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, 1995

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, 1996, 11,600,614 shares of Common Stock were outstanding.

The aggregate market value of the Registrant's Common Stock held by nonaffiliates on March 1, 1996 was approximately $189,118,000.

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

Proxy Statement for Annual Meeting of Stockholders to be held on May 7, 1996 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 33,000 expendable maintenance, repair and replacement products. 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 1995, 1994 and 1993 respectively:

	Percentage of Consolidated Net Sales		
	1995	1994	1993
Fasteners, Fittings and Related Parts . . .	41%	41%	42%
Industrial Supplies	54%	53%	52%
Automotive and Equipment Maintenance Parts	5%	6%	6%
	100%	100%	100%

All of the Company's 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 merchandise which the Company distributes is 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 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 8% of the Company's purchases in 1995.

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 45% of 1995 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 42% of 1995 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 11% of 1995 sales were made to customers in this market.

The Company has approximately 200,000 customers, the largest of which accounted for less than one percent of net sales during 1995. Sales are made through a force of approximately 1,675 independent sales representatives. Included in this group are 207 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 of the country. The Company employs 35 regional managers to coordinate regional marketing efforts. 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 801 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 operating in certain areas of the country. 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 Facilities

Substantially all of the Company's products are stocked in and distributed from each of its nine 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. Each warehouse and distribution facility orders and maintains its own inventory. In the opinion of the Company, all existing facilities are in good condition, are well maintained and are being used substantially to capacity on a single shift basis.

All 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 1995.

United Kingdom Operations

Operations in the United Kingdom are conducted under the name of Lawson Products Ltd. from a 19,000 square foot general distribution center in Bradley Stoke (Bristol) England. These operations constituted less than 1% of the Company's net sales during 1995.

Mexican Operations

Operations in Mexico are conducted under the name of Lawson Products de Mexico S.A. de C.V. from a 5,000 square foot facility in Guadalajara, Mexico.

These operations constituted less than 1% of the Company's net sales during 1995.

Competition

The Company encounters intense competition from several national distributors 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. 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.

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, 1995 was 1,267. 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.

	1995			1994		
	High	Low	Cash Dividends	High	Low	Cash Dividends
First Quarter	$27 3/16	$25	$.12	$31	$25 1/4	$.12
Second Quarter	27 1/2	26	.12	24 1/2	21 3/4	.12
Third Quarter	28 1/2	26 1/2	.13	25 3/4	22 1/2	.12
Fourth Quarter	27 1/8	23 1/8	.13	27 1/4	24 3/4	.12

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, 1995, are derived from the audited Financial Statements of the Company.

	1995	1994	1993	1992	1991
Net Sales	$223,537,182	$213,097,143	$195,735,202	$186,709,454	$181,729,132
Income Before Income Taxes	34,815,029	34,031,074	27,767,480	25,379,448	26,406,527
Net Income	21,120,029	20,524,074	18,117,480	15,343,448	16,646,527
Total Assets	160,613,798	168,130,848	171,428,606	158,029,952	150,348,539
Noncurrent Liabilities	19,292,794	17,084,617	15,160,121	13,319,626	11,550,482
Stockholders' Equity	122,810,577	131,230,469	140,649,876	128,755,648	120,425,296
Return on Equity (percent)	16.9%	14.7%	13.4%	12.3%	14.4%

Per Share of common Stock:					
Net Income	$1.75	$1.55	$1.34	$1.13	$1.23
Stockholders' Equity	10.17	9.91	10.37	9.49	8.87
Cash Dividends Declared	.51	.48	.44	.40	.40
Weighted Average Shares Outstanding	12,072,668	13,237,181	13,556,714	13,564,114	13,569,716

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

Results of Operations

Net sales for 1995 and 1994 increased 4.9% and 8.9%, respectively, over the immediately preceding years. The sales advance for 1995 occurred primarily as a result of increases in unit sales and the average order size, while the gain in sales for 1994 resulted principally from the number of orders shipped and a larger customer base.

Net income in 1995 advanced 2.9% over 1994 to $21,120,029, while net income per share in 1995 increased 12.9% to $1.75 from $1.55 in 1994. Sales gains and cost containment efforts, partially offset by a decrease in gross margins, were primarily responsible for the increase in net income for 1995. Per share net income for 1995 and 1994 was positively impacted by the Company s share repurchases discussed below. The gain in net income for 1994 over 1993 resulted principally from sales advances, improved gross margins, and cost containment efforts. Excluding the effect of the nonrecurring items during 1993, noted below, net income for 1994 rose approximately 20.6 percent. Results for 1993 include an after tax gain of approximately $740,000 realized from the sale of the Compton, California facility and a $352,000 cumulative adjustment to reflect the adoption of FASB Statement No. 109, "Accounting for Income Taxes."

Liquidity and Capital Resources

Cash flows provided by operations for 1995, 1994, and 1993 were $21,309,287, $23,041,066 and $16,989,688, respectively. The decrease in 1995 resulted principally from increases in operating assets and decreases in operating liabilities from 1994 levels, which more than offset the gain in net income noted above. The 1994 improvement over 1993 was due primarily to the increase in net income and smaller increases in net operating assets and liabilities than in 1993. 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 expenditures.

Additions to property, plant and equipment for 1995, 1994, and 1993, respectively, were $3,020,330, $6,888,262 and $1,431,004. Consistent with prior years, capital expenditures were incurred primarily for new facilities, improvement of existing facilities, and for the purchase of related equipment. The construction of Lawson s outbound facility in Addison, Illinois was substantially completed by the end of 1994, at a cost of approximately $5,600,000, and opened during the first quarter of 1995. In addition, during the first quarter of 1994, the Company established a new Lawson subsidiary in Guadalajara, Mexico, which operates out of a leased facility.

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 share authorization noted above. Also, during 1994, 961,500 shares were purchased for approximately $23,105,000, consisting of 496,500 shares relative to the 1,500,000 shares authorized for purchase in 1994 and 465,500 shares relating the share purchases previously authorized during 1990. Funds to purchase these shares were provided by investments and cash flows from operations.

Impact of Inflation and Changing Prices

The Company has continued to pass most increases in product costs on to its customers and, accordingly, gross margins have not been materially impacted. The effects from inflation have 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 rise 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

Consolidated Balance Sheets as of December 31, 1995 and 1994.

Consolidated Statements of Income for the Years ended December 31, 1995, 1994 and 1993.

Consolidated Statements of Changes in Stockholders' Equity for the Years ended December 31, 1995, 1994 and 1993.

Consolidated Statements of Cash Flows for the Years ended December 31, 1995, 1994 and 1993.

Notes to Consolidated Financial Statements.

