UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000

OR

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM __________ TO __________.

COMMISSION FILE NUMBER: 0-23804

SIMPSON MANUFACTURING CO., INC.
(Exact name of registrant as specified in its charter)

DELAWARE	94-3196943
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4120 DUBLIN BOULEVARD, SUITE 400, DUBLIN, CA 94568
(Address of principal executive offices)

Registrant's telephone number, including area code: (925)560-9000

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

COMMON STOCK, PAR VALUE $0.01	NEW YORK STOCK EXCHANGE, INC.
(Title of each class)	(Name of each exchange on which registered)

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

NONE
(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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]

As of March 1, 2001, there were outstanding 12,077,206 shares of the registrant's common stock, par value $0.01, which is the only outstanding class of common or voting stock of the registrant. The aggregate market value of the shares of common stock held by nonaffiliates of the registrant (based on the closing price for the common stock on the New York Stock Exchange on March 1, 2001) was approximately $417,453,576.

DOCUMENTS INCORPORATED BY REFERENCE

The information called for by Part III is incorporated by reference to the definitive Proxy Statement for the Annual Meeting of Stockholders of the Company to be held May 18, 2001, which will be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2000.

Certain matters discussed below are forward-looking statements that involve risks and uncertainties, certain of which are discussed in this and in other reports filed by the Company with the Securities and Exchange Commission. Actual results might differ materially from results suggested by any forward-looking statements in this report.

PART I

ITEM 1. BUSINESS.

BACKGROUND

Simpson Manufacturing Co., Inc. (the "Company"), through its subsidiary, Simpson Strong-Tie Company Inc. ("Simpson Strong-Tie" or "SST"), designs, engineers and is a leading manufacturer of wood-to-wood, wood-to-concrete and wood-to-masonry connectors and shearwalls. SST also offers a full line of adhesives, mechanical anchors and powder actuated tools for concrete, masonry and steel. The Company's subsidiary, Simpson Dura-Vent Company, Inc. ("Simpson Dura-Vent" or "SDV"), designs, engineers and manufactures venting systems for gas and wood burning appliances. The Company markets its products to the residential construction, light industrial and commercial construction, remodeling and do-it-yourself ("DIY") markets. The Company believes that SST benefits from strong brand name recognition among architects and engineers who frequently specify in building plans the use of SST products, and that SDV benefits from strong brand name recognition among contractors, dealers, distributors and original equipment manufacturers ("OEMs") to which SDV markets its products. The Company has continuously manufactured structural connectors since 1956. See Note 14 to the Company's consolidated financial statements for information regarding the net sales, income from operations, depreciation and amortization, capital expenditures and acquisitions and total assets for the Company's two primary segments.

Connectors produced by Simpson Strong-Tie typically are steel devices that are used to strengthen, support and connect joints in residential and commercial construction and DIY projects. SST's Anchor Systems product line is included in the connector product segment. These products enhance the safety and durability of the structures in which they are installed and can save time and labor costs for the contractor. SST's connector products increase structural integrity and improve structural resistance to seismic, wind and other forces. Applications range from building framing to deck construction to DIY projects. SST produces and markets over 5,000 standard and custom products.

Simpson Dura-Vent's venting systems are used to vent gas furnaces and water heaters, gas fireplaces and stoves, wood burning stoves and pellet stoves. SDV's metal vents, chimneys and chimney liner systems exhaust the products of combustion to the exterior of the building, and some products introduce outside air into the appliance for more efficient combustion. SDV designs its products for ease of assembly and safe operation and to achieve a high level of performance. SDV produces and markets approximately 2,400 different venting products.

The Company emphasizes continuous new product development and often obtains patent protection for its new products. The Company's products are marketed in all 50 states of the United States and in Europe, Canada, Japan, Australia, New Zealand and several countries in Central and South America. Both Simpson Strong-Tie and Simpson Dura-Vent products are distributed through a contractor and dealer distributor network, home centers and OEMs.

The Company has developed and uses automated manufacturing processes. Its innovative manufacturing systems and techniques have allowed it to control manufacturing costs, even while developing both new products and products that meet customized requirements and specifications. The Company's development of specialized manufacturing processes has also permitted increased operating flexibility and enhanced product design innovation. The Company has developed a quality management system that employs numerous quality-control procedures. Since 1996, SST's quality management system has been registered under ISO 9001. The Company has 14 manufacturing locations in the United States, Canada, France, Denmark and England.

The Company is a Delaware corporation organized and merged with its predecessor company in 1999. The Company serves as a holding company for Simpson Strong-Tie, and its subsidiaries, and for Simpson Dura-Vent.

INDUSTRY AND MARKET TRENDS

Based on trade periodicals, participation in trade and professional associations and communications with governmental and quasi-governmental organizations and with customers and suppliers, the Company believes that a variety of events and trends have resulted in significant developments in the markets that the Company serves. The Company's products are designed to respond to increasing demand resulting from these trends. Some of these events and trends are discussed below.

Natural disasters throughout the world have focused attention on safety concerns relating to the structural integrity of homes and other buildings. The 1995 earthquake in Kobe, Japan, the 1994 earthquake in Northridge, California, the 1989 Loma Prieta earthquake in Northern California, Hurricanes Hugo in 1989 and Andrew in 1992 in the Southeast, and other less cataclysmic natural disasters damaged and destroyed innumerable homes and other buildings, resulting in heightened consciousness of the fragility of some of those structures.

In recent years, architects, engineers, model code agencies, contractors, building inspectors and legislators have continued efforts to improve structural integrity and safety of homes and other buildings in the face of disasters of various types, including seismic events, storms and fires. Based on ongoing participation in trade and professional associations and communications with governmental and quasi-governmental regulatory agencies, the Company believes that building codes, such as the 1997 Uniform Building Code, have been strengthened and that their enforcement is becoming more rigorous. Recently, there has been consolidation among several of the Company's customer groups. The industry is also experiencing increased complexity in home design and builders are more aggressively trying to reduce their costs. The Company is responding to these trends by marketing its products as systems solutions rather than as individual parts. In some cases, systems marketing is facilitated by the use of sophisticated design and specification software.

The requirements of the Endangered Species Act, the Federal Lands Policy Management Act and the National Forest Management Act have resulted in increasingly limited amounts of timber available for harvest from public lands. Over the past several years, this and other factors, have led to the increased use of engineered wood products. Engineered wood products, which substitute for strong, clear-grained lumber historically obtained from logging older, large-diameter trees, have been developed to conserve lumber. Engineered wood products frequently require specialized connectors. Sales of Simpson Strong-Tie's engineered wood connector products increased significantly over the past several years.

Concerns about energy conservation and air quality have led to increasing recognition of the advantages of natural gas as a heating fuel, including its clean burning characteristics. Use of natural gas for home heating has been increasing in the United States over a number of years, until recently. According to the U.S. Census Bureau, the share of residential space heating in 1997 heated with natural gas was 70%, an increase from 61% in 1978. In the hearth appliance market, sales of gas stoves and gas fireplaces have increased in recent years relative to those of traditional wood burning appliances. According to the Hearth Products Association, the share of hearth appliances fired with natural gas in 1999 was 55%, an increase from 43% in 1994, but a decrease from 58% in 1998. Consistent with this trend, sales of Simpson Dura-Vent's direct vent products decreased in 2000. Conversely, in 1999 and 2000, sales of wood burning stoves and fireplaces increased significantly. According to the Hearth Products Association sales of these appliances increased 22% in 1999 compared to 1998. In the year 2000, increases in the cost of home heating oil, natural gas, and electricity resulted in a further increase in demand for wood burning appliances and pellet stoves. According to Hearth & Home Magazine (March 2001), sales of wood stoves in 2000 increased 4% over 1999 sales, while sales of pellet stoves in 2000 increased 32% over 1999. SDV's DuraTech chimney system and its pellet vent products are intended to capitalize on this trend towards wood burning and pellet stoves.

The Company has developed its distribution through home centers throughout the United States. The Company's sales to home centers increased significantly in 1999 and 2000. See "Item 7 -- Management's Discussion and Analysis of Financial Condition and Results of Operations."

BUSINESS STRATEGY

The Company designs, manufactures and sells products that are of high quality and performance, easy to use and cost-effective for customers. The Company provides rapid delivery of its products and prompt engineering and sales support. Based on its communications with customers, engineers, architects, contractors and other industry participants, the Company believes that its products have strong brand name recognition, and the Company seeks to continue to develop the value of its brand names through a variety of customer-driven strategies. Information provided by customers has led to the development of many of the Company's products, and the Company expects that customer needs will continue to shape the Company's product development, marketing and services.

Specification in architects' and engineers' plans and drawings influences which products will be used for particular purposes and therefore is key to the use of the Company's products in construction projects. The Company encourages architects and engineers to specify the installation of the Company's products in projects they design and supervise, and encourages acceptance of the Company's products by construction contractors. The Company maintains frequent contacts with architects, engineers and contractors, as well as private organizations that provide information to building code officials, both to inform them regarding the quality, proper installation, capabilities and value of the Company's products and to update them about product modifications and new products that may be useful or needed. The Company sponsors seminars to inform architects, engineers and building officials on appropriate use and proper installation of the Company's products.

The Company seeks to expand its product and distribution coverage through several channels:

Distributors. The Company regularly evaluates its distribution coverage and service levels provided by its distributors and from time to time modifies its distribution strategy and implements changes to address weaknesses and opportunities. The Company has various programs to evaluate distributor product mix and conducts promotions to encourage distributors to add Company products that complement their mix of product offerings in their markets.

Through its efforts to increase specifications by architects and engineers, and through increasing the number of products sold to particular contractors, the Company seeks to increase sales to channels that serve building contractors. The Company continuously seeks to expand the number of contractors served by each distributor through such sales efforts as demonstrations of product cost-effectiveness and information programs.

Home Centers. The Company intends to continue to increase penetration of the DIY markets by solicitation of home centers. The Company's Sales Representatives and Retail Specialists maintain on-going contact with home centers to provide timely product availability and product knowledge training. To satisfy specialized requirements of the home center market, the Company has developed extensive bar coding and merchandising aids and has concentrated a portion of its research efforts on the development of DIY products.

OEM Relationships. The Company works closely with manufacturers of engineered wood products and OEMs in developing and expanding the application and sales of Simpson Strong-Tie's engineered wood connector products and Simpson Dura-Vent's gas, wood and pellet stove venting products. SST has relationships with several of the largest manufacturers of engineered wood products, and SDV has OEM relationships with several major gas fireplace and gas stove manufacturers.

