-Plant and Building Maintenance. This market includes plants engaged in a broad range of manufacturing and processing activities, as well as institutions such as hospitals, universities, school districts and government units. The Company estimates that approximately 39% of 1997 sales were made to customers in this market.

Passenger Car Maintenance. Customers in this market include automobile service center chains, independent garages, automobile dealers, car rental agencies and other fleet operators. The Company estimates that approximately 9% of 1997 sales were made to customers in this market.

Original Equipment Manufacturers. This market includes plants engaged in a broad range of manufacturing and processing activities. The Company estimates that approximately 10% of 1997 sales were made to customers in this market.

The Company has approximately 213,000 customers, the largest of which accounted for less than one percent of net sales during 1997. Sales are made through a force of approximately 1,850 independent sales representatives of which 116 serve the O.E.M. marketplace. Included in this group are 218 district and zone managers, each of whom, in addition to his own sales activities, acts in an advisory capacity to other sales representatives in a designated area. The Company employs 35 regional managers to coordinate regional marketing efforts. Most sales representatives, including district and zone managers, are compensated on a commission basis and are responsible for repayment of commissions on their respective uncollectible accounts. In addition to the sales representatives and district, zone and regional managers discussed above, the Company has 1,103 employees.

The Company's products are sold in all 50 states, Mexico, Puerto Rico, the District of Columbia, Canada and England. The Company believes that an important factor in its success is its ability to service customers promptly. During the past five years, more than 99% of all items were shipped to the customer within 24 hours after an order was received by the Company. This rapid delivery is facilitated by computer controlled order entry and inventory control systems in each general distribution center. In addition, the receipt of customer orders at Lawson distribution facilities has been accelerated by portable facsimile transmission equipment and personal computer systems used by sales representatives. Customer orders are delivered by common carriers.

The Company is required to carry significant amounts of inventory in order to meet its high standards of rapid processing of customer orders. The Company funds its working capital requirements internally.

Distribution and Manufacturing Facilities

Substantially all of the Company's maintenance products are stocked in and distributed from each of its seven general distribution centers in; Addison, Illinois; Reno, Nevada; Farmers Branch, Texas; Norcross, Georgia; Fairfield, New Jersey; Mississauga, Ontario, Canada and Bradley Stoke (Bristol) England. Chemical products are distributed from a facility in Vernon Hills, Illinois and welding products are distributed from a facility in Charlotte, North Carolina. Production components are stocked in and distributed from six centers located in Decatur, Alabama; Conway, Arkansas; Cairo, Georgia; Burr Ridge, Illinois; Tupelo, Mississippi; and Memphis, Tennessee. Production components are manufactured in Decatur, Alabama. In the opinion of the Company, all existing facilities are in good condition and are well maintained. All are being used substantially to capacity on a single shift basis, except the manufacturing facility in Decatur, Alabama which operates three shifts.

Most of the Company's facilities are relatively new. Further expansion of warehousing capacity may require new warehouses, some of which may be located in new geographical areas.

Canadian Operations

Canadian operations are conducted at the Company's 40,000 square foot general distribution center in Mississauga, Ontario, a suburb of Toronto. These operations constituted less than 3% of the Company's net sales during 1997.

United Kingdom Operations

Operations in the United Kingdom are conducted under the name of Lawson Products Limited from a 19,000 square foot general distribution center in Bradley Stoke (Bristol) England. These operations constituted approximately 1% of the Company's net sales during 1997.

Mexican Operations

Operations in Mexico are conducted under the name of Lawson Products de Mexico S.A. de C.V. from a 10,000 square foot facility in Guadalajara, Mexico. These operations constituted less than 1% of the Company's net sales during 1997.

Competition

The Company encounters intense competition from several national distributors and manufacturers and a large number of regional and local distributors. Due to the nature of its business and the absence of reliable trade statistics, the Company cannot estimate its position in relation to its competitors. However, the Company recognizes that some competitors may have greater financial and personnel resources, handle more extensive lines of merchandise, operate larger facilities and price some merchandise more competitively than the Company. Although the Company believes that the prices of its products are competitive, it endeavors to meet competition primarily through the quality of its product line and its service.

Item 2. Properties.

The Company owns two facilities located in Des Plaines, Illinois, (152,600 and 27,000 square feet, respectively). These buildings contain the Company's main administrative activities and an inbound warehouse facility that principally supports the Addison, Illinois facility and other distribution facilities to a lesser degree. Additional administrative, warehouse and distribution facilities owned by the Company are located in Addison, Illinois (65,000 square feet); Fairfield, New Jersey (61,000 square feet); Reno, Nevada (97,000 square feet); Norcross, Georgia (61,300 square feet); Farmers Branch, Texas (54,500 square feet); and Mississauga, Ontario, Canada (40,000 square feet). Chemical products are distributed from a 56,300 square foot owned facility in Vernon Hills, Illinois and welding products are distributed from a 40,000 square foot owned facility located in Charlotte, North Carolina. Administrative, warehouse and distribution facilities in Bradley Stoke (Bristol) England (19,000 square feet) are leased by the Company. Administrative and distribution facilities in Guadalajara, Mexico (5,000 square feet) are leased by the Company. Production components are distributed from facilities leased in Conway, Arkansas (6,500 sq. ft.) Burr Ridge, Illinois (24,000 sq. ft.) Tupelo, Mississippi, (10,000 sq. ft.) and Memphis, Tennessee, (40,000 sq. ft.). The Company owns a 54,000 square foot facility in Decatur, Alabama which distributes and manufactures production components. From time to time, the Company leases additional warehouse space near its present facilities. See Item 1, "Business - Distribution Facilities" for further information regarding the Company's properties.