Schedule II

Report of Independent Auditors

To the Stockholders 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, 1995 and 1994, 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, 1995. 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, 1995 and 1994, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1995 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 26, 1996

LAWSON PRODUCTS, INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 1995	1994
ASSETS		
Current assets:		
Cash and cash equivalents	$ 10,432,139	$ 9,852,855
Marketable securities	16,068,113	21,797,808
Accounts receivable, less allowance for doubtful accounts (1995-$1,111,337; 1994-$1,127,017)	28,295,687	27,319,094
Inventories	27,082,903	26,839,274
Miscellaneous receivables	2,977,144	3,184,610
Prepaid expenses	2,657,933	2,440,629
Deferred income taxes	464,000	815,000
Total Current Assets	87,977,919	92,249,270
Property, plant and equipment, at cost, less allowances for depreciation and amortization (1995-$22,894,444; 1994-$20,105,709)	35,501,105	35,858,457
Other assets:		
Marketable securities	20,847,081	26,101,660
Investments in real estate	3,152,164	3,084,164
Cash value of life insurance	8,790,756	7,245,823
Deferred income taxes	3,201,000	2,461,000
Other	1,143,773	1,129,974
	37,134,774	40,022,621
	$160,613,798	$168,130,348
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,218,887	$ 3,274,004
Accrued expenses and other liabilities	14,329,710	14,524,248
Income taxes	961,830	2,017,010
Total Current Liabilities	18,510,427	19,815,262
Noncurrent liabilities and deferred credits:		
Accrued liability under security bonus plans	11,421,646	10,163,098
Deferred compensation and other liabilities	7,871,148	6,921,519

	19,292,794	17,084,617
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-1995-11,686,614 shares;		
1994-17,097,490 shares	11,686,614	17,097,490
Capital in excess of par value	493,783	716,111
Retained earnings	111,320,907	195,609,232
Cost of common stock in treasury:		
1994-4,493,676	-	(80,884,205)
	123,501,304	132,538,628
Foreign currency translation adjustment	(823,727)	(1,087,159)
Unrealized gain (loss) on marketable securities	133,000	(221,000)
	122,810,577	131,230,469
	$160,613,798	$168,130,348

See notes to consolidated financial statements

LAWSON PRODUCTS, INC.

CONSOLIDATED STATEMENTS OF INCOME

	Year ended December 31, 1995	1994	1993
Net sales	$223,537,182	$213,097,143	$195,735,202
Interest and dividend income	1,671,383	1,725,871	2,162,002
Other income - net	977,451	18,170	1,067,137
	226,186,016	214,841,184	198,964,341
Cost of goods sold	63,535,746	58,559,096	54,783,721
Selling, general and administrative expenses	126,839,711	121,357,853	115,504,641
Interest expense	10,271	44,831	19,300
Provision for doubtful accounts	985,259	848,330	889,199
	191,370,987	180,810,110	171,196,861
Income Before Income Taxes	34,815,029	34,031,074	27,767,480
Federal and state income taxes (credit):			
Current	14,472,000	14,100,000	10,989,000
Deferred	(777,000)	(593,000)	(987,000)
	13,695,000	13,507,000	10,002,000
Income before cumulative effect of change in accounting principle	21,120,029	20,524,074	17,765,480
Cumulative effect-change in accounting for income taxes	-	-	352,000
Net Income	$ 21,120,029	$ 20,524,074	$ 18,117,480
Per share of Common Stock:			
Income before cumulative effect of change in accounting principle	$1.75	$1.55	$1.32
Cumulative effect-change in accounting for income taxes	-	-	.02
Net Income	$1.75	$1.55	$1.34

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, 1993	$ 17,081,561	$ 553,195	$ 169,228,919	$ (57,779,689)	$ (328,338)	$ -
Net income			18,117,480			
Cash dividends declared			(5,965,834)			
Stock issued under employee stock plans	12,354	134,101				
Translation adjustment					(403,873)	
Balance at December 31, 1993	17,093,915	687,296	181,380,565	(57,779,689)	(732,211)	-

Net income			20,524,074			
Cash dividends declared			(6,295,407)			
Stock issued under employee stock plans	3,575	28,815				
Purchase of common stock				(23,104,516)		
Translation adjustment					(354,948)	
Unrealized loss on marketable securities						(221,000)
Balance at December 31, 1994	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					263,432	
Unrealized gain on marketable securities						354,000
Balance at December 31, 1995	$ 11,686,614	$ 493,783	$ 111,320,907	$ -	$ (823,727)	$ 133,000

See notes to consolidated financial statements

LAWSON PRODUCTS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31, 1995	1994	1993
Operating activities:			
Net income	$21,120,029	$20,524,074	$18,117,480
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	3,349,186	3,085,476	3,195,714
Provision for allowance for doubtful accounts	985,259	848,330	889,199
Deferred income taxes	(777,000)	(593,000)	(1,339,000)
Deferred compensation and security bonus plans	3,739,807	2,767,055	2,604,346
Payments under deferred compensation and security bonus plans	(1,509,086)	(847,666)	(769,274)
(Gains)/losses from sale of property, plant and equipment	18,884	36,058	(1,216,919)
(Income)/losses from investments in real estate	(148,000)	208,500	392,000
Changes in operating assets and liabilities:			
Increase in accounts receivable	(1,961,852)	(3,095,661)	(602,393)
Increase in inventories	(243,629)	(3,183,058)	(1,772,046)
Increase in prepaid expenses and other assets	(2,248,330)	(1,383,412)	(1,452,659)
Increase/(decrease) in accounts payable and accrued expenses	(256,456)	2,116,976	901,343
Increase/(decrease) in income taxes payable	(1,055,180)	2,079,249	(1,509,882)
Other	295,655	478,145	(448,221)
Net Cash Provided by Operating Activities	21,309,287	23,041,066	16,989,688
Investing activities:			
Additions to property, plant and equipment	(3,020,330)	(6,888,262)	(1,431,004)
Purchases of marketable securities	(293,575,770)	(246,580,492)	(120,239,385)
Proceeds from sale of marketable securities	305,232,277	251,437,202	111,600,275
Proceeds from sale of property, plant and equipment	36,000	5,200	2,135,475
Proceeds from life insurance policies	668,372	173,297	15,000
Other	80,000	80,000	60,000
Net Cash Provided by (Used in) Investing Activities	9,420,549	(1,773,055)	(7,859,639)
Financing Activities:			
Purchases of common stock	(24,085,282)	(23,104,516)	-
Proceeds from exercise of stock options	4,851	32,390	146,455
Dividends paid	(6,070,121)	(6,294,979)	(5,693,364)
Net Cash Used in Financing Activities	(30,150,552)	(29,367,105)	(5,546,909)
Increase/(Decrease) in Cash and Cash Equivalents	579,284	(8,099,094)	3,583,140
Cash and Cash Equivalents at Beginning of Year	9,852,855	17,951,949	14,368,809

Cash and Cash Equivalents at End of Year	$ 10,432,139	$ 9,852,855	$ 17,951,949

See notes to consolidated financial statements

Lawson Products, Inc. and subsidiaries are distributors of expendable parts and supplies for maintenance, repair and operations 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 intercompany items 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 shareholders' 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 (comprising 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, 1995, 1994 and 1993.