The Company is expanding its established facilities outside California to increase its presence and sales in markets east of the Rocky Mountains. During the last five years, the Company has expanded or has plans to expand nearly all of its manufacturing and warehouse facilities. As a result of the high sales growth in California in 1999 and 2000, sales in the 37 states east of the Rocky Mountains, while continuing to grow, have declined as a percentage of domestic sales from approximately 48% in 1998 to approximately 44% in 2000. Since 1993, the Company commenced manufacturing in England, opened warehouse and distribution facilities in Western Canada and the Northeastern United States, purchased anchor products manufacturers in Illinois and Eastern Canada and a connector product manufacturer in France, established distribution operations in Chile and Argentina, made an equity investment in a product design and distribution company in Germany and entered into distribution arrangements in Japan and Australia. More recently, the Company acquired a connector manufacturer in Denmark with distribution in northern, central and eastern Europe. The European investments are intended to establish a presence in the European Community through companies with existing customer bases and through servicing U.S.-based customers operating there. The Company intends to continue to pursue and expand operations outside the United States.

The Company's goal is to manufacture and warehouse its products in geographic proximity to its markets to provide availability and rapid delivery of products to customers and prompt response to customer requests for specially designed products and services. With respect to the DIY and dealer markets, the Company's strategy is to keep the customer's retail stores continuously stocked with adequate supplies of the full line of the Company's products that those stores carry. The Company manages its inventory to assure continuous product availability. Most customer orders are filled within a few days. High levels of manufacturing automation and flexibility allow the Company to maintain its quality standards while continuing to provide prompt delivery.

The Company’s product research and development is based largely on needs that customers communicate to the Company. The Company typically has developed 10 to 20 new products annually (some of which may be produced in a range of sizes). The Company’s strategy is to develop new products on a proprietary basis where possible. Of 112 patents that the Company owns, 82 cover products that the Company currently manufactures and markets. The Company has filed 60 patent applications that are pending. Some of these applications cover the same product in more than one jurisdiction.

The Company’s long-term strategy is to develop, acquire or invest in product lines or businesses that (a) complement the Company’s existing product lines, (b) can be marketed through its existing distribution channels, (c) might benefit from use of the Simpson Strong-Tie and Simpson Dura-Vent brand names, (d) are responsive to needs of the Company’s customers and (e) expand its markets geographically.

SIMPSON STRONG-TIE

Overview

Connectors produced by Simpson Strong-Tie typically are steel devices that are used to strengthen, support and connect joints in residential and commercial construction and DIY projects. These products enhance the safety and durability of the structures in which they are installed and can save time and labor costs for the contractor. SST’s connector products increase structural integrity and improve structural resistance to seismic, wind and other forces. Applications range from building framing to deck construction to DIY projects. SST produces and markets over 5,000 standard and custom products.

In the United States, connector usage developed faster in the West than elsewhere due to the low cost and abundance of timber and to local construction practices. Increasingly, the market has been influenced both by a growing awareness that the devastation caused by seismic, wind and other disasters can be reduced through improved building codes and construction practices and by environmental concerns that contribute to the increasing cost and reduced availability of wood. Most Simpson Strong-Tie products are listed by recognized building standards agencies as complying with model building codes and are specified by architects and engineers for use in projects they are designing or supervising. The engineered wood products industry is developing in response to concerns about the availability of wood, and the Company believes that SST is the leading supplier of connectors for use with engineered wood products.

Products

Simpson Strong-Tie is a recognized brand name in the markets it serves. SST manufactures and markets products that strengthen the three types of connections found in light construction: wood-to-wood, wood-to-concrete and wood-to-masonry. The Company’s products are installed on the continuous load path from the foundation to the roof system. SST also markets specialty screws and nails for proper installation of certain of its connector products. These products have seismic, retrofit and remodeling applications for both new construction and DIY markets. SST also offers a full line of adhesives, mechanical anchors and powder actuated tools for numerous anchoring applications in concrete, masonry and steel.

Almost all of Simpson Strong-Tie’s products are listed by recognized model building code agencies. To achieve such listings, SST conducts extensive product testing, which is witnessed and certified by independent testing engineers. The tests also provide the basis for publication of load ratings for SST structural connectors, and this information is used by architects, engineers, contractors and homeowners. The information is useful across the range of applications of SST’s products, from the deck constructed by a homeowner to a multi-story structure designed by an architect or engineer in an earthquake zone.

Simpson Strong-Tie also manufactures connector products specifically designed for use with engineered wood products, such as wood I-joists. With increased timber costs and reduced availability of trees suitable for making traditional solid sawn lumber, construction with engineered wood products has increased substantially in the last several years. Over the same period, SST’s net sales of engineered wood connectors through dealer and contractor distributors and engineered wood product manufacturers have also increased significantly.

New Product Development

Simpson Strong-Tie commits substantial resources to engineering and new product development. The majority of SST's products have been developed through SST's internal research and development program. Of the 71 U.S. and 28 foreign patents that SST owns, 79 cover products that SST currently manufactures and markets. Over a quarter of SST's 2000 revenues were derived from products that are protected by patents. SST typically has developed 10 to 20 new products each year. SST's research and development expense for the three years ended December 31, 2000, 1999 and 1998, was $1,771,000, $1,376,000 and $1,087,000, respectively. As part of the new product development process, SST engineers, in cooperation with sales and marketing staff, meet regularly with architects, engineers, building inspectors, code officials and customers. Several new products derived from existing product lines are developed annually. SST recently developed and introduced a pre-fabricated shear-wall product for the new construction market and has expanded its line of chemical and mechanical Anchor products. The Company believes that existing distribution channels are receptive to product line extensions, thereby enhancing SST's ability to enter new markets.

Sales and Marketing

Simpson Strong-Tie's sales and marketing programs are implemented through SST's branch system. SST currently maintains branches in Northern and Southern California, Texas, Ohio, Canada, England, France and Denmark. Each branch is served by its own sales force, as well as manufacturing, warehouse and office facilities. Each branch is responsible for a broad geographic area. Branch managers have significant autonomy in managing their operations. Each is responsible for setting and executing sales and marketing strategies that are consistent with the markets that the branch serves and the goals of the Company. Each domestic branch is an independent profit center with a cash profit sharing bonus program based on its own performance. At the same time, the domestic branches closely integrate their manufacturing activities to enhance product availability. Branch sales forces in the U.S. are supported by marketing managers in the home office in Dublin, California. The sales force maintains close working relationships with customers, develops new business, calls on architects, engineers and building officials and participates in a range of educational seminars.

Simpson Strong-Tie sells its products through an extensive distribution system comprising dealer distributors supplying thousands of retail locations nationwide, contractor distributors, home centers, manufacturers of engineered wood products, and specialized contractors such as roof framers. In 2000, sales to The Home Depot were more than 10% of the Company's consolidated net sales (see Note 14 to the Company's consolidated financial statements). SST's DIY and dealer products are used to build projects such as decks, patio covers and shelf and bench systems. SST received C-Mark equivalency clearance from the Japanese building code authorities, which is expected to facilitate acceptance of its products in the Japanese market, and has increased the distribution of its products in Australia, Chile and Argentina. The Company believes that SST's increasing diversification into new and growing markets has reduced its vulnerability to construction industry cycles.

Simpson Strong-Tie dedicates substantial resources to customer service. SST produces numerous publications and point-of-sale marketing aids to serve specifiers, distributors, retailers and users for the various markets that it serves. These publications include general catalogs, as well as various specific catalogs, such as those for its Anchor System products and the engineered wood and plated truss industries. The catalogs and publications describe the products and provide load and installation information. SST also maintains several websites, all of which are linked to www.strongtie.com, and include catalogs, product and technical information, code reports and other general information related to SST's product lines and promotional programs.

Simpson Strong-Tie's engineers not only design and test products, but also provide engineering support for customers. This support might range from the discussion of a load value in a catalog to testing a unique application for an existing product. SST's sales force communicates with customers in each of its marketing channels, through its publications, seminars and frequent calls.

Based on its communications with customers, Simpson Strong-Tie believes that its products are essential to its customers' businesses, and it is SST's policy to ship products ordered within a few days of receiving the order. Many of SST's customers serve contractors that require rapid delivery of needed products. Home centers and dealers also require superior service, because of fluctuating demand. To satisfy these requirements, SST maintains high inventory levels, has redundant manufacturing capability and some multiple dies to produce the same parts. SST also maintains computer sales and inventory control and forecasting capability throughout its nationwide network of factories and warehouses. SST also has special programs for contractors intended to ensure the prompt and reliable manufacture and delivery of custom products.

Simpson Strong-Tie believes that dealer and home center sales of SST products are significantly greater when the bins and racks at large dealer and home center locations are adequately stocked with appropriate products. Various retailers carry varying numbers of different SST products, and SST's Retail Specialists are engaged in ongoing efforts to inform retailers about other SST products that can be used in their specific markets and to encourage them to add these products to better meet their customers' needs. Achieving these objectives requires teamwork and significant inventory commitments between SST and the distributors and retailers. Retail Specialists are playing a significant role in keeping the racks full and extending the product lines at the large dealer and home center level. They help retailers order product, set up merchandising systems, stock shelves, hold product seminars and provide SST with daily information that is used to improve service and product mix.

SIMPSON DURA-VENT

Overview

Simpson Dura-Vent's venting systems are used to vent gas furnaces and water heaters, gas fireplaces and stoves, wood burning stoves and pellet stoves. SDV's metal vents, chimneys and chimney liner systems exhaust the products of combustion to the exterior of the building and have been designed for ease of assembly and safe operation and to achieve a high level of performance. SDV produces and markets nearly 2,400 different venting products.

The clean burning characteristics of natural gas have gained public recognition, resulting in increased market share for gas appliances in the new construction and the appliance replacement markets. As a result, Simpson Dura-Vent has developed venting systems, such as Direct-Vent, to address changes in appliance technology. Recently, increases in the cost of natural gas have affected demand for gas appliances and have increased demand for alternative energy sources. Historically, sales of wood burning stoves, considered an alternative energy source, have increased during these periods of high oil prices and energy shortages. SDV manufactures venting systems for use with wood burning stoves as well as other types of appliances.

Simpson Dura-Vent's objective is to expand market share in all of its distribution channels, by entering expanding markets that address energy and environmental concerns. SDV's strategy is to capitalize on its strengths in new product development and its established distribution network and to continue its commitment to high quality and service. SDV operates manufacturing and warehouse facilities in California and Mississippi.

Products

Simpson Dura-Vent is a leading supplier of double-wall Type B Gas Vent systems, used for venting gas furnaces, water heaters, boilers and decorative gas fireplaces. SDV's Type B Gas Vent product line features heavy-duty quality construction and a twist-lock design that provides for fast and easy job-site assembly compared to conventional snap together designs. The twist-lock design has broader applications and has been incorporated into SDV's gas, pellet and direct vent product lines. SDV also markets a patented flexible vent connector, Dura/Connect, for use between the gas appliance flue outlet and the connection to the Type B Gas Vent installed in the ceiling. Dura/Connect offers a simple twist, bend and connect installation for water heaters and gas furnaces.