The Company plans to construct a new warehouse in Georgia and has estimated the cost of land and buildings will be $4 million. In addition, the Company is adding 25,000 square feet to its Addison facility at a cost of $1.1 million.

Item 3. Legal Proceedings.

There is no material pending litigation to which the Company, or any of its subsidiaries, is a party or to which any of their property is subject.

Item 4. Submission of Matters to a Vote of Security Holders.

No matter was submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this Report.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.

The Company's Common Stock is traded on the NASDAQ National Market System under the symbol of "LAWS." The approximate number of stockholders of record at December 31, 1997 was 1,108. The following table sets forth the high and low closing sale prices as reported on the NASDAQ National Market System during the last two years. The table also indicates the cash dividends paid by the Company during such periods.

	1997			1996		
	High	Low	Cash Dividends	High	Low	Cash Dividends
First Quarter	$22 5/8	$21 1/8	$.13	$26 1/4	$22	$.13
Second Quarter	27 1/8	22 1/8	.13	25 1/4	21 1/2	.13
Third Quarter	30 1/8	25 3/8	.13	25 1/8	21 1/2	.13
Fourth Quarter	31 1/2	27 5/16	.14	22 1/4	21	.13

Item 6. Selected Financial Data.

The following selected financial data should be read in conjunction with the Financial Statements of the Company and notes thereto included elsewhere in this Report. The income statement data and balance sheet data for and as of the end of each of the fiscal years in the five-year period ended December 31, 1997, are derived from the audited Financial Statements of the Company.

	1997	1996	1995	1994	1993
Net Sales	$278,144,321	$250,289,124	$223,537,182	$213,097,143	$195,735,202
Income Before Income Taxes	35,723,277	33,884,637	34,815,029	34,031,074	27,767,480
Net Income	21,350,277	19,994,637	21,120,029	20,524,074	18,117,480
Total Assets	188,974,415	175,161,839	160,613,798	168,130,848	171,428,606
Noncurrent Liabilities	24,577,547	22,065,583	19,292,794	17,084,617	15,160,121
Stockholders' Equity	139,925,387	128,746,212	122,810,577	131,230,469	140,649,876
Return on Equity (percent)	16.0%	15.8%	16.9%	14.7%	13.4%
Per Share of Common Stock:*					
Basic Net Income	$1.91	$1.73	$1.75	$1.55	$1.34
Diluted Net Income	1.91	1.73	1.75	1.55	1.34
Stockholders' Equity**	12.55	11.13	10.17	9.91	10.37
Cash Dividends Declared**	.54	.52	.51	.48	.44
Basic Weighted Average Shares Outstanding*	11,153,091	11,563,052	12,072,668	13,237,181	13,556,714
Diluted Weighted Average Shares Outstanding*	11,175,232	11,563,715	12,074,647	13,240,024	13,563,658

* All share and per share amounts have been adjusted to retroactively reflect stock splits effected in previous years. Additionally, net income per share amounts and weighted average share amounts for all periods presented have been restated to conform with the requirements of Statement of Financial Accounting Standard No. 128, "Earnings Per Share," issued in February 1997.

** These per share amounts were computed using basic weighted average shares outstanding for all periods presented.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

RESULTS OF OPERATIONS

Net sales for 1997 and 1996 increased 11.1% and 12.0%, respectively, over the immediately preceding years. The sales advances for 1997 and 1996 reflect increased contribution from substantially all Lawson operations. Our new subsidiary, Assembly Component Systems, Inc. ("ACS"), the business and assets of which were acquired in April 1996, contributed significantly to the sales improvement in both years.

Net income in 1997 rose 6.8% over 1996 to $21,350,277, while basic and diluted net income per share in 1997 increased 10.4% to $1.91 from $1.73 in 1996. Sales gains, partially offset by a decrease in gross margins, were primarily responsible for the increase in net income in 1997 over 1996. Net income in 1996 declined 5.3% from 1995 to $19,994,637. The decrease in net income for 1996 resulted principally from marketing programs that provided lower gross margins on selected products, increased costs of our U.K. subsidiary, and a higher effective tax rate, which more than offset sales gains. Per share net income for 1997 and 1996 was positively impacted by the Company's share repurchases discussed below.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows provided by operations for 1997, 1996, and 1995 were $16,979,646, $24,552,774 and $21,309,287, respectively. The decrease in 1997 resulted principally from increases in operating assets over 1996 levels, which more than offset the advance in net income noted above. The 1996 improvement over 1995 was due primarily to increases in operating liabilities, which more than offset increases in operating assets and lower net income from 1995 levels. In addition to satisfying operating requirements, current investments and cash flows from operations are expected to finance the Company's future growth, cash dividends and capital improvements.

Additions to property, plant and equipment for 1997, 1996, and 1995, respectively, were $5,894,656, $4,820,724 and $3,020,330. Consistent with prior years, capital expenditures were incurred primarily for new facilities, improvement of existing facilities, and for the purchase of related equipment. During 1997, construction was substantially completed relative to the facilities expansion of the Company's specialty chemical subsidiary, Drummond American Corporation. Total capital expenditures for this project are expected to be approximately $3,000,000. Also, during the first quarter of 1998, the Company purchased land in Atlanta, Georgia and intends to construct a new Lawson outbound facility on the site. This facility will be used in place of the Norcross, Georgia facility which will be closed.