Reclassifications: Certain amounts have been reclassified in the 1993 and 1994 financial statements to conform with the 1995 presentation.

NOTE B- 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) 1995	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of states and political subdivisions	$34,472	$287	$2	$34,757
Foreign government securities	1,516	-	-	1,516
Other debt securities	204	-	-	204
Total debt securities	36,192	287	2	36,477
Equity securities	-	438	-	438
	$36,192	$725	$2	$36,915

1994

Obligations of states and political subdivisions	$44,896	$82	$425	$44,553
Foreign government securities	1,226	-	-	1,226
Other debt securities	2,118	8	6	2,120
	$48,240	$90	$431	$47,899

The gross realized gains on sales totaled: $116,062, $11,867, and $141,861 in 1995, 1994, and 1993, respectively, and the gross realized losses totaled $46,186, $55,050, and $83,530, respectively. The net adjustment to unrealized holding gains (losses) included as a separate component of shareholders' equity, net of taxes, totaled $354,000 and ($221,000) in 1995 and 1994, respectively. In 1995 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, 1995, by contractual maturity, are shown below. Expected maturities will 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	$16,024	$16,068
Due after one year through five years	10,397	10,505
Due after five years through ten years	1,611	1,642
Due after ten years	8,160	8,262
Total debt securities	36,192	36,477
Equity securities	-	438
	$36,192	$36,915

NOTE C-PROPERTY, PLANT AND EQUIPMENT

The cost of property, plant and equipment consists of:

	1995	1994
Land	$ 5,976,341	$ 5,209,858
Buildings and improvements	32,360,549	29,221,123
Machinery and equipment	14,475,356	11,204,980
Furniture and fixtures	4,618,726	4,383,001
Vehicles	303,317	287,550
Construction in Progress	661,260	5,657,654
	$58,395,549	$55,964,166

NOTE D-INVESTMENTS IN REAL ESTATE

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

NOTE E-ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following:

	1995	1994
Salaries, commissions and other compensation	$ 5,416,903	$ 5,643,685
Accrued and withheld taxes, other than income taxes	1,408,108	1,154,584
Accrued profit sharing contributions	1,994,328	1,810,562
Accrued self-insured health benefits	1,300,000	1,300,000
Cash dividends payable	1,519,260	1,627,838
Other	2,691,111	2,987,579
	$14,329,710	$14,524,248

NOTE F-STOCK PLAN

The Company's Incentive Stock Plan (Plan), as amended, provides for the issuance of up to 750,000 shares of Common Stock to officers and key employees pursuant to stock options, stock appreciation rights, stock purchase agreements and stock awards.

The Plan permits the grant of incentive stock options, subject to certain annual limitations, with substantially the same terms as non-qualified stock options, except that incentive stock options are not exercisable within six months from date of grant and may not be exercisable while an optionee holds a prior incentive stock option. Incentive stock options may be granted at prices not less than the fair market value of the shares at the dates of grant.

Benefits may be granted under the Plan through December 16, 1996 and the allowable duration of the stock options is twelve years.

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

	Shares		
	1995	1994	1993
As of December 31:			
Options outstanding (per share: $12.83 to $29.75)	126,131	126,431	130,756
Available for grant	536,591	536,591	535,841
Options exercisable	126,131	126,431	103,550
For the year ended December 31:			
Options exercised (per share: 1995, 1994, and 1993-$8.78 to $27.50)	300	3,575	12,354
Benefits cancelled	-	750	5,886

As of December 31, 1995, 93 persons held outstanding options for an aggregate of 126,131 shares of Common Stock with an average per share option price of $27.06. Such options expire on various dates through May 24, 2000.

At December 31, 1995, 662,722 shares of Common Stock were reserved for issuance under the Plan.

NOTE G-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 $3,890,250, $3,517,052 and $3,067,199 for the years ended December 31, 1995, 1994 and 1993, respectively.

In 1994 the Company established 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 H-INCOME TAXES

Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109 (SFAS 109), "Accounting for Income Taxes." SFAS 109 requires recognition of deferred tax liabilities and receivables for future taxes to be calculated using a balance sheet approach. The cumulative effect of adopting SFAS 109 was to increase 1993 net income by $352,000 ($.02 per share).

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:

Deferred Tax Assets:	1995	1994
Compensation and benefits	$ 7,630,000	$ 6,822,000
Inventory	509,000	514,000
Net operating loss carryforward of subsidiary	2,047,000	1,572,000
Accounts receivable	373,000	376,000
Marketable securities	-	120,000
Total Deferred Tax Assets	10,559,000	9,404,000

Valuation allowance for deferred tax assets	(2,047,000)	(1,572,000)
Net Deferred Tax Assets	8,512,000	7,832,000
Deferred Tax Liabilities:		
Property, plant & equipment	1,200,000	1,166,000
Investments in real estate	3,167,000	3,195,000
Marketable securities	253,000	-
Other	227,000	195,000
Total Deferred Tax Liabilities	4,847,000	4,556,000
Total Net Deferred Tax Assets	$ 3,665,000	$ 3,276,000

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

	1995	1994	1993
Current:			
Federal	$11,657,000	$11,955,000	$ 9,194,000
State	2,815,000	2,145,000	1,795,000
	14,472,000	14,100,000	10,989,000
Deferred benefit	(777,000)	(593,000)	(987,000)
	$13,695,000	$13,507,000	$10,002,000

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

	1995	1994	1993
Statutory federal rate	35.0%	35.0%	35.0%
Increase (decrease) resulting from:			
State income taxes, net of federal income tax benefit	5.3	4.1	3.9
Non-taxable dividend and interest income	(1.4)	(1.5)	(2.6)
Foreign loss	1.7	1.7	1.2
Other items	(1.3)	.4	(1.5)
Provision for income taxes	39.3%	39.7%	36.0%

Income taxes paid for the years ended December 31, 1995, 1994 and 1993 amounted to $15,327,000, $12,098,000 and $12,554,000, respectively.

NOTE I-COMMITMENTS

The Company's minimum rental commitments, principally for equipment, under noncancelable leases in effect at December 31, 1995 amounted to approximately $1,802,000. Such rentals are payable as follows: 1996-$854,000; 1997-$583,000; 1998-$362,000 and 1999-$3,000.

Total rental expense for the years ended December 31, 1995, 1994 and 1993 amounted to $1,087,271, $1,188,740 and $1,297,159.

NOTE J-PER SHARE DATA

Per share data are based on the weighted average number of shares of Common Stock outstanding during each year: 1995-12,072,668; 1994-13,237,181 and 1993-13,556,714. Exercise of outstanding stock options would not have a material dilutive effect on such per share data.