Recent increases in the price of natural gas, home heating oil, and electricity have resulted in increases in sales of wood burning appliances. Simpson Dura-Vent's DuraTech and Dura/Plus chimney systems are intended to capitalize on these recent energy trends. In addition, due in part to increases in the cost of energy, sales of pellet stoves in 2000 increased 32% over 1999. SDV experienced a substantial increase in demand for its pellet vent products in 2000. The growing gas fireplace market has evolved into two basic types of fireplace: top-vent fireplaces that are vented with the standard Type B Gas Vent and direct-vent fireplaces that use a special double-wall venting system. SDV's direct-vent system is designed not only to exhaust the flue products, but also to draw in outside air for combustion, an important feature in modern energy-efficient home construction. The direct-vent gas fireplace systems provide ease of installation, permitting horizontal through-the-wall venting or standard vertical through-the-roof venting. SDV has established relationships with several large manufacturers of gas stoves and gas fireplaces to supply direct-vent venting products. In 1996, SDV expanded its direct-vent product line to include both co-axial and co-linear direct vent systems for venting gas stoves and gas inserts into existing masonry chimneys or existing factory-built metal chimneys.

New Product Development

Simpson Dura-Vent has gained industry recognition by offering innovative new products that meet changing needs of customers. SDV representatives serve on industry committees concerned with issues such as new appliance standards and government regulations. SDV's research and development expense for the three years ended December 31, 2000, 1999 and 1998, was $455,000, $433,000 and $431,000, respectively. SDV also maintains working relationships with research and development departments of major appliance manufacturers, providing prototypes for field testing and conducting tests in SDV's testing laboratory. SDV believes that such relationships provide competitive advantages. For example, SDV introduced the first direct vent system for direct vent gas appliances. In 1999, SDV introduced DuraTech, a twin-walled insulated chimney system for use on wood burning stoves, fireplaces and oil fired appliances. This product line has been designed and manufactured to a new standard of excellence. It is constructed from stainless steel and incorporates blanket insulation for enhanced safety and efficiency.

Sales and Marketing

Simpson Dura-Vent's sales organization consists of a director of sales and marketing, a marketing communications manager, regional sales managers, and independent representative agencies. SDV markets venting systems for both gas and wood burning appliances through wholesale distributors in the United States, Canada and Australia to the HVAC (heating, ventilating and air conditioning) and PHC (plumbing, heating and cooling) contractor markets, and to fireplace specialty shop distributors. These customers sell to contractor and DIY markets. SDV also markets venting products to home center and hardware store chains. SDV has established OEM relationships with several major gas fireplace and gas stove manufacturers, which SDV believes are leaders in the direct-vent gas appliance market.

Simpson Dura-Vent responds to technological changes occurring in the industry through new product development and has developed a reputation for quality and service to its customers. To reinforce the image of quality, SDV produces extensive sales support literature and advertising materials. Recognizing the difficulty that customers and users may have in understanding new, complex venting requirements, SDV publishes a venting handbook to assist contractors, building officials and retail outlets with the science of proper venting. Advertising and promotional literature has been designed to be used by distributors and their customers, as well as home centers and hardware chains.

To enhance its marketing effort, SDV has developed a website (www.duravent.com) that includes product descriptions, catalogs and installation instructions, as well as a direct link to SDV's customer service and engineering departments.

MANUFACTURING PROCESS

The Company has concentrated on making its manufacturing processes as efficient as possible without compromising quality or flexibility necessary to serve the needs of its customers. The Company has developed and uses automated manufacturing processes. The Company's innovative manufacturing systems and techniques have allowed it to control manufacturing costs, even while developing both new products and products that meet customized requirements and specifications. The Company's development of specialized manufacturing processes also has permitted increased operating flexibility and enhanced product design innovation.

The Company is committed to helping people build safer structures economically through the design, engineering and manufacturing of structural connector and related products. To this end, the Company has developed a quality management system that employs numerous quality-control procedures, such as computer-generated work orders, constant review of parts as they are produced and frequent quality testing. Since 1996, Simpson Strong-Tie's quality management system has been registered under ISO 9001, an internationally recognized set of quality-assurance standards. The Company believes that ISO registration is becoming increasingly important to U.S. companies.

Simpson Strong-Tie operates manufacturing and warehouse facilities in California, Texas, Ohio, Florida, Connecticut, Illinois, Washington, Indiana, British Columbia, Ontario, England, France, Denmark and Poland. SST also stocks products in Chile and Argentina. Most of SST's products are produced with a high level of automation, using progressive dies run in automatic presses making parts from coiled sheet steel often in excess of 100 strokes per minute. SST produces over 500 million product pieces per year. Over half of SST's products (SKUs) are bar coded with a UPC number for easy identification, and nearly all of the products sold to home centers are labeled with bar codes. SST has significant press capacity and has some multiple dies for its high volume products because of the need to produce the product close to the customer and to provide backup capacity. The balance of production is accomplished through a combination of manual, blanking and numerically controlled (NC) processes which include robotic welders, lasers and turret punches. This capability allows SST to produce products with little redesign or set-up time, facilitating rapid turnaround for customers. New tooling is also highly automated. Dies are designed and produced using computer aided design (CAD) and computer aided machining (CAM) systems. CAD/CAM capability enables SST to create multiple dies rapidly and design them to high standards. The Company is constantly reviewing its product line to reduce manufacturing costs, increase automation, and take advantage of new types of materials. For example, SST recently introduced two new products made from an engineered composite plastic, the AnchorMate and the StrapMate.

Simpson Dura-Vent operates manufacturing and warehouse facilities in California and Mississippi. SDV produces component parts for venting systems using NC-controlled punch presses equipped with high-speed progressive and compound tooling. SDV's vent pipe and elbow assembly lines are automated, to produce finished products efficiently from large coils of steel and aluminum. UPC bar coding and computer tracking systems provide SDV's industrial engineers and production supervisors with real-time productivity tools to measure and evaluate current production rates, methods and equipment.

Most of the Company's current and planned manufacturing facilities are located in geographic regions that have experienced major natural disasters, such as earthquakes, floods and hurricanes. For example, the 1989 Loma Prieta earthquake in Northern California destroyed a freeway and caused other major damage within a few miles of the Company's facilities in San Leandro, California, and the earthquakes in Northridge, California, in January 1994, destroyed several freeways and numerous buildings in the region in which the Company's facilities in Brea are located. The Company has developed a disaster recovery plan, but it does not carry earthquake insurance. Other insurance that it carries is limited and not likely to be adequate to cover all of the Company's resulting costs, business interruption and lost profits in the event of a major natural disaster in the future. If a natural disaster were to render one or more of the Company's manufacturing facilities totally or partially unusable, whether or not covered by insurance, the Company's business and financial condition could be materially and adversely affected.

REGULATION

The design, capacity and quality of most of the Company's products and manufacturing processes are subject to numerous and extensive regulations and standards promulgated by governmental, quasi-governmental and industry organizations. Such regulations and standards are highly technical and complex and are subject to frequent revision. The failure of the Company's products or manufacturing processes to comply with any of such regulations and standards could impair the Company's ability to manufacture and market its products profitably and could materially and adversely affect the Company's business and financial condition.

Simpson Strong-Tie's product lines are subject to Federal, state, county, municipal and other governmental and quasi-governmental regulations that affect product design, development, testing, applications, marketing, sales, installation and use. Most SST products are recognized by building code and standards agencies. Agencies that recognize Company products include the International Conference of Building Officials ("ICBO"), Building Officials and Code Administrators International ("BOCA"), Southern Building Code Congress International ("SBCCI"), The National Evaluation Service, the City of Los Angeles, Dade County, Florida, and the California Division of Architecture. These and other code agencies adopt various testing and design standards and incorporate them into their related building codes. For example, ICBO requirements are codified in the Uniform Building Code. The Uniform Building Code generally applies to construction in the Western United States. To be recognized by ICBO, SST products must conform to Uniform Building Code requirements. SST considers this recognition to be a significant marketing tool and devotes considerable effort to obtaining and maintaining appropriate approvals for its products. SST believes that architects, engineers, contractors and other customers are less likely to purchase structural products that lack the appropriate code approval or acceptance if code-accepted competitive products are available. SST's management actively participates in industry related professional associations to keep abreast of regulatory changes and to provide information to regulatory agencies.

Simpson Dura-Vent operates under a complex regulatory environment that includes appliance and venting performance standards related to safety, energy efficiency and air quality. Gas venting regulations are contained in the National Fuel Gas Code ("NFGC"), while safety and performance regulations for wood burning appliances and chimney systems are contained in a National Fire Protection Association standard ("NFPA 211"). Standards for testing gas vents and chimneys are developed by testing laboratories such as Underwriter's Laboratories ("UL") in compliance with the American National Standards Institute. Clean air standards for both gas and wood burning appliances are regulated by the Environmental Protection Agency ("EPA"). Energy efficiency standards are regulated by the Department of Energy ("DOE") under the authority of the National Appliance Energy Conservation Act. Under this act, the DOE periodically reviews the necessity for increased efficiency standards with respect to gas furnaces and gas water heaters. A substantial percentage of SDV's Type B Gas Vent sales are for gas furnaces and gas water heaters. Minimum appliance efficiency standards might be adopted that could negatively affect sales of Type B Gas Vents, which could materially and adversely affect the Company's operating results and financial condition. The standards and regulations contained in the NFGC and NFPA 211 are ultimately adopted by national building code organizations such as ICBO, BOCA and SBCCI. In turn, the various building codes are adopted by local municipalities, resulting in enforcement through the building permit process. Safety, air quality and energy efficiency requirements are enforced by local air quality districts and municipalities by requiring proper UL, EPA and DOE labels on appliances and venting systems.

COMPETITION

The Company faces a variety of competition in all of the markets in which it participates. This competition ranges from subsidiaries of large national or international corporations to small regional manufacturers. While price is an important factor, the Company competes primarily on the basis of quality, breadth of product line, technical support, service, field support and product innovation. As a result of differences in structural design and building practices and codes, Simpson Strong-Tie's markets tend to differ by region. Within these regions, SST competes with companies of varying size, several of which also distribute their products nationally.

The venting industry is highly competitive. Many of Simpson Dura-Vent's competitors have greater financial and other resources than SDV. SDV's principal competitors include the Selkirk Metalbestos Division of Eljer Industries Inc. (a subsidiary of U.S. Industries, Inc.), American Metal Products Co. (a subsidiary of Masco Corp.), Metal-Fab, Inc., Hart & Cooley, Inc. and the Air Jet Division of General Products Co. The Company believes that Metal-Fab, Inc., Hart & Cooley, Inc. and Air Jet tend to be more regional than SDV, and that they have smaller shares of the national market than SDV.