The business and net assets of ACS were acquired in the second quarter of 1996 at a cost of approximately $10,746,000. ACS is a manufacturer and distributor of production components and is headquartered in Decatur, Alabama.

In 1996, the Board of Directors authorized the purchase of up to 1,000,000 shares of the Company's common stock, of which 187,500 shares were purchased for approximately $4,062,000 during 1997 and 292,000 shares were purchased for approximately $6,386,000 in 1996.

Also, during 1996, the remaining 86,000 shares relative to the 1994 authorization noted below, were purchased for $2,095,000. In 1994, the Board of Directors authorized the purchase of up to 1,500,000 shares of the Company's common stock. During 1995, 917,500 shares were purchased for approximately $24,085,000, relative to the 1994 share authorization. Funds to purchase these shares were provided by investments and cash flows from operations.

The Company has developed a plan to modify its information technology to recognize the year 2000 issue. The year 2000 issue involves computer programs which are unable to distinguish between the year 1900 and the year 2000. The Company has begun converting its critical data processing systems and expects the project to be completed by early 1999 at a cost of $200,000 to $300,000. This estimate includes internal costs, but excludes the costs to upgrade and replace systems in the normal course of business. This project is not expected to have a significant impact on operations. As of December 31, 1997, approximately $100,000 of expense had been incurred.

IMPACT OF INFLATION AND CHANGING PRICES

The Company has continued to pass most increases in product costs on to its customers and, accordingly, such increases have not materially impacted gross margins. The impact from inflation has been more significant on the Company's fixed and semi-variable operating expenses, primarily wages and benefits, although to a lesser degree in recent years due to moderate inflation levels.

Although the Company expects that future costs of replacing warehouse and distribution facilities will increase due to inflation, such higher costs are not anticipated to have a material effect on future earnings.

Item 8. Financial Statements and Supplementary Data.

The following information is presented in this report:

Report of Independent Auditors

To the Shareholders and Board of Directors
Lawson Products, Inc.

We have audited the accompanying consolidated balance sheets of Lawson Products, Inc. and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1997. Our audits also included the financial statement schedule listed in the Index at Item 14(a).

These financial statements and related schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and related schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Lawson Products, Inc. and subsidiaries at December 31, 1997 and 1996, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

Ernst & Young LLP

Chicago, Illinois
February 27, 1998

LAWSON PRODUCTS, INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 1997	1996
ASSETS		
Current assets:		
Cash and cash equivalents	$ 10,247,568	$ 14,515,158
Marketable securities	11,637,521	14,266,412
Accounts receivable, less allowance for doubtful accounts (1997-$1,423,902; 1996-$1,357,662)	33,714,165	30,326,067
Inventories 41,788,322	37,047,114	
Miscellaneous receivables	2,972,544	2,812,809
Prepaid expenses	2,788,143	3,526,375
Deferred income taxes	836,000	606,000
Total Current Assets	103,984,263	103,099,935
Property, plant and equipment, at cost, less allowances for depreciation and amortization (1997-$27,862,855; 1996-$24,634,950)	40,963,035	40,052,534
Other assets:		
Marketable securities	21,713,267	13,452,931
Investments in real estate	3,730,664	3,304,664
Cash value of life insurance	12,054,380	10,361,091
Deferred income taxes	4,447,000	3,758,000
Other	2,081,806	1,132,684
	44,027,117	32,009,370
	$188,974,415	$175,161,839
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 4,928,689	$ 6,006,695
Accrued expenses and other liabilities	17,901,997	15,850,415
Income taxes 1,640,795	2,492,934	
Total Current Liabilities	24,471,481	24,350,044
Noncurrent liabilities and deferred credits:		
Accrued liability under security bonus plans	14,000,016	12,886,934
Deferred compensation and other liabilities	10,577,531	9,178,649
	24,577,547	22,065,583
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-1997-11,135,233 shares; 1996-11,311,464 shares	11,135,233	11,311,464
Capital in excess of par value	769,738	512,008
Retained earnings	128,708,111	117,234,229
	140,613,082	129,057,701
Foreign currency translation adjustment	(1,250,695)	(819,489)
Unrealized gain on marketable securities	563,000	508,000
	139,925,387	128,746,212
	$188,974,415	$175,161,839

See notes to consolidated financial statements

LAWSON PRODUCTS, INC.
CONSOLIDATED STATEMENTS OF INCOME

	Year ended December 31, 1997	1996	1995
Net sales	$278,144,321	$250,289,124	$223,537,182
Interest and dividend income	1,285,809	1,499,993	1,671,383
Other income - net	573,747	362,282	977,451
	280,003,877	252,151,399	226,186,016
Cost of goods sold	95,985,602	81,116,518	63,535,746
Selling, general and administrative expenses	147,235,497	136,265,322	126,839,711
Interest expense	31,280	25,596	10,271

Provision for doubtful accounts	1,028,221	859,326	985,259
	244,280,600	218,266,762	191,370,987
Income Before Income Taxes	35,723,277	33,884,637	34,815,029
Federal and state income taxes (benefit):			
Current	15,306,000	14,610,000	14,472,000
Deferred	(933,000)	(720,000)	(777,000)
	14,373,000	13,890,000	13,695,000
Net Income	$ 21,350,277	$ 19,994,637	$ 21,120,029
Basic and Diluted Net Income Per share of Common Stock	$1.91	$1.73	$1.75