NOTE K SUMMARY OF UNAUDITED QUARTERLY RESULTS OF OPERATIONS

Unaudited quarterly results of operations for the years ended December 31, 1995 and 1994 are summarized as follows:

Selected Quarterly Financial Information

	Quarter ended			
1995 (In thousands, except per share data)	Mar. 31	Jun. 30	Sept. 30	Dec. 31*
Net sales	$54,845	$56,095	$56,177	$56,420
Cost of goods sold	15,421	15,822	15,832	16,461
Income before income taxes	8,238	8,482	8,439	9,655
Provision for income taxes	3,214	3,205	3,348	3,928
Net income	5,024	5,277	5,091	5,727
Net income per share of common stock	$.40	$.43	$.43	$.49
Weighted average shares outstanding	12,454	12,217	11,826	11,742

1994 (In thousands, except per share data)	Quarter ended Mar. 31	Jun. 30	Sept. 30	Dec. 31*
Net sales	$49,772	$53,749	$55,539	$54,038
Cost of goods sold	14,252	15,302	15,847	13,157
Income before income taxes	6,550	8,227	8,690	10,565
Provision for income taxes	2,482	3,068	3,443	4,514
Net income	4,068	5,159	5,247	6,051
Net income per share of common stock	$.30	$.38	$.40	$.47
Weighted average shares outstanding	13,562	13,480	13,107	12,837

*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 1995, this adjustment decreased net income by approximately $354,000, while in 1994, this adjustment increased net income by approximately $1,445,000. Also, the fourth quarter of 1995 reflects adjustments to certain accrued expenses which increased net income by approximately $908,000.

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, 1995	$ 1,127,017	$ 985,259	$ 1,000,939	$ 1,111,337
Year ended December 31, 1994	1,067,754	848,330	789,067	1,127,017
Year ended December 31, 1993	1,059,087	889,199	880,532	1,067,075

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 7, 1996, 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	85	1977	*
Bernard Kalish, Chief Executive Officer, Chairman of the Board and Director	58	1989	*
Peter G. Smith, President, Chief Operating Officer and Director	57	1989	*
Jeffrey B. Belford Executive Vice President--Operations	49	1989	*
Hugh Allen, Executive Vice President--Sales and Marketing	60	1991	Prior to 1991, Mr. Allen was Vice President-Sales/ Marketing.

James Smith, Vice President-- Human Resources	55	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, Treasurer and Director	68	1987	*
Joseph L. Pawlick, Vice President and Controller and Assistant Secretary	53	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 7, 1996, 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 7, 1996, 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 7, 1996 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.

None.

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, 1995 and 1994.

Consolidated Statements of Income for the Years ended December 31, 1995, 1994 and 1993.

Consolidated Statements of Changes in Stockholders' Equity for the Years ended December 31, 1995, 1994 and 1993.

Consolidated Statements of Cash Flows for the Years ended December 31, 1995, 1994 and 1993.

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.

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; and 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)(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)(7) Amended and Restated Executive Deferral Plan.

11 Statement regarding computation of per share earnings.

21 Subsidiaries of the Company.

23 Consent of Ernst & Young LLP.

27 Financial Data Schedule.

* Indicates management employment contracts or compensatory plans or arrangements.

(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 27, 1996

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 27, 1996
/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

EXHIBIT INDEX

Exhibit Number	Description of Exhibit	Sequentially Numbered Page
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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).	
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10(c)(7)	Amended and Restated Executive Deferral Plan.	
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21	Subsidiaries of the Company.	
23	Consent of Ernst & Young LLP.	
27	Financial Data Schedule.	

EXECUTIVE DEFERRAL PLAN

FOR

LAWSON PRODUCTS, INC. AND CERTAIN AFFILIATES

AMENDED AND RESTATED EFFECTIVE JANUARY 1, 1994

Table of Contents

1. Purpose. Lawson Products, Inc., a Delaware corporation (the "Company"), originally established this Executive Deferral Plan (the "Plan"), effective as of October 1, 1987 for the purpose of promoting in its Executive Employees the strongest interest in the successful operation of the Company and its

Affiliates, as well as to provide supplemental income in the future. The Plan is maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees.

To further the intention of maintaining appropriate levels of benefits for Executive Employees, the Plan has been amended and restated effective January 1, 1994, to provide benefits to Executive Employees and their beneficiaries in such a manner as to maintain the level of benefits which, but for the limitations on contributions imposed by Section 401(a)(17) of the Code, otherwise would be payable under the Profit Sharing Plan.

2. Effective Date. The provisions of the Plan as herein restated shall be effective as of January 1, 1994. Except as may be required by law, the rights of any person whose status as an Executive Employee of the Employer has terminated shall be determined pursuant to the terms of the Plan in effect on the date his participation terminated, unless a subsequently adopted provision of the Plan is made specifically applicable to such person.

3. Adoption by Affiliates. The following Affiliates have adopted the Plan for the benefit of their eligible employees and shall be considered "Employers" under the Plan:

Lawson Products, Inc. (a Texas corporation)
Lawson Products, Inc. (a New Jersey corporation)
Lawson Products, Inc. (a Georgia corporation)
Lawson Products, Inc. (a Nevada corporation)
Drummond American Corporation (an Illinois corporation)
Cronatron Welding Systems, Inc. (a North Carolina corporation)

Subject to consent of the Company, any other Affiliate may adopt the Plan for the benefit of its eligible employees. Upon such adoption, such Affiliate shall become an "Employer."

4. Definitions.

A. Administrative Committee - "Administrative Committee" shall mean the committee appointed as provided in Section 9 of the Plan.

B. Affiliate - "Affiliate" shall mean any corporation or enterprise, other than the Company, which, as of a given date, is a member of the same controlled group of corporations, the same group of trades or businesses under common control, or the same affiliated service group, determined in accordance with Sections 414(b), (c), (m) and (o) of the Code, as is the Company.

C. Board of Directors - "Board of Directors" shall mean the Board of Directors of the Company or such person or committee as shall be appointed by the Board of Directors to carry out its duties and obligations under the Plan.

D. Beneficiary - "Beneficiary" shall mean any person named by the Participant who is eligible to receive benefits under the Plan in accordance with Section 7.6 of the Plan.

E. Code - "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

F. Company - shall mean Lawson Products, Inc. (a Delaware corporation).

G. Compensation - "Compensation" shall mean a Participant's salary as declared at the beginning of a calendar year, together with the Participant's commissions, bonuses, over-rites and other payments for personal services rendered by a Participant to the Employer during a calendar year.

H. Deferral Period - "Deferral Period" shall mean the period during which Compensation is being deferred as provided in the Participant's Executive Participation Agreement and Section 5, below.

I. Deferred Benefit Account - "Deferred Benefit Account" shall mean the account maintained on the books of the Employer for each Participant as provided in Section 6.1 hereof.

J. Determination Date - "Determination Date" shall mean the date on which the amount of a Participant's Deferred Benefit Account is determined as provided in Section 6.2 hereof. In general, the last day of each calendar month shall be a Determination Date.