RAW MATERIALS

The principal raw material used by the Company is steel, including stainless steel, and is generally ordered to specific American Society of Testing and Materials ("ASTM") standards. Other raw materials include aluminum, aluminum alloys and ceramic and other insulation materials, which are used by Simpson Dura-Vent, and cartons, which are used by both SST and SDV. The Company purchases raw materials from a variety of commercial sources. The Company's practice is to seek cost savings and enhanced quality by purchasing from a limited number of suppliers.

The steel industry is highly cyclical and prices for the Company's raw materials are influenced by numerous factors beyond the Company's control, including general economic conditions, competition, labor costs, import duties and other trade restrictions. The Company historically has not attempted to hedge against changes in prices of steel or other raw materials. The Company might not be able to increase its product prices in amounts that correspond to increases in raw materials prices without materially and adversely affecting its sales and profits. See "Item 7 -- Management's Discussion and Analysis of Financial Condition and Results of Operations."

PATENTS AND PROPRIETARY RIGHTS

The Company's subsidiaries own 112 U.S. and foreign patents, of which 82 cover products that they currently manufacture and market. Its subsidiaries have filed 21 U.S. and 39 foreign patent applications that are currently pending. These patents and patent applications cover various design aspects of the subsidiaries' products, as well as processes used in their manufacture. The Company's subsidiaries are continuing to develop new potentially patentable products, product enhancements and product designs. Although the Company's subsidiaries do not intend to apply for additional foreign patents covering existing products, the Company has developed an international patent program to protect new products that its subsidiaries may develop.

The Company's subsidiaries hold 165 trademark registrations in the U.S. and foreign countries covering 51 trademarks, have 59 trademark registration applications pending in the U.S. and foreign countries covering 20 trademarks, and use several other trademarks that they have not yet attempted to register.

The Company's ability to compete effectively with other companies depends in part on its ability to maintain the proprietary nature of its technology. There can be no assurance, however, as to the degree of protection afforded by these patents or the likelihood that patents will issue pursuant to pending patent applications. Furthermore, there can be no assurance that others will not independently develop the same or similar technology, develop around the patented aspects of any of the Company's products or proposed products, or otherwise obtain access to the Company's proprietary technology.

In addition to seeking patent protection, the Company also relies on unpatented proprietary technology to maintain its competitive position. Nevertheless, there can be no assurance that the Company will be able to protect its know-how or other proprietary information.

In attempting to protect its proprietary information, the Company expects that it may sometimes be necessary to initiate lawsuits against competitors and others that the Company believes have infringed or are infringing the Company's rights. In such an event, the defendant may assert counterclaims to complicate or delay the litigation or for other reasons. If the Company were to be unable to maintain the proprietary nature of its significant products, the Company's business and financial condition could be materially and adversely affected.

ACQUISITIONS AND EXPANSION INTO NEW MARKETS

The Company's future growth, if any, may depend to some extent on its ability to penetrate new markets, both domestically and internationally. See "Industry and Market Trends" and "Business Strategy." Therefore, the Company may in the future pursue acquisitions of product lines or businesses. Acquisitions involve numerous risks, including difficulties in the assimilation of the operations and products of the acquired companies, the diversion of management's attention from other business concerns, risks of entering markets in which the Company has little or no direct prior experience, and the potential loss of key employees of the acquired company. In addition, future acquisitions by the Company may result in potentially dilutive issuances of equity securities, the incurring of additional debt, and amortization expenses related to goodwill and intangible assets, all of which could adversely affect the Company's profitability. If an acquisition occurs, no assurance can be given as to its effect on the Company's business or operating results. See "Item 7 -Management's Discussion and Analysis of Financial Condition and Results of Operations."

Construction customs, standards, techniques and methods in international markets differ from those in the United States. Laws and regulations applicable in new markets for the Company are likely to be unfamiliar to the Company and compliance may be substantially more costly than the Company anticipates. As a result, it may become necessary for the Company to redesign products or to invent or design new products in order to compete effectively and profitably outside the United States or in markets that are new to the Company in the United States. The Company expects that significant time will be required for it to generate substantial sales or profits in new markets.

Other significant challenges to conducting business in foreign countries include, among other factors, local acceptance of the Company's products, political instability, currency controls, changes in import and export regulations, changes in tariff and freight rates, and fluctuations in foreign exchange rates. There can be no assurance that the Company will be able to penetrate these markets or that any such market penetration can be achieved on a timely basis or profitably. If the Company is not successful in penetrating these markets within a reasonable time, it will be unable to recoup part or all of the significant investments it will have made in attempting to do so. See "Business Strategy" and "Industry and Market Trends."

In July 2000, Simpson Strong-Tie purchased the assets of Anchor Tiedown Systems, Inc. ("ATS"). ATS manufactures and distributes the MBR product line used to anchor multi-story buildings with a threaded rod hold down system. The purchase price was approximately $4.6 million in cash. In December 2000, SST purchased the assets of Masterset Fastening Systems, Inc. ("Masterset") for approximately $2.3 million in cash plus an earnout of up to $0.3 million. Masterset sells a system of specially designed powder actuated fasteners and installation tools. In

January 2001, Simpson Strong-Tie International, Inc. ("SSTI"), a subsidiary of the Company, acquired 100% of the shares of BMF Bygningsbeslag A/S ("BMF") of Denmark for $12.8 million in cash with an additional amount of approximately $2.6 million possible based on operating performance. BMF manufactures and distributes connector products in northern and central Europe. In the third quarter of 1999, SSTI purchased the assets of Furfix Products Limited and Easy Arches Limited (together, "Furfix"), which manufacture a line of structural connectors for the wood and masonry construction markets in the United Kingdom and Europe. The purchase price was approximately $7.8 million in cash plus an earnout based on future operating performance. Included in the purchase price were costs associated with the closure of Furfix's existing facility and integration into SSTI's facility in Tamworth, England. See "Item 7 -- Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Sources of Capital."

SEASONALITY AND CYCLICALITY

The Company's sales are seasonal, with operating results varying from quarter to quarter. With some exceptions, the Company's sales and income have historically been lower in the first and fourth quarters and higher in the second and third quarters of the year, as retailers and contractors purchase construction materials in the late spring and summer months for the construction season. In addition, demand for the Company's products and the Company's results of operations are significantly affected by weather conditions, such as unseasonably warm, cold or wet weather, which affect, and sometimes delay or accelerate, installation of certain of the Company's products. Political and economic events can also affect the Company's revenues. The Company has little control over the timing of customer purchases, and sales anticipated in one quarter may occur in another quarter, thereby affecting both quarters' results. In addition, the Company incurs significant expenses as it develops, produces and markets its products in anticipation of future orders. Products typically are shipped as orders are received, and accordingly the Company operates with little backlog. As a result, net sales in any quarter generally depend on orders booked and shipped in that quarter. A significant portion of the Company's operating expenses are fixed, and planned expenditures are based primarily on sales forecasts. If sales fall below the Company's expectations, operating results would be adversely affected for the relevant quarters, as expenses based on those expectations will already have been incurred. See "Item 7 -- Management's Discussion and Analysis of Financial Condition and Results of Operations."

The Company's principal markets are in the building construction industry. That industry is subject to significant volatility as a result of fluctuations in interest rates, the availability of credit to builders and developers, inflation rates, weather and other factors and trends, none of which is within the Company's control. Declines in commercial and residential construction may be expected to reduce the demand for the Company's products. The Company cannot provide any assurance that its business will not be adversely affected by future negative economic or construction industry performance or that future declines in construction activity or the demand for the Company's products will not have material adverse effects on the Company and its business and financial condition. See "Item 7 -- Management's Discussion and Analysis of Financial Condition and Results of Operations."

PRODUCT LIABILITY

The Company designs and manufactures most of its standard products and expects that it will continue to do so. The Company employs engineers and designers to design and test its products under development. In addition, the Company maintains a quality control system. The Company has on occasion found manufacturing flaws in its products. In addition, the Company purchases from third party suppliers raw materials, principally steel, and finished goods that are produced and processed by other manufacturers. The Company also has on occasion found flaws in raw materials and finished goods produced by others, some of which flaws have not been apparent until after the products were installed by customers. Many of the Company's products are integral to the structural soundness or fire safety of the buildings in which they are used. As a result, if any flaws exist in the Company's products (as a result of design, raw material or manufacturing flaws) and such flaws are not discovered and corrected before the Company's products are incorporated into structures, the structures could suffer severe damage (such as collapse or fire) and personal injury could result. To the extent that such damage or injury is not covered by the Company's product liability insurance, and if the Company were to be found to have been negligent or otherwise culpable, the Company and its business and financial condition could be materially and adversely affected by the necessity to correct such damage and to compensate persons who might have suffered injury.

Furthermore, in the event that a flaw is discovered after installation but before any damage or injury occurs, it may be necessary for the Company to recall products, and the Company may be liable for any costs necessary to retrofit the affected structures. Any such recall or retrofit could entail substantial costs and adversely affect the Company's reputation, sales and financial condition. The Company does not carry insurance against recall costs, and its product liability insurance may not cover retrofit costs.

No assurance can be given that claims will not be made against the Company with regard to damage or destruction of structures incorporating Company products resulting from a natural disaster. Any such claims, if asserted, could materially and adversely affect the Company.

ENVIRONMENTAL, HEALTH AND SAFETY MATTERS

The Company is subject to environmental laws and regulations governing emissions into the air, discharges into water, and generation, handling, storage, transportation, treatment and disposal of waste materials. The Company is also subject to other Federal and state laws and regulations regarding health and safety matters. The Company's manufacturing operations involve the use of solvents, chemicals, oils and other materials that are regarded as hazardous or toxic and the use of complex and heavy machinery and equipment that can pose severe safety hazards (especially if not properly and carefully used). Some of the Company's products also incorporate materials that are hazardous or toxic in some forms (such as zinc and lead, which are used in some steel galvanizing processes) or explosive (such as the powder used in its powder actuated tools). The Company believes that it has obtained all material licenses and permits required by environmental, health and safety laws and regulations in connection with the Company's operations and that its policies and procedures comply in all material respects with existing environmental, health and safety laws and regulations. It is possible that additional licenses or permits may be required, that the Company's policies and procedures might not comply in all respects with all such laws and regulations or, even if they do, that employees might fail or neglect to follow them in all respects, and that the Company's generation, handling, use, storage, transportation, treatment or disposal of hazardous or toxic materials, machinery and equipment might cause injury to persons or to the environment. In addition, properties occupied by the Company may be contaminated by hazardous or toxic substances and remedial action may be required at some time in the future. It is also possible that materials in certain of the Company's products could cause injury or sickness. Relevant laws and regulations could also be changed or new ones could be adopted that require the Company to obtain additional licenses and permits and cause the Company to incur substantial expense. Any such event or contamination could have a material adverse effect on the Company and its liquidity, results of operations and financial condition. See "Regulation."