See notes to consolidated financial statements

Lawson Products, Inc.
Consolidated Statements of
Changes in Stockholders' Equity

	Common Stock, $1 par value	Capital in excess of par value	Retained Earnings	Cost of Common Stock in Treasury	Foreign Currency Translation Adjustment	Unrealized Gain (Loss) on Marketable Securities
Balance at January 1, 1995	$ 17,097,490	$ 716,111	$ 195,609,232	$ (80,884,205)	$ (1,087,159)	$ (221,000)
Net income			21,120,029			
Cash dividends declared			(6,076,922)			
Stock issued under employee stock plans	300	4,551				
Purchase of common stock				(24,085,282)		
Retirement of treasury stock	(5,411,176)	(226,879)	(99,331,432)	104,969,487		
Translation adjustment					(73,568)	
Unrealized gain on marketable securities						691,000
Balance at December 31, 1995	11,686,614	493,783	111,320,907	-	(1,160,727)	470,000
Net income			19,994,637			
Cash dividends declared			(5,994,808)			
Stock issued under employee stock plans	2,850	34,718				
Purchase of common stock				(8,481,000)		
Retirement of treasury stock	(378,000)	(16,493)	(8,086,507)	8,481,000		
Translation adjustment					341,238	
Unrealized gain on marketable securities						38,000
Balance at December 31, 1996	11,311,464	512,008	117,234,229	-	(819,489)	508,000
Net income			21,350,277			
Cash dividends declared			(6,010,507)			
Stock issued under employee stock plans	11,269	266,217				
Purchase of common stock				(4,061,875)		
Retirement of treasury stock	(187,500)	(8,487)	(3,865,888)	4,061,875		
Translation adjustment					(431,206)	
Unrealized gain on marketable securities						55,000
Balance at December 31, 1997	$ 11,135,233	$ 769,738	$ 128,708,111	$ -	$ (1,250,695)	$ 563,000

See notes to consolidated financial statements

LAWSON PRODUCTS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31, 1997	1996	1995
Operating activities:			
Net income	$ 21,350,277	$ 19,994,637	$ 21,120,029
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	5,019,437	4,014,251	3,349,186
Provision for allowance for doubtful accounts	1,028,221	859,326	985,259
Deferred income taxes	(933,000)	(720,000)	(777,000)
Deferred compensation and security bonus plans	4,214,100	3,734,727	3,739,807
Payments under deferred compensation and security bonus plans	(1,604,352)	(1,068,542)	(1,509,086)
Losses from sale of property, plant and equipment	108,079	274,717	18,884
Income from investments in real estate	(506,000)	(232,500)	(148,000)
Changes in operating assets and liabilities (Exclusive of effect of acquisition):			
Accounts receivable	(4,416,319)	(864,397)	(1,961,852)
Inventories	(4,741,208)	(3,965,081)	(243,629)

Prepaid expenses and other assets	(2,224,583)	(2,265,095)	(2,248,330)
Accounts payable and accrued expenses	886,109	2,751,842	(256,456)
Income taxes payable	(852,139)	1,531,104	(1,055,180)
Other	(348,976)	507,785	295,655
Net Cash Provided by Operating Activities	16,979,646	24,552,774	21,309,287
Investing activities:			
Additions to property, plant and equipment	(5,894,656)	(4,820,724)	(3,020,330)
Purchases of marketable securities	(143,028,547)	(367,665,946)	(293,575,770)
Proceeds from sale of marketable securities	137,301,088	376,705,975	305,232,277
Proceeds from sale of property, plant and equipment	2,308	94,421	36,000
Proceeds from life insurance policies	-	130,000	668,372
Acquisition of Automatic Screw Machine Products, net of cash acquired of $240,545 -	(10,506,472)	-	
Other	80,000	80,000	80,000
Net Cash (Used In) Provided by Investing Activities	(11,539,807)	(5,982,746)	9,420,549
Financing Activities:			
Purchases of common stock	(4,061,875)	(8,481,000)	(24,085,282)
Proceeds from exercise of stock options	277,486	37,568	4,851
Dividends paid	(5,923,040)	(6,043,577)	(6,070,121)
Net Cash Used in Financing Activities	(9,707,429)	(14,487,009)	(30,150,552)
Increase/(Decrease) in Cash and Cash Equivalents	(4,267,590)	4,083,019	579,284
Cash and Cash Equivalents at Beginning of Year	14,515,158	10,432,139	9,852,855
Cash and Cash Equivalents at End of Year	$ 10,247,568	$ 14,515,158	$ 10,432,139

See notes to consolidated financial statements

Lawson Products, Inc. and subsidiaries principally are distributors of expendable parts and supplies for maintenance, repair and operation of equipment. The Company's operations are principally conducted in North America.

NOTE A-SUMMARY OF MAJOR ACCOUNTING POLICIES

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries, each of which is wholly owned. All inter-company accounts and transactions have been eliminated in consolidation.

Revenue Recognition: Sales and associated cost of goods sold are recognized when products are shipped to customers.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Investments in Real Estate: The Company's investments in real estate representing limited partnership interests are carried on the basis of the equity method.

Marketable Securities: Marketable equity securities and debt securities are classified as available-for-sale and are carried at fair value, with the unrealized gains and losses, net of tax, recorded in stockholders' equity. Realized gains and losses, declines in value judged to be other-than-temporary, and interest and dividends are included in investment income. The cost of securities sold is based on the specific identification method.

Inventories: Inventories (principally finished goods) are stated at the lower of cost (first-in, first-out method) or market.