K. Disability - "Disability" shall mean, if the Participant is insured under a group disability policy the premiums for which are paid by the Employer, the definition of total disability contained in the group insurance contract. If the Participant is not insured under such a group disability policy, "disability" shall mean the definition of disability under the Profit Sharing Plan and such definition shall control.

L. Distribution Date - "Distribution Date" shall mean, subject to such conditions and limitations as shall be prescribed by the Administrative Committee: (i) the first day of the calendar quarter or calendar year (whichever is elected in the Executive Participation Agreement) next following retirement, or (ii) the date indicated in the Executive Participation Agreement, whichever is earlier.

M. Distribution Period - "Distribution Period" shall mean the period set forth in the Executive Participation Agreement, subject to such conditions and procedures set forth in this Plan or as shall be prescribed by the Administrative Committee.

N. Employer - "Employer" means the Company and any Affiliate which the Company permits to adopt the Plan for the benefit of its eligible employees, or any one or more of all the adopting Employers, as the context indicates.

O. Executive Employees - "Executive Employees" shall mean all employees of the Employer who are designated as Executive Employees by the Administrative Committee. A person designated as an Executive Employee shall remain so until such designation is revoked by the Administrative Committee, in its sole discretion.

P. Executive Participation Agreement - "Executive Participation Agreement" shall mean a written agreement between a Participant and the Company, whereby a Participant agrees to defer a portion of his Compensation pursuant to the provisions of the Plan, and the Company agrees to make benefit payments in accordance with the provisions of the Plan.

Q. Net Asset Value - "Net Asset Value" shall mean the value per share of any Separate Accounts Value as provided in Section 4-Y.

R. Participant - "Participant" shall mean an Executive Employee of the Company who is eligible to receive benefits under the Plan by reason of his active service with the Employer.

S. Profit Sharing Plan - "Profit Sharing Plan" shall mean either the Lawson Products, Inc. Employees' Profit Sharing Plan or the Retirement Plan Program for Certain Affiliated Corporations of Lawson Products, Inc., whichever is applicable.

T. Section 401(a)(17) Limits - "Section 401(a)(17) limits" shall mean the limitations on benefits imposed by Section 401(a)(17) of the Code.

U. Separate Accounts - "Separate Accounts" shall mean any investment funds and subaccounts available under the Variable Appreciable Life Policy.

V. Stated Deferral - "Stated Deferral" shall mean the amount of compensation the Participant agrees to defer in the Executive Participation Agreement.

W. Supplemental Benefit - "Supplemental Benefit" shall mean the benefit described in Section 5.3.

X. Termination of Employment - "Termination of Employment" shall mean the Participant's ceasing to be employed by the Employer and all Affiliates for any reason whatsoever, voluntary or involuntary, including by reason of death or disability.

Y. Valuation of Account - "Valuation of Account" shall mean, with respect to any calendar month, the value of the Participant's Deferred Benefit Account as indexed to the performance or the yield of the selected Separate Account or Accounts available under the Variable Appreciable Life Policy then in effect. Performance shall be measured by the net change in the account's net asset values (if applicable) or the net asset value plus interest credited thereon (if applicable). Subject to any conditions and procedures prescribed by the Administrative Committee, each Participant may select which combination of Separate Accounts he wishes his Deferred Benefit Account to be indexed to and change his Separate Account indexing. Any change in the Separate Accounts for indexing purposes must be submitted by the Participant in writing to the Administrative Committee.

Z. Variable Appreciable Life Policy - "Variable Appreciable Life Policy" shall mean the Variable Appreciable Life Policy offered by Pruco Life Insurance Company, a wholly-owned subsidiary of the Prudential Life Insurance Company of America, or any other replacement or successor policies or investments chosen by the Administrative Committee.

5. Participant Compensation Deferral.

5.1 Deferral and Reduction of Compensation.

A. Initial Deferrals. Subject to such limitations and conditions as shall be prescribed by the Administrative Committee, an Executive Employee wishing to defer a portion of his Compensation shall be entitled to participate in the Plan commencing the first day of the calendar quarter immediately following such Employee's attainment of Executive Employee status. In order to do so, the Executive Employee shall execute an Executive Participation Agreement at least thirty days prior to the first day of said calendar quarter. The new Executive Employee shall be bound by all the terms and conditions of the Plan.

B. Subsequent Deferrals. Subject to such conditions and limitations as shall be prescribed by the Administrative Committee, an Executive Employee may also make subsequent elections to defer compensation. The Executive Employee shall execute an Executive Participation Agreement prior to the first day of each calendar year. Such elections shall be effective for the following calendar year or such longer period as elected in the Executive Participation Agreement.

C. Procedure for Deferral. The Executive Employee shall make the election provided for in subparagraphs A and B by executing an Executive Participation Agreement in the form provided by the Administrative Committee. The amount deferred shall be subtracted from Compensation otherwise payable to the Participant during the period of deferral. Unless otherwise permitted by the Administrative Committee under Section 5.2 of the Plan, the amount specified in the Executive Participation Agreement shall be deferred, and the Participant's Compensation shall be correspondingly reduced.

5.2 Election to Defer Irrevocable. Except as otherwise provided herein, a Participant's election to defer Compensation shall be irrevocable. The Administrative Committee, in its sole discretion, upon demonstration of substantial hardship by the Participant, may permit subsequent alteration of a Participant's deferral election. A request to alter the amount of compensation deferred shall be submitted by a Participant in writing to the Administrative Committee at least one month prior to when such modification is to take effect, setting forth in detail the reasons for the requested reduction. If a modification of the deferral is granted, it shall be effective thereafter until a valid election is made with respect to a subsequent calendar year pursuant to Section 5.1B.

5.3 Amount of Supplemental Benefits.

A. Supplemental Benefits Attributable to Participant Deferrals. In addition to a Participant's deferral under Section 5.1 of the Plan, the following amount shall be credited to the Account established hereunder for such Participant with respect to each Plan Year:

(i) The amount of the Participant's deferral under Section 5.1 of the Plan for the calendar year, times

(ii) The rate of Employer Contributions under the Profit Sharing Plan with respect to such calendar year.

B. Supplemental Benefits Attributable to Section 401(a)(17) Limits. If the application of the Section 401(a)(17) limits in any calendar year results in a reduction in the amount of the Employer Contributions otherwise allocable to a Participant under the Profit Sharing Plan, then the following amount shall be credited to the Account established hereunder for such Participant with respect to such calendar year:

(i) the amount of Employer Contributions the Participant would be entitled to receive with respect to such calendar year under the Profit Sharing Plan without giving effect to the Section 401(a)(17) limits; less

(ii) the amount of Employer Contributions the Participant was entitled to receive under the Profit Sharing Plan with respect to such calendar year after application of the Section 401(a)(17) limits.