EMPLOYEES AND LABOR RELATIONS

As of March 1, 2001, the Company had 1,892 full-time employees, of whom 1,276 were hourly employees and 616 were salaried employees. The Company believes that its overall compensation and benefits for the most part exceed industry averages and that its relations with its employees are good.

The Company is dependent on certain key management and technical personnel, including Thomas J Fitzmyers, Michael J. Herbert, Stephen B. Lamson, Barclay Simpson and Donald M. Townsend. The loss of one or more key employees could have a material adverse effect on the Company. The Company's success will also depend on its ability to attract and retain additional highly qualified technical, marketing and management personnel necessary for the maintenance and expansion of the Company's activities. The Company faces strong competition for such personnel and there can be no assurance that the Company will be able to attract or retain such personnel.

A significant number of the Company's employees at two of the Company's major manufacturing facilities are represented by labor unions and are covered by collective bargaining agreements. Two of the Company's collective bargaining agreements cover the Company's sheetmetal workers and its tool and die craftsmen in Brea. These two contracts expire in June 2001 and February 2002, respectively. Two other contracts, covering tool and die personnel and sheetmetal workers in San Leandro, expire in June 2003 and July 2003, respectively. A work stoppage or interruption by a significant number of the Company's employees could have a material and adverse effect on the Company and its business and financial condition.

ITEM 2. PROPERTIES.

Properties

The Company maintains its home office in Dublin, California, and other offices, manufacturing and warehouse facilities elsewhere in California and in Texas, Ohio, Florida, Mississippi, Illinois, Connecticut, Indianapolis, Washington, British Columbia, Ontario, England, France, Denmark and Poland. As of March 15, 2001, the Company's facilities were as follows:

<TABLE>
<CAPTION>

LOCATION	APPROXIMATE SQUARE FOOTAGE	OWNED OR LEASED	LESSEE	LEASE EXPIRES	FUNCTION
<S>	<C>	<C>	<C>	<C>	<C>
Dublin, California	35,400	Leased	Company	2007	Office
San Leandro, California	47,100	Leased (1)	SST	2001	Office, Manufacturing and Warehouse
San Leandro, California	71,000	Owned			Office, Manufacturing and Warehouse
San Leandro, California	57,000	Leased (2)	SST	2009	Manufacturing and Warehouse
San Leandro, California	48,000	Owned			Office and Warehouse
San Leandro, California	27,000	Owned			Manufacturing and Warehouse
San Leandro, California	61,800	Leased	SST	2002	Warehouse
Brea, California	50,700	Owned			Office, Manufacturing and Warehouse
Brea, California	78,000	Owned			Office and Warehouse
Brea, California	30,500	Owned			Office, Manufacturing and Warehouse
Brea, California	42,900	Owned			Warehouse
Brea, California	19,200	Owned			Warehouse
McKinney, Texas	84,300	Owned			Office, Manufacturing and Warehouse
McKinney, Texas	117,100	Owned			Office and Warehouse
Columbus, Ohio	153,500	Leased (3)	SST	2005	Office, Manufacturing and Warehouse
Jacksonville, Florida	74,600	Leased	SST	2001	Office and Warehouse
Addison, Illinois	52,400	Leased	SST	2003	Office, Manufacturing and Warehouse
Enfield, Connecticut	55,100	Leased	SST	2003	Office and Warehouse
Kent, Washington	24,000	Leased	SST	2004	Office, Manufacturing and Warehouse
Manteca, California	135,700	Leased	SST	2005	Office, Manufacturing and Warehouse
Visalia, California	50,000	Owned			Warehouse
Indianapolis, Indiana	19,000	Leased	SST	2005	Office, Manufacturing and Warehouse
Tamworth, England	78,100	Leased	SST (4)	2012	Office, Manufacturing and Warehouse
Vacaville, California	125,000	Leased (5)	SDV	2007	Office, Manufacturing and Warehouse
Vacaville, California	120,300	Owned			Office, Manufacturing and Warehouse
Vacaville, California	40,200	Leased	SDV	2001	Warehouse
Fontana, California	17,900	Leased	SDV	2001	Warehouse
Vicksburg, Mississippi	302,000	Owned			Office, Manufacturing and Warehouse

</TABLE>

<TABLE>
<CAPTION>

LOCATION	APPROXIMATE SQUARE FOOTAGE	OWNED OR LEASED	LESSEE	LEASE EXPIRES	FUNCTION
<S>	<C>	<C>	<C>	<C>	<C>
Langley, British Columbia	19,700	Leased	SST	2010	Warehouse
Toronto, Ontario	104,000	Leased	SST (6)	2009	Office, Manufacturing and Warehouse
Odder, Denmark	162,500	Owned			Office, Manufacturing and Warehouse
Warsaw, Poland	5,100	Leased	SST (7)	2001	Office and Warehouse
St. Hermine, France	11,300	Leased	SST (8)	2002	Office, Manufacturing and Warehouse
St. Hermine, France	20,900	Leased	SST (8)	2001	Office, Manufacturing and Warehouse
St. Hermine, France	15,900	Owned			Office, Manufacturing and Warehouse
St. Gemme La Plaine, France	99,000	Owned (9)			Office, Manufacturing and Warehouse

</TABLE>

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(1) Lessor is Simpson Investment Company, a related party. In February 2001, the Company exercised its option to purchase this property for approximately $1.7 million. The purchase is expected to close in the second quarter of 2001. See Notes 9 and 15 to the Consolidated Financial Statements contained elsewhere herein.

(2) Lessor is Doolittle Investors, a related party. In January 2001, the Company amended the lease to extend it to 2009. See Notes 9 and 15 to the Consolidated Financial Statements contained elsewhere herein.

(3) Lessor is Columbus Westbelt Investment Company, a related party. See Note 9 to the Consolidated Financial Statements contained elsewhere herein.

(4) Lessee is Simpson Strong-Tie International, Inc., a wholly-owned subsidiary of SST.

(5) Lessor is Vacaville Investors, a related party. See Note 9 to the Consolidated Financial Statements contained elsewhere herein.

(6) Lessee is Simpson Strong-Tie Canada, Ltd., a wholly-owned subsidiary of SST.

(7) Lessee is BMF Bygningsbeslag A/S, a wholly-owned subsidiary of SST.

(8) Lessee is Simpson Strong-Tie, S.A., a wholly-owned subsidiary of SST.

(9) Simpson Strong-Tie, S.A. has commenced construction of a new manufacturing and distribution facility in St. Gemme La Plaine, France, to replace its existing facilities in St. Hermine. The new facility is expected to be completed and occupied in 2001.

The Company also owns 63 acres of undeveloped land in McKinney, Texas. The Company has vacated facilities that it leased in Vicksburg, Mississippi, and Vancouver, British Columbia, and is attempting to sublease these facilities. The Lessor of this Vicksburg facility is Vicksburg Investors, a related party. See Note 9 to the Consolidated Financial Statements contained elsewhere herein.

The Company's manufacturing facilities are equipped with specialized equipment and use extensive automation. The Company considers its existing and planned facilities to be suitable and adequate for its operations as currently conducted and as planned through 2001. The manufacturing facilities currently are being operated with one full shift and at most plants with at least a partial second or third shift. The Company anticipates that it may require additional facilities to accommodate possible future growth.

ITEM 3. LEGAL PROCEEDINGS.

From time to time, the Company is involved in litigation that it considers to be in the normal course of its business. No such litigation within the last five years resulted in any material loss. The Company is not engaged in any legal proceedings as of the date hereof, which the Company expects individually or in the aggregate to have a material adverse effect on the Company’s financial condition or results of operations.

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

No matters were 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 listed on the New York Stock Exchange ("NYSE") under the symbol "SSD." The following table shows the range of high and low closing sale prices per share of the Common Stock as reported by the NYSE for the calendar quarters indicated:

QUARTER	MARKET PRICE HIGH	MARKET PRICE LOW
2000		
Fourth	$ 51.0000	$ 41.7500
Third	50.8750	44.5625
Second	53.0000	39.3125
First	45.6250	38.8750
1999		
Fourth	$ 46.8125	$ 39.1875
Third	54.3750	45.3125
Second	49.1875	39.1875
First	40.2500	32.8750

The Company estimates that as of March 1, 2001, 3,158 persons owned shares of the Company's Common Stock either directly or through nominees.

The Company currently intends to retain its future earnings, if any, to finance operations and fund internal growth and does not anticipate paying cash dividends on the Company's Common Stock for the foreseeable future. Future dividends, if any, will be determined by the Company's Board of Directors, based on the Company's earnings, cash flow, financial condition and other factors deemed relevant by the Board of Directors. In addition, existing loan agreements require the Company to maintain Tangible Net Worth of $145.1 million plus 50% of net profit after taxes for each fiscal year ending after June 30, 2000. This requirement may limit the amount that the Company may pay out as dividends on the common stock. As of December 31, 2000, the Company had a Tangible Net Worth of $231.1 million.

In October 2000, the Board of Directors authorized the Company, for a period of one year, to buy back up to $35 million of the Company's common stock. This replaced the authorization from 1999 when the Board of Directors authorized a buy back of up to $10 million. In the second half of 2000, the Company repurchased 134,280 shares of its common stock at an average price of approximately $43.95 per share.

ITEM 6. SELECTED FINANCIAL DATA.

The following table sets forth selected consolidated financial information with respect to the Company for each of the five years ended December 31, 2000, 1999, 1998, 1997 and 1996, derived from the audited Consolidated Financial Statements of the Company, the most recent three years of which appear elsewhere herein. The data presented below should be read in conjunction with the Consolidated Financial Statements and related Notes thereto and "Item 7 -- Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere herein.