Property, Plant and Equipment: Provisions for depreciation and amortization are computed by the straight-line method for buildings using useful lives of 20 to 30 years and by the double declining balance method for machinery and equipment, furniture and fixtures and vehicles using useful lives of 4 to 10 years.

Investment Tax Credits: Investment tax credits on assets leased to others (see Investments in Real Estate) are deferred and amortized over the useful life of the related asset.

Cash Equivalents: The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Stock Options: Stock options are accounted for under Accounting Principles Board Opinion No. 25, "Accounting For Stock Issued to Employees." Under APB 25, no compensation expense is recognized because the exercise price of the stock options granted equals the market price of the underlying stock at the date of grant.

Foreign Currency Translation: The financial statements of foreign entities have been translated in accordance with Statement of Financial Accounting

Standards No. 52 and, accordingly, unrealized foreign currency translation adjustments are reflected as a component of stockholders' equity. Realized foreign currency transaction gains and losses were not significant for the years ended December 31, 1997, 1996 and 1995.

Income Per Share: In 1997, the Company adopted FASB Statement No. 128, "Earnings per Share," requiring dual presentation of basic and diluted income per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution from the exercise or conversion of securities into common stock, such as stock options. All EPS amounts for all periods have been presented to conform to Statement 128 requirements. For all periods presented there was no difference between basic and diluted EPS.

Reclassifications: Certain amounts have been reclassified in the 1995 and 1996 financial statements to conform with the 1997 presentation.

NOTE B-BUSINESS COMBINATION

Substantially all of the business and net assets of Assembly Component Systems, Inc. (ACS) were purchased by the Company on April 30, 1996 for cash of approximately $10,746,000. This transaction was accounted for as a purchase; accordingly, the accounts and transactions of the acquired company have been included in the consolidated financial statements since the date of acquisition. ACS manufactures precision machine components and distributes parts used in the assembly of original equipment.
Pro forma consolidated net sales for 1996, assuming the purchase had occurred as of January 1, 1996, would approximate $257,218,000. Pro forma net income or net income per share would not differ materially from reported amounts.

NOTE C-MARKETABLE SECURITIES

The following is a summary of the Company's investments at December 31 which are all classified as available-for-sale:

(In thousands) 1997	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of states and political subdivisions	$28,343	$ 56	$1	$28,398
Foreign government securities	4,092	-	-	4,092
Other debt securities	44	-	-	44
Total debt securities	32,479	56	1	32,534
Equity securities	6	817	6	817
	$32,485	$873	$7	$33,351
1996				
Obligations of states and political subdivisions	$25,368	$252	$1	$25,619
Foreign government securities	1,563	-	-	1,563
Total debt securities	26,931	252	1	27,182
Equity securities	6	537	6	537
	$26,937	$789	$7	$27,719

The gross realized gains on sales totaled: $52,000, $128,000, and $116,000 in 1997, 1996 and 1995, respectively, and the gross realized losses totaled $7,000, $28,000 and $46,000, respectively. The net adjustment to unrealized holding gains included as a separate component of stockholders' equity, net of taxes, totaled $55,000 and $38,000 in 1997 and 1996, respectively.

In 1996, the Company received equity shares on the conversion of certain mutual insurance companies, from which the Company held policies, to stock companies. These shares carry no cost.

The amortized cost and estimated fair value of marketable securities at December 31, 1997, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because the issuers of certain securities have the right to prepay obligations without prepayment penalties.

(In thousands)	Cost	Estimated Fair Value

Due in one year or less	$11,169	$11,638
Due after one year through five years	20,850	20,896
Total debt securities	32,479	32,534
Equity securities	6	817
	$32,485	$33,351

NOTE D-PROPERTY, PLANT AND EQUIPMENT

The cost of property, plant and equipment consists of:

	1997	1996
Land	$ 6,072,718	$ 6,113,574
Buildings and improvements	34,162,854	33,467,535
Machinery and equipment	19,855,003	18,315,412
Furniture and fixtures	5,053,931	4,962,178
Vehicles	239,740	218,593
Construction in Progress	3,441,644	1,610,192
	$68,825,890	$64,687,484

NOTE E-INVESTMENTS IN REAL ESTATE

The Company is a limited partner in two real estate limited partnerships. An affiliate of the Company has a 1.5% interest and 5% interest, respectively, as a general partner in the partnerships, which interests are subordinated to the Company's interests in distributable cash.

NOTE F-ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following:

	1997	1996
Salaries, commissions and other compensation	$ 7,051,691	$ 5,940,828
Accrued and withheld taxes, other than income taxes	2,002,092	1,636,558
Accrued profit sharing contributions	2,337,319	1,944,232
Accrued self-insured health benefits	1,300,000	1,300,000
Cash dividends payable	1,558,933	1,471,465
Other	3,651,962	3,557,332
	$17,901,997	$15,850,415

NOTE G-STOCK PLAN

The Company's Incentive Stock Plan, As Amended (Plan), provides for the issuance of shares of Common Stock to officers and key employees pursuant to stock options, stock appreciation rights, stock purchase agreements and stock awards. At December 31, 1997, 648,666 shares of Common Stock were available for issuance under the Plan.

The Plan permits the grant of incentive stock options, subject to certain limitations, with substantially the same terms as non-qualified stock options. Stock options are not exercisable within six months from date of grant and may not be granted at prices less than the fair market value of the shares at the dates of grant.

Benefits may be granted under the Plan through December 16, 2006.

