

LAWSON PRODUCTS, INC.
Compensation Committee Charter
Adopted as of March 9, 2004

1. Status

The Compensation Committee (the "Committee") is a committee of the Board of Directors (the "Board") of Lawson Products, Inc.(the "Company").

2. Purpose

The Committee shall discharge the responsibilities of the Board of Directors relating to compensation of the Company's executive officers and shall produce an annual report on executive compensation for inclusion in the Company's proxy statement in accordance with applicable rules and regulations.

3. Membership

The Committee shall consist of at least three members of the Board, as the Board shall from time to time determine. Each member shall satisfy applicable independence requirements of The Nasdaq Stock Market and any other regulatory requirements. Additionally, no director may serve unless he or she is (1) a "non-employee director" as that term is defined for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended and (2) an "outside director" as that term is defined for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended.

4. Appointment and Removal

The Board shall elect the members of the Committee at its first meeting following the annual meeting of stockholders. Unless the Board elects a Chairman, the members of the Committee shall designate a Chairman by a majority vote of the full Committee membership. A Committee member may resign by delivering his or her written resignation to the Chairman of the Board, or may be removed by majority vote of the Board by delivery to such member of written notice of removal, to take effect at a date specified therein, or upon delivery of such written notice to such member if no date is specified.

5. Duties and Responsibilities

The Committee shall have the following duties and responsibilities:

- to review and approve corporate goals and objectives relevant to the compensation for executive officers, to evaluate the performance of executive officers in light of those goals and objectives, and to set the compensation level of executive officers based on this evaluation;

- to administer incentive-compensation plans and equity-based plans established or maintained by the Company from time to time (each, a “*Plan*”);
- to make recommendations to the Board with respect to the adoption, amendment, termination or replacement of the Plans;
- to recommend to the Board the compensation for Board members, such as retainer, committee chairman fees, stock options and other similar items as appropriate.

6. Powers and Authority

The Board delegates to the Committee all powers and authority that are necessary or appropriate to fulfill its duties and obligations hereunder, including, without limitation:

- to interpret the provisions of the Plans;
- to establish such rules as it finds necessary or appropriate for implementing or conducting the Plans;
- to grant or to approve or disapprove participation of individual employees in the Plans;
- to make all other decisions and determinations required of the Committee by the terms of the Plans or as the Committee considers appropriate for the operation of the Plans and the distribution of benefits thereunder;
- to retain professionals (such as attorneys and compensation professionals) to assist in the evaluation of director and or senior executive compensation, including sole authority to retain and terminate any such professional and to approve the professional’s fees and other retention terms; and
- to establish subcommittees for the purpose of evaluating special or unique matters.

7. Meetings

The Committee shall meet as often as may be deemed necessary or appropriate in its reasonable judgment, either in person or telephonically, and at such times and places as the Committee shall determine. The Committee shall report its minutes from each meeting to the Board.

8. Committee Action

A majority of the Committee members shall constitute a quorum for the transaction of business. A majority of the members present shall decide any question brought before the Committee. Unless the Committee by resolution determines otherwise, any action required or permitted to be taken by the Committee may be taken without a meeting if all members of the Committee consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of the Committee.

9. Procedures

The Chairman of the Committee shall establish such rules as may from time to time be necessary or appropriate for the conduct of the business of the Committee. The Chairman shall appoint as secretary a person who may, but need not, be a member of the Committee or be eligible for benefits under one or more of the Plans. A certificate of the secretary of the Committee setting forth the names of the members of the Committee or actions taken by the Committee shall be sufficient evidence at all times as to the persons constituting the Committee or such actions taken.

10. Charter Review

The Committee shall annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board of Directors for approval.

11. Reporting

The Committee shall prepare a report for inclusion in the Company's proxy statement as required by rules of the Securities and Exchange Commission.

APPROVED: BOARD OF DIRECTORS

DATE: _____