<TABLE>
<CAPTION>

(Dollars in thousands, except per share data)	YEAR ENDED DECEMBER 31, 2000	1999	1998	1997	1996
<S>	<C>	<C>	<C>	<C>	<C>
STATEMENT OF OPERATIONS DATA:					
Net sales	$ 369,087	$ 328,440	$ 279,081	$ 246,074	$ 202,409
Cost of sales	227,306	195,839	170,045	149,279	124,394
Gross profit	141,781	132,601	109,036	96,795	78,015
Selling expense	37,410	32,204	24,706	23,113	20,104
General and administrative expense	44,634	37,846	33,100	30,358	25,216
Income from operations	59,737	62,551	51,230	43,324	32,695
Interest income, net	3,010	1,669	940	429	595
Income before income taxes	62,747	64,220	52,170	43,753	33,290
Provision for income taxes	25,639	25,753	21,028	17,767	13,569
Minority interest	(1,246)	--	--	--	--
Net income	$ 38,354	$ 38,467	$ 31,142	$ 25,986	$ 19,721
Diluted net income per share of common stock	$ 3.12	$ 3.14	$ 2.58	$ 2.17	$ 1.68

</TABLE>

<TABLE>
<CAPTION>

(Dollars in thousands)	AS OF DECEMBER 31, 2000	1999	1998	1997	1996
<S>	<C>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA:					
Working capital	$ 167,918	$ 142,056	$ 105,643	$ 83,297	$ 70,676
Property, plant and equipment, net	63,823	61,144	54,965	42,925	28,688
Total assets	279,480	247,254	191,600	150,765	122,521
Total debt	2,405	2,764	2,896	30	--
Total liabilities	35,134	36,665	30,317	21,814	20,224
Total stockholders' equity	243,591	210,589	161,282	128,951	102,297

</TABLE>

SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

<TABLE>
<CAPTION>

(Dollars in thousands, except per share data)	2000 FOURTH QUARTER	2000 THIRD QUARTER	2000 SECOND QUARTER	2000 FIRST QUARTER	1999 FOURTH QUARTER	1999 THIRD QUARTER	1999 SECOND QUARTER	1999 FIRST QUARTER
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales	$ 85,599	$ 101,048	$ 97,826	$ 84,615	$ 81,218	$ 88,808	$ 83,753	$ 74,661
Cost of sales	57,478	60,370	58,658	50,800	48,179	52,359	49,089	46,212
Gross profit	28,121	40,678	39,168	33,815	33,039	36,449	34,664	28,449
Selling expense	9,323	9,806	9,729	8,553	8,141	8,123	8,042	7,898
General and administrative expense	9,683	12,656	11,647	10,648	9,446	10,278	9,999	8,122
Income from operations	9,115	18,216	17,792	14,614	15,452	18,048	16,623	12,429
Interest income, net	916	827	623	644	589	477	255	348
Income before income taxes	10,031	19,043	18,415	15,258	16,041	18,525	16,878	12,777
Provision for income taxes	4,023	7,852	7,586	6,178	6,411	7,408	6,805	5,129
Minority interest	(281)	(274)	(495)	(196)	--	--	--	--
Net income	$ 6,289	$ 11,465	$ 11,324	$ 9,276	$ 9,630	$ 11,117	$ 10,073	$ 7,648
Diluted net income per share of common stock	$ 0.51	$ 0.93	$ 0.92	$ 0.76	$ 0.78	$ 0.90	$ 0.82	$ 0.63

</TABLE>

The Company's results of operations fluctuate from quarter to quarter. The fluctuations are caused by various factors, primarily the increase in construction activity during warmer months of the year.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Certain matters discussed below are forward-looking statements that involve risks and uncertainties, certain of which are discussed in this and in other reports filed by the Company with the Securities and Exchange Commission. Actual results might differ materially from results suggested by any forward-looking statements in this report.

The following is a discussion and analysis of the consolidated financial condition and results of operations for the Company for the years ended December 31, 2000, 1999 and 1998, and of certain factors that may affect the Company's prospective financial condition and results of operations. The following should be read in conjunction with the Consolidated Financial Statements and related Notes appearing elsewhere herein.

OVERVIEW

Annual net sales of the Company increased 32.3% to $369.1 million in 2000 from $279.1 million in 1998. The increase in net sales resulted primarily from increased geographic distribution and a broadening of the Company's customer base and product lines, both internally and through acquisitions. Net sales increased in 2000 from 1998 in all regions of the United States, with above average rates of growth in California. Expansion into overseas markets also contributed to the net sales growth over the last three years. For the year ended December 31, 2000, gross profit margin decreased to 38.4%, from 40.4% in 1999 and 39.1% in 1998. The decrease was primarily due to LIFO charges in 2000 as well as increased costs related to slow moving inventory reserves. Income from operations as a percentage of net sales decreased to 16.2% in 2000 from 19.1% in 1999 and 18.4% in 1998.

RESULTS OF OPERATIONS

The following table sets forth, for the years indicated, the percentage of net sales of certain items in the Company's consolidated statements of operations.

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31, 2000	1999	1998
Net sales	100.0%	100.0%	100.0%
Cost of sales	61.6%	59.6%	60.9%
Gross profit	38.4%	40.4%	39.1%
Selling expense	10.1%	9.8%	8.9%
General and administrative expense	12.1%	11.5%	11.9%
Income from operations	16.2%	19.1%	18.4%
Interest income, net	0.8%	0.5%	0.3%
Income before income taxes	17.0%	19.6%	18.7%
Provision for income taxes	6.9%	7.9%	7.5%
Minority interest	(0.3%)	--	--
Net income	10.4%	11.7%	11.2%

</TABLE>

COMPARISON OF THE YEARS ENDED DECEMBER 31, 2000 AND 1999

Net Sales

Net sales increased 12.4% to $369.1 million in 2000 from $328.4 million in 1999. Net sales of Simpson Strong-Tie's products increased 16.4% to $303.8 million in 2000 from $260.9 million in 1999, while net sales of Simpson Dura-Vent's products decreased by 3.2% to $65.3 million in 2000 from $67.5 million in 1999. SDV accounted for approximately 17.7% of the Company's total net sales in 2000, a decrease from 20.6% in 1999. The increase in net sales at SST resulted from an increase in sales volume and a small increase in average prices, while the decrease in net sales at SDV resulted from a decrease in sales volume, offset slightly by an increase in average prices. Most of the Company's sales growth occurred domestically, particularly in California. International sales contributed to the annual increase, due in part to the acquisition of Furfix in the third quarter of 1999. See "Item 1. Business. Acquisitions and Expansion into New Markets." Contractor distributors and home centers were the fastest growing connector sales channels. The sales increase was broad based across most of SST's major product lines. SST's Strong-Wall and Anchor Systems product lines had the highest growth rates. With the exception of pellet vent products, sales in 2000 of all of SDV's major product lines declined compared to sales in 1999.

Gross Profit

Gross profit increased 6.9% to $141.8 million in 2000 from $132.6 million in 1999. As a percentage of net sales, gross profit decreased to 38.4% in 2000 from 40.4% in 1999. This decrease was primarily due to a LIFO charge of approximately $1.7 million in 2000, compared to a LIFO gain of approximately $1.9 million in 1999, as well as increased costs related to slow moving inventory reserves.

Selling Expense

Selling expense increased 16.2% to $37.4 million in 2000 from $32.2 million in 1999. The increase was primarily due to higher personnel costs related to the increase in the number of sales and merchandising personnel, particularly those associated with selling the Anchor Systems product line, as well as increased promotional expenses.

General and Administrative Expense

General and administrative expenses increased 17.9% to $44.6 million in 2000 from $37.8 million in 1999, and increased as a percentage of net sales to 12.1% in 2000 from 11.5% in 1999. The increase was primarily due to higher personnel and other administrative overhead costs, including costs associated with the operation of Keybuilder.com and the acquisitions of Furfix in 1999 and ATS and Masterset in 2000. See "Item 1. Business.

Acquisitions and Expansion into New Markets." Cash profit sharing expenses also increased relative to 1999 as a result of higher operating income through the first nine months of 2000.

European Operations

For its combined European operations, the Company recorded an after-tax net loss of $2.3 million in 2000, including $2.1 million in intercompany interest charges, compared to after-tax net losses of $2.4 million in 1999. These losses are primarily associated with the Company's UK operations. Amortization of the intangible assets associated with the acquisition of Furfix as well as depreciation on capital equipment and other administrative overhead costs incurred related to the growing operations contributed significantly to the losses. The Company expects the losses in the UK to continue through at least 2002.

In January 2001, Simpson Strong-Tie International, Inc. ("SSTI"), a subsidiary of the Company, purchased 100% of the shares of BMF Bygningsbeslag A/S ("BMF") of Denmark. The purchase price was approximately $12.8 million in cash with an additional amount of approximately $2.6 million possible based on operating performance. See "Item 1. Business. Acquisitions and Expansion into New Markets." BMF is a leading connector manufacturer in northern and central Europe.

Other Information

In July 2000, Simpson Strong-Tie purchased the assets of Anchor Tiedown Systems, Inc. ("ATS"). ATS manufactures and distributes the MBR product line used to anchor multi-story buildings with a threaded rod hold down system. The purchase price was approximately $4.6 million in cash. In December 2000, SST purchased the assets of Masterset Fastening Systems, Inc. ("Masterset") for approximately $2.3 million in cash plus an earnout of up to $0.3 million. Masterset sells a quality system of specially designed powder actuated fasteners and installation tools.

In the first quarter of 2000, Simpson Strong-Tie and Keymark Enterprises, Inc., ("Keymark") formed Keybuilder.com, LLC to develop software and services that can link designers, engineers and building material suppliers and assist engineers in the design and construction of residential structures. Effective January 1, 2001, the Company, through the exercise of an option, acquired 30% of Keymark Enterprises, LLC, a successor to a portion of the business of Keymark. Neither Keybuilder.com, LLC nor Keymark Enterprises, LLC has or in the foreseeable future is expected to generate significant revenues or profits. The Company hopes that the software that is developed by Keymark Enterprises, LLC will also benefit SST's future connector sales through continued specification of its products. The Company has not committed to investing additional money on this project.

COMPARISON OF THE YEARS ENDED DECEMBER 31, 1999 AND 1998

Net Sales

Net sales increased 17.7% to $328.4 million in 1999 from $279.1 million in 1998. Net sales of Simpson Strong-Tie's products increased 18.4% to $260.9 million in 1999 from $220.3 million in 1998, while net sales of Simpson Dura-Vent's products increased by 14.9% to $67.5 million in 1999 from $58.8 million in 1998. SDV accounted for approximately 20.6% of the Company's total net sales in 1999, a decrease from 21.1% in 1998. The increases in net sales at both SST and SDV resulted from increases in sales volume, with an overall decrease in average prices. Most of the sales growth occurred domestically, particularly in California and the midwestern and southeastern regions of the country. International sales grew at approximately the same rate as the rest of the Company, partially due to the acquisition of Furfix Products Limited and Easy Arches Limited (together, "Furfix"), in the third quarter of 1999. See "Item 1. Business. Acquisitions and Expansion into New Markets." Home centers were the fastest growing connector sales channel. The sales increase was broad based across most of SST's major product lines. Anchor Systems products had the highest growth rate in sales and SST's new Strong-Wall product line also experienced strong sales growth. Sales of most of SDV's major product lines increased in 1999 compared to 1998, led by above average growth rates for its chimney products and Direct-Vent product lines.