Additional information with respect to the Plan is summarized as follows:

	Shares		
	1997	1996	1995
As of December 31:			
Options outstanding (per share: $22.50 to $29.75)	290,279	310,285	126,131
Available for grant	348,587	349,587	536,591
Options exercisable	149,026	123,281	126,131
For the year ended December 31:			
Options granted (per share: 1997-$27.00; 1996-$22.50 to $23.25)	1,000	187,004	-
Options exercised (per share: 1997, 1996			

and 1995-$16.17 to $27.50)	11,269	2,850	300
Benefits cancelled/forfeited	9,737	-	-

As of December 31, 1997, the Company has the following outstanding options:

Exercise Price	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life	Options Exercisable
$22.50-$23.25	182,129	$22.55	8.5 years	41,876
27.00-29.75	108,150	27.57	2.3	107,150

Disclosure of pro forma information regarding net income and net income per share is required by FASB Statement No. 123, "Accounting for Stock-Based Compensation," and has been determined as if the Company had accounted for its employee stock options under the fair value method of that Statement. The fair value of these options was estimated at the date of grant using the Black-Scholes options pricing model with the following assumptions for 1997 and 1996, respectively: risk-free interest rates of 5.81% and 6.61%; dividend yields of 2.0% and 2.0%; volatility factors of the expected market price of the Company's common stock of 0.19 and 0.21; and a weighted-average expected life of the options of 8 years.

The weighted-average fair value of options granted was $7.77 for options granted in 1997 and $7.26 for options granted in 1996. Had compensation cost for the Company's stock options granted been determined based on the fair value at the date of grant, the Company's net income and basic and diluted net income per share would have been reduced to the pro forma amounts for 1997 and 1996, respectively, as follows: net income of $21,010,000 and $19,779,000; net income per share of $1.88 and $1.71.

The pro forma effect on net income for 1997 and 1996 is not representative of the pro forma effect on net income in future years because it does not take into consideration pro forma compensation expense related to grants made prior to 1995 and an increased vesting period for grants made in 1996 and later.

NOTE H-PROFIT SHARING AND SECURITY BONUS PLANS

The Company and certain subsidiaries have a profit sharing plan for office and warehouse personnel. The amounts of the companies' annual contributions are determined by the respective boards of directors subject to limitations based upon current operating profits (as defined) or participants' compensation (as defined).

The Company and its subsidiaries also have in effect security bonus plans for the benefit of their regional managers and independent sales representatives, under the terms of which participants are credited with a percentage of their yearly earnings (as defined). Of the aggregate amounts credited to participants' accounts, 25% vests after five years and an additional 5% vests each year thereafter. For financial reporting purposes, amounts are charged to operations over the vesting period.

Provisions for profit sharing and security bonus plans aggregated $4,387,000, $3,946,000 and $3,890,000 for the years ended December 31, 1997, 1996 and 1995, respectively.

The Company sponsors a 401(k) defined contribution savings plan. The plan, which is available to all employees, was provided to give employees a pre-tax investment vehicle to save for retirement. All contributions to the plan are made by plan participants.

NOTE I-INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. In addition, deferred income taxes include net operating loss carryforwards of a foreign subsidiary which do not expire. The valuation allowance has been provided since there is no assurance that the benefit of the net operating loss carryforwards will be realized. Significant components of the Company's deferred tax assets and liabilities as of December 31 are as follows:

	1997	1996
Deferred Tax Assets:		
Compensation and benefits	$ 9,399,000	$ 8,541,000
Inventory	642,000	492,000
Net operating loss carryforwards of subsidiary	3,270,000	2,800,000
Accounts receivable	428,000	419,000
Total Deferred Tax Assets	13,739,000	12,252,000
Valuation allowance for deferred tax assets	(3,270,000)	(2,800,000)
Net Deferred Tax Assets	10,469,000	9,452,000
Deferred Tax Liabilities:		

Property, plant & equipment	1,489,000	1,416,000
Investments in real estate	3,163,000	3,163,000
Marketable securities	303,000	274,000
Other	231,000	235,000
Total Deferred Tax Liabilities	5,186,000	5,088,000
Total Net Deferred Tax Assets	$ 5,283,000	$ 4,364,000

The provisions for income taxes for the years ended December 31, consist of the following:

	1997	1996	1995
Current:			
Federal	$12,568,000	$11,733,000	$11,657,000
State	2,738,000	2,877,000	2,815,000
	15,306,000	14,610,000	14,472,000
Deferred benefit	(933,000)	(720,000)	(777,000)
	$14,373,000	$13,890,000	$13,695,000

The reconciliation between the effective income tax rate and the statutory federal rate is as follows:

	1997	1996	1995
Statutory federal rate	35.0%	35.0%	35.0%
Increase (decrease) resulting from:			
State income taxes, net of federal income tax benefit	5.0	5.5	5.3
Non-taxable dividend and interest income	(1.6)	(1.1)	(1.4)
Foreign loss	1.9	2.2	1.7
Other items	(.1)	(.6)	(1.3)
Provision for income taxes	40.2%	41.0%	39.3%

Income taxes paid for the years ended December 31, 1997, 1996 and 1995 amounted to $16,078,000, $12,944,000 and $15,327,000, respectively.

NOTE J-COMMITMENTS

The Company's minimum rental commitments, principally for equipment, under noncancelable leases in effect at December 31, 1997 amounted to approximately $2,762,000. Such rentals are payable as follows: 1998-$1,074,000; 1999-$916,000; 2000-$520,000 and 2001 and thereafter-$252,000.

Total rental expense for the years ended December 31, 1997, 1996 and 1995 amounted to $1,647,000, $1,402,000 and $1,087,000.