6. Deferred Benefit Account.

6.1 Establishment of Account. The Company shall establish a Deferred Benefit Account on its books for each Participant, and shall credit or debit to each Participant's Deferred Benefit Account the following amounts at the times specified:

A. The amount of Compensation that the Participant elects to defer in his Executive Participation Agreement, credited each Determination Date in the month the Participant would otherwise have received the Compensation (the "Participant Deferral Subaccount"). The Company shall deduct any amounts it is required to withhold under any state, federal or local law for taxes or other charges from the Participant's non-deferred Compensation.

B. The amount of Supplemental Benefits allocable to such Participant pursuant to Section 5.3A., credited as of the last day of each calendar year, or such other time as determined by the Administrative Committee (the "Supplemental Profit Sharing Subaccount").

C. The amount of Supplemental Benefits allocable to such Participant pursuant to Section 5.3B., credited within two and one-half months after the last day of the calendar year to which such contributions relate, or such other time as determined by the Administrative Committee (the "Supplemental 401(a)(17) Subaccount").

D. As of each Determination Date, an amount equal to the percentage change in the net asset value of each selected Separate Account since the preceding Determination Date, multiplied by the portion of the Participant's Deferred Benefit Account as of such preceding Determination Date (less any distributions made since such date) attributable to each such selected Separate Account.

E. As of each Determination Date, an amount of interest equal to the rate earned by the selected Separate Accounts since the preceding Determination Date, multiplied by the portion of the Participant's Deferred Benefit Account as of such preceding Determination Date (less any distributions made since such date) attributable to such selected Separate Account.

A Participant's Deferred Benefit Account shall be utilized solely as a device for the measurement and determination of the amounts to be paid to the Participant pursuant to this Plan.

6.2 Determination of Account. Each Participant's Deferred Benefit Account as of each Determination Date shall consist of the balance of the Participant's Deferred Benefit Account as of the immediately preceding Determination Date plus the amounts required to be credited or debited to such account by the Company as provided in Section 6, less the amount of all distributions, if any, made from such Deferred Benefit Account since the immediately preceding Determination Date.

6.3 Statement of Account. The Administrative Committee shall provide to each Participant, within 30 days after the close of each calendar quarter, a statement in such form as the Administrative Committee deems desirable setting forth the balance in his Deferred Benefit Account as of the last day of the preceding calendar quarter.

7. Payment of Benefits.

7.1 Distribution of Benefits. Upon reaching the Distribution Date, the Employer shall pay to the Participant, as compensation for services rendered prior to such date, a benefit equal to the amount of his Deferred Benefit Account determined as of the Determination Date coincident with or next following the date of his Termination of Employment, or if the Distribution Date is prior to his Termination of Employment, the immediately preceding Determination Date. If the Participant has pre-elected a form of benefit other than a lump sum, annual installments of up to 15 years (the "Distribution Period") shall commence on the Distribution Date and continue to be paid on the same day each year thereafter until the entire amount of the Deferred Benefit Account has been paid to the Participant. The Account will continue to be valued by indexing in the same manner as prior to the Distribution Date, as provided in Section 4-Y. The interest rate used in calculating the amount of each year's installment payment shall be the Prudential Life Insurance Company's Fixed Interest Rate, as declared during each installment year, which applies to its Variable Appreciable Life Policy. If said rate is no longer published, a substantially similar rate selected by the Administrative Committee shall be used. At the end of each installment year a new Distribution Benefit will be recalculated based on the remaining years left in the Distribution Period.

7.2 Benefits Upon Disability. Upon a Participant's Termination of Employment prior to the Distribution Date due to Disability, the Company shall pay to the Participant a Disability Benefit equal to the amount of his Deferred Benefit Account determined as of the Determination Date immediately preceding the date of Termination of Employment. If the Participant has pre-elected a form of benefit other than a lump sum, annual installments of up to 15 years (the "Distribution Period") shall commence on the first day of the next calendar quarter following the Determination Date and continue to be paid on the same date each year thereafter until the Participant's Disability ceases or until the entire amount of the Deferred Benefit Account has been paid to the Participant. Disability Benefits shall constitute distributions from the Participant's Deferred Benefit Account. The Deferred Benefit Account Balance will continue to be valued by indexing in the same manner as prior to disability, as provided in Section 4-Y. The interest rate used in calculating each year's installment payment shall be the Prudential Life Insurance Company's Fixed Interest Rate as declared during each installment year, which applies to its Variable Appreciable Life Policy. If said rate is no longer published, a substantially similar rate selected by the Administrative Committee shall be used. At the end of each installment year a new Distribution Benefit will be recalculated based on the remaining years left in the Distribution Period.

7.3 Benefits Upon Other Termination of Employment. Upon a Participant's Termination of Employment prior to reaching the Distribution Date, for reasons other than Death or Disability, the Company shall pay to the Participant, as compensation for services rendered prior to the date of Termination of Employment, a benefit equal to the amount of his Deferred Benefit Account determined as of the Determination Date immediately preceding the date of Termination of Employment. The benefit shall be payable in a single lump sum payment within ninety days of the date of Termination of Employment. However, if the Participant has pre-elected a form of benefit other than a lump sum payment, annual installments of up to 5 years (the "Distribution Period") shall commence on the first day of the next calendar quarter following the Determination Date and continue to be paid on the same day each year thereafter until the entire amount of the Deferred Benefit Account has been paid to the Participant. The Account will continue to be valued by indexing in the same manner as prior to the Distribution Date, as provided in Section 4-Y. The interest rate used in calculating the amount of each year's installment shall be the Prudential Life Insurance Company's Fixed Interest Rate, as declared during each installment year, which applies to its Variable Appreciable Life Policy. If said rate is no longer published, a substantially similar rate selected by the Administrative Committee shall be used. At the end of each installment year, a new Distribution Benefit will be recalculated based on the remaining years left in the Distribution Period.

7.4 Survivorship Benefits.

A. Prior to Commencement of Distribution Benefits.

(i) If the Company applies for and procures life insurance on the life of the Participant as provided in Section 9, and if the Participant does not commit or omit any action which has the effect of voiding the insurance, and the Participant dies prior to commencement of the Distribution Benefits payable under the Plan, the Company shall pay to the Participant's beneficiary a pre-distribution Survivorship Benefit of an amount equal to the greater of: (a) the sum of (1) his Supplemental Profit Sharing Subaccount, plus (2) his Supplemental 401(a)(17) Subaccount, plus (3) the present value of two hundred percent (200%) of the Participant's average annual deferral, payable over each of the following ten years, discounted by the Prudential Life Insurance Company's Fixed Interest Rate as declared in the year of death which applies to its Variable Appreciable Life Policy (if said rate is no longer published, a substantially similar rate selected by the Administrative Committee shall be used) or (b) his Deferred Benefit Account Value, as of the Determination Date coincident or next following the date of death. The benefit shall be payable in a single lump sum payment as soon as practicable after the date of the Participant's death. However, if the Participant has pre-elected a form of benefit other than a lump sum payment, annual installments of up to 15 years shall commence on the first day of the next calendar quarter and continue to be paid on the same day each year thereafter until the entire amount has been paid to the Participant. The interest rate credited on any unpaid balance shall be the Prudential Life Insurance Company's Fixed Interest Rate as declared effective January 1 of the year of death which applies to its

Variable Appreciable Life Policy. If said rate is no longer published, a substantially similar rate selected by the Administrative Committee shall be used.