Gross Profit

Gross profit increased 21.6% to $132.6 million in 1999 from $109.0 million in 1998. As a percentage of net sales, gross profit increased to 40.4% in 1999 from 39.1% in 1998. This increase resulted from an increase in the LIFO gain to $1.9 in 1999 from $0.5 million in 1998, as well as lower overall product costs.

Selling Expense

Selling expense increased 30.3% to $32.2 million in 1999 from $24.7 million in 1998. The increase was primarily due to higher promotional expenses, as well as to higher personnel costs, including those associated with the increase in the number of sales and merchandising personnel.

General and Administrative Expense

General and administrative expenses increased 14.0% to $37.8 million in 1999 from $33.1 million in 1998, but decreased as a percentage of net sales to 11.5% in 1999 from 11.9% in 1998. The increase in these expenses was primarily due to increased cash profit sharing, which resulted from higher operating profit, and other administrative overhead costs.

European Operations

In August 1999, Simpson Strong-Tie International, Inc. ("SSTI"), a subsidiary of the Company, purchased the assets of Furfix which manufactures a line of structural connectors for the wood and masonry construction markets in the United Kingdom and Europe. The purchase price was approximately $7.8 million in cash plus an earnout based on future operating performance. Included in the purchase price were costs associated with the closure of Furfix's existing facility and integration into SSTI's facility in Tamworth, England.

For its combined European operations, including the operations of Furfix, the Company recorded an after-tax net loss of $2.4 million in 1999, including $1.9 million in intercompany interest charges, compared to after-tax net losses of $2.3 million in 1998. These losses are primarily associated with the Company's UK operations. Depreciation on purchased capital equipment and administrative and other overhead costs incurred related to the growing operations contributed significantly to the losses.

LIQUIDITY AND SOURCES OF CAPITAL

The Company's liquidity needs arise principally from working capital requirements, capital expenditures and asset acquisitions. During the three years ended December 31, 2000, the Company has relied primarily on internally generated funds to finance these needs. The Company's working capital requirements are seasonal with the highest working capital needs typically occurring in the second and third quarters of the year. Cash and cash equivalents were $59.4 million and $54.5 million at December 31, 2000 and 1999, respectively. Working capital was $167.9 million and $142.1 million at December 31, 2000 and 1999, respectively. As of December 31, 2000, the Company had approximately $2.4 million in debt outstanding and had available to it unused credit facilities of approximately $21.0 million.

The Company had cash flows from operating activities of $30.9 million, $36.0 million and $34.7 million for 2000, 1999 and 1998, respectively. In 2000, cash was provided by net income, before removing Keymark's share of the loss related to the Keybuilder.com, LLC joint venture, of $37.1 million and noncash expenses, such as depreciation and amortization, of $13.1 million. Operating cash flows were also increased by increases in trade accounts payable and accrued liabilities, totaling approximately $3.6 million. The Company's primary operating cash flow requirements resulted from increased levels of inventory and accounts receivable that were required as the Company's sales increased. In 2000, 1999 and 1998, the Company used cash of $14.1 million, $23.9 million and $10.8 million, respectively, to fund inventory and accounts receivable requirements. Prepayment of income taxes payable, increased deferred taxes and a decreased amount due for accrued cash profit sharing and commissions in the fourth quarter of 2000 also accounted for approximately $7.6 million cash used. The balance of the cash used in 2000 resulted from changes in the other current asset and liability accounts.

Cash used in investing activities was $20.5 million, $23.3 million and $20.0 million for 2000, 1999 and 1998, respectively. Asset acquisitions, primarily related to the purchase of ATS and Masterset, and capital expenditures related primarily to expanding capacity, decreased to $20.7 million in 2000 from $23.6 million in 1999. In 2000, approximately $2.5 million of such capital expenditures was used for real estate and related purchases.

Financing activities used net cash of $5.3 million in 2000 and provided $4.4 million and $3.4 million in 1999 and 1998, respectively. In 2000, cash was used primarily to repurchase the Company's Common Stock on the open market. Offsetting the buyback, approximately $0.9 million in cash was provided by the issuance of Common Stock through the exercise of stock options by employees of the Company.

The Company believes that cash generated by operations, borrowings available under its existing credit agreements, the majority of which have been renewed through at least November 2001, and other available financing will be sufficient for the Company's working capital needs and planned capital expenditures through at least 2001.

INFLATION

The Company believes that the effect of inflation on the Company has not been material in recent years, as inflation rates have remained low.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

SIMPSON MANUFACTURING CO., INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Financial Statements	
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Consolidated Statements of Stockholders' Equity for the years ended December 31, 1998, 1999 and 2000	28
Consolidated Statements of Cash Flows for the years ended December 31, 2000, 1999 and 1998	29
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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of Simpson Manufacturing Co., Inc.:

In our opinion, the accompanying consolidated financial statements listed in the index on page 24 of this Form 10-K present fairly, in all material respects, the financial position of Simpson Manufacturing Co., Inc. and its subsidiaries at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and the financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and the financial statement schedule based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP

San Francisco, California
February 9, 2001, except for Note 15
for which the date is March 9, 2001

SIMPSON MANUFACTURING CO., INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

<S>	DECEMBER 31, 2000 <C>	1999 <C>
ASSETS		
Current assets		
Cash and cash equivalents	$ 59,417,658	$ 54,509,610
Trade accounts receivable, net	45,584,186	42,420,223
Inventories	85,112,695	72,751,245
Deferred income taxes	5,487,254	4,745,534
Other current assets	5,040,017	1,323,215
Total current assets	200,641,810	175,749,827
Property, plant and equipment, net	63,822,513	61,143,524
Investments	354,414	374,455
Other noncurrent assets	14,660,979	9,986,187
Total assets	$ 279,479,716	$ 247,253,993
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Notes payable and current portion of long-term debt	$ 335,754	$ 349,541
Trade accounts payable	14,630,941	12,780,621
Accrued liabilities	9,373,007	7,819,155
Accrued profit sharing trust contributions	3,929,043	3,504,286
Accrued cash profit sharing and commissions	2,979,060	4,531,861
Accrued workers' compensation	1,475,764	1,345,764
Income taxes payable	--	3,362,254
Total current liabilities	32,723,569	33,693,482
Long-term debt, net of current portion	2,069,028	2,414,562
Long-term liabilities	341,600	556,783
Total liabilities	35,134,197	36,664,827
Minority interest in consolidated subsidiaries	754,278	--
Commitments and contingencies (Note 9)		
Stockholders' equity		
Preferred Stock, par value $0.01; authorized shares, 5,000,000; issued and outstanding shares, none	--	--
Common Stock, par value $0.01; authorized shares, 20,000,000; issued and outstanding shares, 11,966,732 and 12,018,839 at December 31, 2000 and 1999, respectively	40,968,501	44,716,488
Retained earnings	204,811,703	166,457,600
Accumulated other comprehensive income	(2,188,963)	(584,922)
Total stockholders' equity	243,591,241	210,589,166
Total liabilities and stockholders' equity	$ 279,479,716	$ 247,253,993

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

SIMPSON MANUFACTURING CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
<S>	<C>	<C>	<C>
Net sales	$ 369,087,813	$ 328,439,897	$ 279,081,489
Cost of sales	227,306,484	195,839,260	170,044,933
Gross profit	141,781,329	132,600,637	109,036,556
Operating expenses			
Selling	37,409,957	32,204,008	24,706,371
General and administrative	44,633,965	37,845,480	33,100,454
	82,043,922	70,049,488	57,806,825
Income from operations	59,737,407	62,551,149	51,229,731
Interest income, net	3,009,974	1,669,243	939,792
Income before income taxes	62,747,381	64,220,392	52,169,523
Provision for income taxes	25,639,000	25,753,000	21,028,000
Minority interest	(1,245,722)	--	--
Net income	$ 38,354,103	$ 38,467,392	$ 31,141,523
Net income per common share			
Basic	$ 3.19	$ 3.25	$ 2.69
Diluted	$ 3.12	$ 3.14	$ 2.58
Weighted average number of shares outstanding			
Basic	12,022,704	11,837,315	11,560,454
Diluted	12,294,922	12,233,865	12,048,197

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

SIMPSON MANUFACTURING CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1998, 1999 AND 2000

<TABLE>
<CAPTION>

	COMMON STOCK SHARES	COMMON STOCK AMOUNT	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>
Balance, January 1, 1998	11,517,113	$32,377,563	$ 96,848,685	$ (275,725)	$128,950,523
Comprehensive income:					
Net income	--	--	31,141,523	--	31,141,523
Other comprehensive income:					
Translation adjustment	--	--	--	(155,965)	(155,965)
Comprehensive income					30,985,558
Options exercised	57,147	576,343	--	--	576,343
Tax benefit of options exercised	--	600,045	--	--	600,045
Common stock issued at $33.3125 per share	5,100	169,894	--	--	169,894
Balance, December 31, 1998	11,579,360	33,723,845	127,990,208	(431,690)	161,282,363
Comprehensive income:					
Net income	--	--	38,467,392	--	38,467,392
Other comprehensive income:					
Translation adjustment	--	--	--	(153,232)	(153,232)
Comprehensive income					38,314,160
Options exercised	436,279	4,568,970	--	--	4,568,970
Tax benefit of options exercised	--	6,303,873	--	--	6,303,873
Common stock issued at $37.4375 per share	3,200	119,800	--	--	119,800
Balance, December 31, 1999	12,018,839	44,716,488	166,457,600	(584,922)	210,589,166
Comprehensive income:					
Net income	--	--	38,354,103	--	38,354,103
Other comprehensive income:					
Translation adjustment	--	--	--	(1,604,041)	(1,604,041)
Comprehensive income					36,750,062
Options exercised	77,673	902,898	--	--	902,898
Tax benefit of options exercised	--	1,054,238	--	--	1,054,238
Buyback of common stock	(134,280)	(5,901,998)	--	--	(5,901,998)
Common stock issued at $43.75 per share	4,500	196,875	--	--	196,875
Balance, December 31, 2000	11,966,732	$40,968,501	$204,811,703	$(2,188,963)	$243,591,241