NOTE K SUMMARY OF UNAUDITED QUARTERLY RESULTS OF OPERATIONS

Unaudited quarterly results of operations for the years ended December 31, 1997 and 1996 are summarized as follows:

	Quarter ended			
1997 (In thousands, except per share data)	Mar. 31	Jun. 30	Sept. 30	Dec. 31*
Net sales	$65,883	$70,390	$71,420	$70,451
Cost of goods sold	22,731	24,105	24,331	24,818
Income before income taxes	7,949	9,463	10,044	8,268
Provision for income taxes	3,227	3,814	4,165	3,167
Net income	4,722	5,649	5,879	5,101
Basic and diluted net income per share of common stock	$.42	$.51	$.53	$.46
Diluted weighted average shares outstanding	11,209	11,140	11,157	11,181

	Quarter ended			
1996 (In thousands, except per share data)	Mar. 31	Jun. 30	Sept. 30	Dec. 31*
Net sales	$56,108	$63,479	$66,303	$64,399
Cost of goods sold	16,678	20,752	22,856	20,831
Income before income taxes	6,789	8,104	8,271	10,721
Provision for income taxes	2,765	3,375	3,443	4,307
Net income	4,024	4,729	4,828	6,414
Basic and diluted net income per share				

of common stock	$.35	$.41	$.42	$.56
Diluted weighted average shares outstanding	11,623	11,601	11,602	11,458

*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. In 1997, this adjustment decreased net income by approximately $438,000, while in 1996, this adjustment increased net income by approximately $528,000. Also, the fourth quarter of 1996 reflects adjustments to certain accrued expenses which increased net income by $514,000.

SCHEDULE II

LAWSON PRODUCTS, INC. AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

Column A	Column B	Column C Additions	Column D	Column E
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions- Describe(A)	Balance at End of Period
Allowance deducted from assets to which it applies:				
Allowance for doubtful accounts:				
Year ended December 31, 1997	$1,357,662	$1,028,221	$961,981	$1,423,902
Year ended December 31, 1996	1,111,337	859,326	613,001	1,357,662
Year ended December 31, 1995	1,127,017	985,259	1,000,939	1,111,337

Note A - Uncollected receivables written off, net of recoveries.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

a. Executive Officers

The executive officers of the Company, all of whose terms of office expire on May 12, 1998, are as follows:

Name and Present Position with Company	Age	Year First Elected to Present Office	Other Offices Held During the Past Five Years
Sidney L. Port, Chairman of the Executive Committee and Director	87	1977	*
Bernard Kalish, Chief Executive Officer, Chairman of the Board and Director	60	1989	*
Peter G. Smith, President, Chief Operating Officer and Director	59	1989	*
Jeffrey B. Belford Executive Vice President--Operations	51	1989	*
Hugh Allen, Senior Executive Vice President--Sales and Marketing	62	1997	Executive Vice President - - Sales and Marketing from 1991 to 1997.
Roger Cannon Executive Vice President Sales Marketing	49	1997	Vice President - - Central Field Sales from 1991 to 1997.
James Smith, Vice President--Human Resources	57	1996	Mr. Smith was Vice President, Personnel from 1995 to 1996. Prior to 1995, Mr. Smith was Manager, Human Resources since he joined the Company in 1993.
Jerome Shaffer, Vice President,	70	1987	*

Treasurer and Director

Joseph L. Pawlick, Vice President and Controller and Assistant Secretary	55	1987	*

____

*   These persons have held the indicated positions for at least five years.

b. Directors

The information required by this Item is set forth in the Company's Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 1998, under the caption "Election of Directors," which information is incorporated herein by reference.

Item 11. Executive Compensation.

The information required by this Item is set forth in the Company's Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 1998, under the caption "Remuneration of Executive Officers," which information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information required by this Item is set forth in the Company's Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 1998 under the caption "Securities Beneficially Owned by Principal Stockholders and Management," which information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions.

The information required by this Item is set forth in the Company's Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 1998 under the caption "Election of Directors," which information is incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a) (1) Financial Statements

The following information is presented in this report:

Consolidated Balance Sheets as of December 31, 1997 and 1996.

Consolidated Statements of Income for the Years ended December 31, 1997, 1996 and 1995.

Consolidated Statements of Changes in Stockholders' Equity for the Years ended December 31, 1997, 1996 and 1995.

Consolidated Statements of Cash Flows for the Years ended December 31, 1997, 1996 and 1995.

Notes to Consolidated Financial Statements.

(2) Financial Statement Schedule

The following consolidated financial statement schedule of Lawson Products, Inc. and subsidiaries is included in Item 14(d):

Schedule II - Valuation and Qualifying Accounts is submitted with this report. All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not submitted because they are not applicable or are not required under Regulation S-X or because the required information is included in the financial statements or notes thereto.

(a) (3) Exhibits.

2   Purchase Agreement dated April 30, 1996 among Assembly Component Systems, Inc., Automatic Screw Machine Products Company, David E. Norman and James C. Norman, incorporated herein by reference from Exhibit (2)(a) to the Company's Current Report on Form 8-K dated April 30, 1996.

3(a)   Certificate of Incorporation of the Company, as amended, incorporated herein by reference to Exhibit 3(a) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1988.

3(b)   By-laws of the Company, dated May 7, 1991, incorporated herein by reference to Exhibit 6(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1991.

*10(c)(1)   Lawson Products, Inc. Incentive Stock Plan, incorporated herein by reference from Exhibit 4 to the Company's Registration Statement on Form S-8 (File No. 33-17912).