(ii) If the Employer does not procure life insurance on the life of the Participant as provided in Section 9 and the Participant dies prior to commencement of the Distribution Benefits payable under the Plan, the Company shall pay to the Participant's beneficiary a pre-distribution Survivorship Benefit based solely on his Deferred Benefit Account Value.

(iii) If the initial purchase of life insurance results in a first year charge to the Company's earnings (for accounting purposes) in excess of thirty three cents per each dollar of executive deferral (based on a deposit into the Variable Appreciable Life Policy, assuming it is designed with a death benefit sufficient to pay the Company an amount equal to the present value of two hundred percent (200%) of the Participant's average annual deferral, payable over each of the following ten years, discounted by the Prudential Life Insurance Company's fixed interest account as declared in the year of purchase, plus the premium deposit, all multiplied by a factor of .6 (representing the corporation's net after tax cost) and assuming that the corporation's premium deposit is equal to the maximum "seven pay premium"), the Participant shall have the option of either: (1) annually having his compensation reduced by an amount equal to 166 percent of the additional charge to corporate earnings or (2) receiving a survivorship benefit determined solely on the basis of his deferred benefit account.

B. After Commencement of Benefits. If a Participant dies after benefit payments have commenced under an installment period, but prior to receiving all of the scheduled annual payments, the Company shall continue to pay the Participant's beneficiary, over the remaining period, the Participant's Deferred Benefit Account. The account will earn interest at the Prudential Life Insurance Company's Fixed Interest Rate as declared in the year of death which applies to its Variable Appreciable Life Policy. If said rate is no longer published, a substantially similar rate selected by the Administrative Committee shall be used. Notwithstanding anything to the contrary above, and effective as of the date this Plan is formally amended and restated, the Participant may elect that his beneficiary will receive a lump sum amount equal to the remaining balance of his Deferred Benefit Account.

7.5 Hardship Distribution. The Administrative Committee may, in its sole discretion, upon the finding that the failure to make such distribution would create or continue an urgent and severe financial hardship for the Participant, distribute to such Participant any portion of his Deferred Benefit Account as of that date.

7.6 Recipients of Payments; Designation of Beneficiary. All payments to be made by the Company shall be made to the Participant, if living. In the event of a Participant's death prior to the receipt of all benefit payments, subsequent payments to be made under the Plan shall be made to the beneficiary or beneficiaries of the Participant. In the event a beneficiary dies before receiving the payments due to such beneficiary pursuant to this Plan, the remaining payments shall be paid to the legal representatives of the beneficiary's estate. The Participant shall designate a beneficiary by filing a written notice of such designation with the Company in such form as the Company may prescribe. The Participant may revoke or modify said designation at any time by a further written designation. The Participant's Beneficiary Designation shall be deemed automatically revoked in the event of the death of the beneficiary or, if the beneficiary is the Participant's spouse, in the event of dissolution of marriage. If the Participant's Compensation constitutes community property, and to the extent required by law, then any Beneficiary Designation made by the Participant other than a designation of such Participant's spouse shall not be effective if any such beneficiary or beneficiaries are to receive more than fifty percent (50%) of the aggregate benefits payable hereunder unless such spouse shall approve such designation in writing. If no such Beneficiary Designation shall be in effect at the time when any benefits payable under this Plan shall become due, the beneficiary shall be the spouse of the Participant, of if no spouse is then living, to the Participant's children and their issue by right of representation, or, if none, to the legal representatives of the Participant's estate.

In the event a benefit is payable to a minor or person declared incompetent or to a person incapable of handling the disposition of his property, the Administrative Committee may pay such benefit to the guardian, legal representative or person having the care or custody of such minor, incompetent or person. The Administrative Committee may require proof of incompetency, minority or guardianship as it may deem appropriate prior to distribution of the benefit. Such distribution shall completely discharge the Administrative Committee and the Employer from all liability with respect to such benefit.

8. Claims Procedure.

A. Any person who believes that he is entitled to receive a benefit under the Plan, including one greater than that initially determined by the Administrative Committee, may file a claim in writing with the Administrative Committee.

B. The Administrative Committee shall within 90 days of the receipt of a claim either allow or deny the claim in writing. A denial of a claim shall be written in a manner calculated to be understood by the claimant and shall include:

(i) the specific reason or reasons for the denial;

(ii) specific references to pertinent Plan provisions on which the denial is based;

(iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

(iv) an explanation of the Plan's claim review procedure.

C. A claimant whose claim is denied (or his duly authorized representative) may, within 60 days after receipt of denial of his claim:

(i) submit a written request for review to the Administrative Committee;

(ii) review pertinent documents; and

(iii) submit issues and comments in writing.

D. The Administrative Committee shall notify the claimant of its decision on review within 60 days of receipt of a request for review. The decision on review shall be written in a manner calculated to be understood by the claimant and shall include specific reasons for the decision and specific references to the pertinent Plan provisions on which the decision is based. The decision of the Administrative Committee shall be final and binding upon the Participant and Beneficiary.

E. The 90-day and 60-day periods described in subsections (b) and (c), respectively, may be extended at the discretion of the Administrative Committee for a second 90-day or 60-day period, as the case may be, provided that written notice of the extension is furnished to the claimant prior to the termination of the initial period, indicating the special circumstances requiring such extension of time and the date by which a final decision is expected.

9. Administration of the Plan.

9.1 Appointment of Committee. The Chief Executive Officer of the of the Company shall appoint an Administrative Committee consisting of two (2) or more persons to administer and interpret the Plan. Interpretation by the Administrative Committee shall be final and binding upon a Participant. The Administrative Committee may adopt rules and regulations relating to the Plan as it may deem necessary or advisable for the administration of the Plan. Any action by the Administrative Committee shall require the affirmative vote of a majority of its members, or in the absence of a meeting, the express consent of a majority of its members, which may be orally given, but which shall be confirmed in writing by each member so consenting.

9.2 Powers and Duties of Administrative Committee. Except as otherwise provided in the Plan, the Administrative Committee shall have final and binding discretionary authority to control and manage the operation and administration of the Plan, including all rights and powers necessary or convenient to carrying out its functions hereunder, whether or not such rights or powers are specifically enumerated herein. The Administrative Committee shall be responsible for administering the Plan and in this connection shall have the following powers and duties:

A. to approve, consent to, or make determinations in respect to all matters requiring such Administrative Committee actions under the provisions of the Plan;

B. to construe or interpret the Plan, decide all questions of eligibility and determine the amount, manner and time of payment of any benefits hereunder and to adopt such uniform rules or regulations as it deems necessary, desirable or appropriate for these purposes;

C. to fix and determine the respective amounts payable by any Employer;

D. to exercise such authority and responsibility as it deems appropriate in order to comply with any governmental regulations on records or reports relating to the Plan;

E. to prescribe forms on which applications, notices and other communications filed with or delivered to the Administrative Committee shall be made or given and to require the use of such forms as a prerequisite to the effectiveness of any such applications, notices and other communications;

F. to prepare and distribute, in such manner as it determines to be appropriate, information explaining the Plan;

G. to appoint or employ individuals to assist in the administration of the Plan and any other agents it deems advisable, including actuarial advisors and legal counsel;

H. to receive from the Employers, Participants and Beneficiaries such information as shall be necessary for the proper administration of the Plan;

I. to furnish the Company upon request such annual and other reports with respect to the administration of the Plan as are reasonable and appropriate;

J. to amend or terminate the Plan as more fully described in Article 14; and

K. to take such other action as may be needed to carry out the orderly administration of the Plan.

In exercising its responsibilities hereunder, the Administrative Committee may manage and administer the Plan through the use of agents who may include employees of the Employer.

9.3 Indemnification of Committee. To the full extent it shall have power under applicable law to do so, the Company shall indemnify the Board of Directors, the Administrative Committee and each of its members against any liability imposed and expenses or losses actually and reasonably incurred in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of their service under the Plan.

9.4 Consultation with Advisors. The Administrative Committee may employ or consult with counsel, actuaries, accountants, physicians or other advisors (who may be counsel, actuaries, accountants, physicians or other advisors for the Employer).

9.5 Committee Members as Participants. The Chief Executive Officer or Administrative Committee member may also be a Participant, but no such person shall have the power to take part in any discretionary decision or action affecting his own interest as a Participant under the Plan unless such decision or action is upon a matter which affects all other Participants similarly situated and confers no special right, benefit or privilege not simultaneously conferred upon all other such Participants.

10. Life Insurance and Funding.

10.1 General. The Employer, in its discretion, may apply for and procure as owner and for its own benefit, insurance on the life of a Participant, in such amounts and in such forms as the Employer may choose. The Participant shall have no interest whatsoever in any such policy or policies, but at the request of the Employer shall submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to whom the Employer has applied for insurance.

10.2 Unsecured Creditor. The rights of the Participant, or his beneficiary, or estate, to benefits under the Plan shall be solely those of an unsecured creditor of the Employer. Other than as an unsecured general creditor of the Employer, no Participant Beneficiary or estate shall have any claim to any insurance policy or other assets of the Employer in connection with the liabilities assumed by the Employer pursuant to the Plan.

10.3 Grantor Trust. Notwithstanding any other provision or interpretation of this Plan, the Employer may establish a trust in which to hold cash, insurance policies or other assets to be used to make or reimburse the Employer for payments to the Participants of the benefits under this Plan; provided, however, that the trust assets shall at all times remain subject to the claims of general creditors of the Employer in the event of the Employer's insolvency. The Employer and not the trust shall be liable for paying the benefits under the Plan. Any payment of benefits made by the trust shall satisfy the Employer's obligation to make such payment to the affected Participant.

11. Assignment of Benefits.

Except as may be contrary to the laws of any state having jurisdiction in the premises, a Participant or Beneficiary shall have no right to assign, transfer, hypothecate, encumber, commute or anticipate his interest in any payments under this Plan and such payments shall not in any way be subject to any legal process to levy upon or attach the same for payment of any claim against any Participant or Beneficiary.

12. Employment Not Guaranteed by Plan.

Neither this Plan nor any action taken hereunder shall be construed as giving a Participant the right to be retained as an Executive Employee or as an employee of the Employer for any period.

13. Taxes.

The Employer shall deduct from all payments made hereunder all applicable federal or state taxes required by law to be withheld from such payments.

14. Amendment and Termination.

The Chief Executive Officer or the Executive Committee of the Board of Directors may, at any time, amend or terminate the Plan, provided that he may not reduce or modify any benefit payable to a Participant and based on deferrals already made, without the prior consent of the Participant.

15. Construction.

The Plan shall be constructed according to the laws of the state of Illinois.

16. Form of Communication.

Any election, application, claim, notice or other communication required or permitted to be made by a Participant to the Company shall be made in writing and in such form as the Company shall prescribe. Such communication shall be effective upon mailing, if sent by first class mail, postage prepaid, and addressed to the Company's offices at 1666 East Touhy Avenue, Des Plaines, Illinois 60018.

17. Captions.

The captions at the head of a section or a paragraph of this Plan are designed for convenience of reference only and are not to be resorted to for the purpose of interpreting any provision of this Plan.

18. Binding Agreement.

The provisions of this Plan shall be binding upon the Participant and the Company and their successors, assigns, heirs, executors and beneficiaries.

19. Merger, Consolidation, etc.

The Company and any Affiliate shall not merge or consolidate with any other corporation, and will not liquidate or dissolve without making suitable arrangements as the case may be, for the maintenance or continuation of the Plan or for the payment of any benefits then accrued under the Plan.

20. Severability.

If any provisions of the Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts of the Plan, but the Plan shall be construed and enforced as if said illegal and invalid provisions had never been included herein.

ADOPTED pursuant to resolution of the Board of Directors of the Company this ______ day of ____________, Nineteen hundred ______________.

By:

For: Lawson Products, Inc.

EXHIBIT 11

LAWSON PRODUCTS, INC. AND SUBSIDIARIES

COMPUTATION OF PER SHARE EARNINGS

YEAR ENDED DECEMBER 31

	1995	1994	1993
Net income per share of common stock:			
Average shares outstanding	12,072,668	13,237,181	13,556,714
Net income	$ 21,120,029	$20,524,074	$ 18,117,480
Net income per share of common stock	$1.75	$1.55	$1.34
Primary:			
Average shares outstanding	12,072,668	13,237,181	13,556,714
Net effect of dilutive stock options-based on the treasury method using average market price	1,979	2,843	6,944
Total	12,074,647	13,240,024	13,563,658
Net income	$ 21,120,029	$20,524,074	$ 18,117,480
Net income per share of common stock	$1.75	$1.55	$1.34
Fully diluted:			
Average shares outstanding	12,072,668	13,237,181	13,556,714
Net effect of dilutive stock options-based on the treasury stock method using the year-end market price, if higher than average market price	1,979	2,788	7,249
Total	12,074,647	13,239,969	13,563,963
Net income	$ 21,120,029	$20,524,074	$ 18,117,480
Net income per share of common stock	$1.75	$1.55	$1.34

Note A - All share and per share amounts have been restated to reflect the effects of stock splits paid in previous years.

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 Ltd.	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

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 26, 1996, 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, 1995.

Ernst & Young L.L.P.

Chicago, Illinois
March 27, 1996

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DEC-31-1995
DEC-31-1995
10,432
36,915
28,296
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27,083
87,978
35,501
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160,614
18,510
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11,687
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63,536
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13,695
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21,120
1.75
1.75