*10(c)(2)	Salary Continuation Agreement between the Company and Mr. Sidney L. Port dated January 7, 1980 incorporated herein by reference from Exhibit 10(c)(2) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1991.
*10(c)(3)	Employment Agreement between the Company and Mr. Peter G. Smith dated July 17, 1972 incorporated herein by reference from Exhibit 10(c)(6) to the Company's Annual Report on Form 10-K for the year ended December 31, 1981.
*10(c)(4)	Employment Agreement between the Company and Mr. Bernard Kalish, incorporated herein by reference from Exhibit 10(c)(6) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1985; First Amendment to Employment Agreement dated as of May 27, 1988 incorporated herein by reference from Exhibit 10(c)(6) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1988.
*10(C)(4.1)	Second Amendment to Employment Agreement dated as of August 1, 1996, incorporated herein by reference to Exhibit 10(c)(4.1) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.
*10(c)(5)	Employment Agreement between the Company and Mr. Hugh Allen, incorporated herein by reference from Exhibit 10(c)(7) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1985.
*10(c)(6)	Employment Agreement between the Company and Mr. Jerome Shaffer, incorporated herein by reference from Exhibit 10(c)(9) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1985.
*10(c)(6.1)	First Amendment to Employment Agreement dated as of August 1, 1996, incorporated herein by reference from Exhibit 10(c)(6.1) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.
*10(c)(7)	Amended and Restated Executive Deferral Plan, incorporated herein by reference from Exhibit 10(c)(7) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.

* Indicates management employment contracts or compensatory plans or arrangements.

11	Statement regarding computation of per share earnings.
21	Subsidiaries of the Company.
23	Consent of Ernst & Young LLP.
27	Financial Data Schedule

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the fourth quarter of the fiscal year covered by this Report.

(c) Exhibits

See item 14(a)(3) above for a list of exhibits to this report.

(d) Schedules

See item 14(a)(2) above for a list of schedules filed with this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: March 25, 1998

By /s/ Bernard Kalish
Bernard Kalish, Chairman
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Bernard Kalish Bernard Kalish	Chairman, Chief Executive Officer and Director (principal executive officer)	

/s/ Jerome Shaffer Jerome Shaffer	Vice President, Treasurer and Director (principal financial officer)	
/s/ Joseph L. Pawlick Joseph L. Pawlick	Vice President and Controller (principal accounting officer)	
/s/ James T. Brophy James T. Brophy	Director	March 25, 1998
/s/ Hugh Allen Hugh Allen	Director	
/s/ Ronald B. Port, M.D. Ronald B. Port, M.D.	Director	
/s/ Sidney L. Port Sidney L. Port	Director	
/s/ Robert G. Rettig Robert G. Rettig	Director	
/s/ Peter G. Smith Peter G. Smith	Director	
/s/ Robert J. Washlow Robert J. Washlow	Director and Secretary	

EXHIBIT INDEX

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Form 10-K for the fiscal year ended December 31, 1996.

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21	Subsidiaries of the Company.
23	Consent of Ernst & Young LLP.
27	Financial Data Schedule

EXHIBIT 11

LAWSON PRODUCTS, INC. AND SUBSIDIARIES

COMPUTATION OF PER SHARE EARNINGS

YEAR ENDED DECEMBER 31

	1997	1996	1995
Net income per share of common stock:			
Basic:			
Average shares outstanding	11,153,091	11,563,052	12,072,668
Net income	$ 21,350,277	$ 19,994,637	$21,120,029
Basic net income per share of common stock	$1.91	$1.73	$1.75
Diluted:			
Average shares outstanding	11,153,091	11,563,052	12,072,668
Net effect of dilutive stock options-based on the treasury stock method using the average market price	22,141	663	1,979
Total	11,175,232	11,563,715	12,074,647
Net income	$ 21,350,277	$ 19,994,637	$21,120,029
Diluted net income per share of common stock	$1.91	$1.73	$1.75

EXHIBIT 21

Subsidiaries of the Company

Name	Jurisdiction of Incorporation
Lawson Products, Inc.	New Jersey
Lawson Products, Inc.	Texas
Lawson Products, Inc.	Georgia
Lawson Products, Inc.	Nevada
Lawson Products, Inc. (Ontario)	Ontario, Canada
Lawson Products Limited	England
LPI Holdings, Inc.	Illinois
Lawson Products de Mexico S.A. de C.V.	Mexico
Drummond American Corporation	Illinois
Cronatron Welding Systems, Inc.	North Carolina
Assembly Component Systems, Inc.	Illinois
Automatic Screw Machine Products Company, Inc.*	Alabama

*subsidiary of Assembly Component Systems, Inc.

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-17912) pertaining to the Lawson Products, Inc. Employees' Profit Sharing Trust, and in the related Prospectus of our report dated February 27, 1998, with respect to the consolidated financial statements and schedule of Lawson Products, Inc. included in the Annual Report (Form 10-K), for the year ended December 31, 1997

/s/ Ernst & Young LLP

Chicago, Illinois
March 25, 1998

This schedule contains summary financial information extracted from Lawson Products, Inc.'s Form 10-K and is qualified in its entirety by reference to such Form 10-K filing.

1,000

12-MOS
DEC-31-1997
DEC-31-1997
10,248
33,351
35,138
1,424
41,788
103,984
68,826
27,863
188,974
24,471
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0
11,135
128,790
188,974
278,144
280,004
95,986
95,986
0
1,028
31
35,723
14,373
21,350
0
0
0
21,350
1.91
1.91