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

SIMPSON MANUFACTURING CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31, 2000	1999	1998
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 38,354,103	$ 38,467,392	$ 31,141,523
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss (gain) on sale of capital equipment	(55,969)	(44,649)	24,226
Depreciation and amortization	13,135,982	10,861,925	8,257,937
Minority interest	(1,245,722)	--	--
Deferred income taxes and other long-term liabilities	(1,362,889)	(970,301)	(505,434)
Equity in loss (income) of affiliates	(23,195)	107,273	(9,000)
Noncash compensation related to stock plans	196,875	119,800	169,894
Changes in operating assets and liabilities, net of effects of acquisitions:			
Trade accounts receivable, net	(2,510,320)	(8,331,101)	(9,463,554)
Inventories	(11,573,449)	(15,563,766)	(1,357,108)
Other current assets	(1,233,190)	(40,401)	440,773
Other noncurrent assets	(738,506)	(1,322,851)	(509,138)
Trade accounts payable	2,023,783	1,019,384	2,948,041
Accrued liabilities	1,620,192	2,227,864	84,388
Accrued profit sharing trust contributions	431,918	330,924	286,487
Accrued cash profit sharing and commissions	(1,552,527)	512,055	924,972
Accrued workers' compensation	130,000	466,492	220,000
Income taxes payable	(4,726,708)	8,200,744	2,065,429
Total adjustments	(7,483,725)	(2,426,608)	3,577,913
Net cash provided by operating activities	30,870,378	36,040,784	34,719,436
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(14,421,672)	(15,305,226)	(20,057,435)
Proceeds from sale of capital equipment	188,809	263,158	57,069
Asset acquisitions, net of cash acquired and equity interest already owned	(6,250,783)	(8,266,403)	--
Net cash used in investing activities	(20,483,646)	(23,308,471)	(20,000,366)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of debt	148,310	266,700	3,019,247
Repayment of debt	(495,833)	(398,484)	(152,966)
Buyback of common stock	(5,901,998)	--	--
Issuance of Company's common stock	902,898	4,568,970	576,343
Net cash provided by (used in) financing activities	(5,346,623)	4,437,186	3,442,624
Effect of exchange rate changes on cash	(132,061)	(62,339)	(177,933)
Net increase in cash and cash equivalents	4,908,048	17,107,160	17,983,761
Cash and cash equivalents at beginning of period	54,509,610	37,402,450	19,418,689
Cash and cash equivalents at end of period	$ 59,417,658	$ 54,509,610	$ 37,402,450
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
CASH PAID DURING THE YEAR FOR			
Interest, net of Amounts capitalized	$ 235,584	$ 268,184	$ 180,607
Income taxes	$ 31,321,526	$ 18,964,736	$ 18,660,244

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

1. Operations and Summary of Significant Accounting Policies

Nature of Operations

Simpson Manufacturing Co., Inc., through its subsidiaries Simpson Strong-Tie Company Inc. ("Simpson Strong-Tie") Simpson Dura-Vent Company, Inc. and its other subsidiaries (collectively, the "Company"), designs, engineers and manufactures wood-to-wood, wood-to-concrete and wood-to-masonry connectors and shearwalls and venting systems for gas and wood burning appliances and markets its products to the residential construction, light industrial and commercial construction, remodeling and do-it-yourself markets. Simpson Strong-Tie also offers a line of adhesives, mechanical anchors and powder actuated tools for concrete, masonry and steel.

The Company operates exclusively in the building products industry segment. The Company's products are sold primarily throughout the United States of America. Revenues have some geographic market concentration on the West Coast. A portion of the Company's business is therefore dependent upon economic activity within this region and market.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation

The consolidated financial statements include the accounts of Simpson Manufacturing Co., Inc. and its subsidiaries. Investments in less than 50% owned affiliates are accounted for using the equity method. All significant intercompany transactions have been eliminated.

Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Inventory Valuation

Inventories are valued at the lower of cost or market, with cost determined under the last-in, first-out (LIFO) method, except in Europe, Canada and South America, where inventories of approximately $9,794,000 and $9,269,000 at December 31, 2000 and 1999, respectively, are valued using the first-in, first-out (FIFO) method.

Property, Plant and Equipment

Property, plant and equipment is carried at cost. Major renewals and betterments are capitalized; maintenance and repairs are expensed on a current basis. When assets are sold or retired, their costs and accumulated depreciation are removed from the accounts; the resulting gains or losses are reflected in the consolidated statements of operations.

Depreciation and Amortization

Depreciation of property, plant and equipment is provided for using accelerated methods over the following estimated useful lives:

Factory machinery and equipment	5 to 10 years
Automobiles, trucks and other equipment	3 to 10 years
Office equipment	3 to 8 years
Buildings and site improvements	20 to 45 years

Leasehold improvements are amortized using the straight-line method over the shorter of the expected life or the remaining term of the lease. Amortization of intangible assets is computed using the straight-line method over the estimated useful lives of the asset.

Product Research and Development Costs

Product research and development costs, which are included in cost of sales, were charged against income as incurred and approximated $2,226,000, $1,809,000 and $1,518,000 in 2000, 1999 and 1998, respectively.

Tooling Costs

Tool and die costs are included in product costs in the year incurred.

Income Taxes

Income taxes are calculated using an asset and liability approach. The provision for income taxes includes federal and state taxes currently payable and deferred taxes, due to temporary differences between the financial statement and tax bases of assets and liabilities. In addition, the future tax benefits are recognized to the extent that realization of such benefits is more likely than not.

Foreign Currency Translation

The local currency is the functional currency of the Company’s operations in Europe and Canada. Assets and liabilities denominated in foreign currencies are translated using the exchange rate on the balance sheet date. Revenues and expenses are translated using average exchange rates prevailing during the year. The translation adjustment resulting from this process is shown separately as a component of stockholders’ equity. Foreign currency transaction gains or losses are included in the determination of net income.

Common Stock

Subject to the rights of holders of any Preferred Stock that may be issued in the future, holders of Common Stock are entitled to receive such dividends, if any, as may be declared from time to time by the Board of Directors (the "Board") out of legally available funds and in the event of liquidation, dissolution or winding-up of the Company, to share ratably in all assets available for distribution. The holders of Common Stock have no preemptive or conversion rights. Subject to the rights of any Preferred Stock that may be issued in the future, the holders of Common Stock are entitled to one vote per share on any matter submitted to a vote of the stockholders, except that, on giving notice as required by law and subject to compliance with other statutory conditions, stockholders may cumulate their votes in an election of directors, and each stockholder may give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of shares held by such stockholder or may distribute such stockholder’s votes on the same principle among as many candidates as such stockholder thinks fit. There are no redemption or sinking fund provisions applicable to the Common Stock.

In 1999, the Company declared a dividend distribution of one Right to purchase Series A Participating Preferred Stock per share of Common Stock. The Rights will be exercisable, unless redeemed earlier by the Company, if a person or group acquires, or obtains the right to acquire, 15% or more of the outstanding shares of Common Stock or commences a tender or exchange offer that would result in it acquiring 15% or more of the outstanding shares of Common Stock, either event occurring without the prior consent of the Company. The amount of Series A Participating Preferred Stock that the holder of a Right is entitled to receive and the purchase price payable on exercise of a Right are both subject to adjustment. Any person or group that acquires 15% or more of the outstanding shares of Common Stock without the prior consent of the Company would not be entitled to this purchase. Any stockholder who holds 25% or more of the Company's Common Stock on the date of the Rights distribution would not be treated as having acquired 15% or more of the outstanding shares unless such stockholder's ownership is increased to more than 40% of the outstanding shares.

The Rights will expire on July 29, 2009, or they may be redeemed by the Company at one cent per Right prior to that date. The Rights do not have voting or dividend rights and, until they become exercisable, have no dilutive effect on the earnings of the Company. One million shares of the Company's Preferred Stock have been designated Series A Participating Preferred Stock and reserved for issuance on exercise of the Rights. No event during 2000 made the Rights exercisable.

Preferred Stock

The Board has the authority to issue the authorized and unissued Preferred Stock in one or more series with such designations, rights and preferences as may be determined from time to time by the Board. Accordingly, the Board is empowered, without stockholder approval, to issue Preferred Stock with dividend, liquidation, conversion, voting or other rights that could adversely affect the voting power or other rights of the holders of the Company's Common Stock.

Net Income per Common Share

Basic net income per common share is computed based upon the weighted average number of common shares outstanding. Common equivalent shares, using the treasury stock method, are included in the diluted per-share calculations for all periods when the effect of their inclusion is dilutive.

The following is a reconciliation of basic earnings per share ("EPS") to diluted EPS:

	2000			1999		
	INCOME	SHARES	PER SHARE	INCOME	SHARES	PER SHARE
BASIC EPS						
Income available to common stockholders	$38,354,103	12,022,704	$ 3.19	$38,467,392	11,837,315	$ 3.25
EFFECT OF DILUTIVE SECURITIES						
Stock options	--	272,218	(0.07)	--	396,550	(0.11)
DILUTED EPS						
Income available to common stockholders	$38,354,103	12,294,922	$ 3.12	$38,467,392	12,233,865	$ 3.14

	1998		
	INCOME	SHARES	PER SHARE
BASIC EPS			
Income available to common stockholders	$31,141,523	11,560,454	$ 2.69
EFFECT OF DILUTIVE SECURITIES			
Stock options	--	487,743	(0.11)
DILUTED EPS			
Income available to common stockholders	$31,141,523	12,048,197	$ 2.58

Comprehensive Income

Comprehensive income, which is included in the consolidated statement of stockholders’ equity, is defined as net income and other comprehensive income. Other comprehensive income includes changes in foreign currency translation adjustments recorded directly into stockholders’ equity.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash in banks, short-term investments in U.S. Treasury instruments and trade accounts receivable. The Company maintains its cash in demand deposit and money market accounts held primarily by two banks.

Adoption of Statements of Financial Accounting Standards

In June 2000, Financial Accounting Standards Board ("FASB") statement No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities--an amendment of FASB statement No. 133" was issued. FASB statement No. 133 was amended by FASB statement No. 137, which deferred the effective date of implementation to the first quarter of fiscal years beginning after June 15, 2000. FASB statement No. 133 requires companies to record derivative financial instruments on the balance sheet as assets or liabilities, as appropriate, at fair value. Gains or losses resulting from changes in the fair value of those derivatives are accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. The Company does not believe that the implementation of this standard will have a material effect on its financial position or results of operations.

Reclassifications

Certain prior year amounts have been reclassified to conform to the 2000 presentation with no effect on net income or retained earnings as previously reported.

2. Acquisitions

In July 2000, Simpson Strong-Tie purchased the assets of Anchor Tiedown Systems, Inc. ("ATS"). ATS manufactures and distributes a product line used to anchor multi-story buildings with a threaded rod hold down system. The purchase price was approximately $4.6 million in cash. In December 2000, Simpson Strong-Tie purchased the assets of Masterset Fastening Systems, Inc. ("Masterset") for approximately $2.3 million in cash plus an earnout of up to $0.3 million. Masterset sells a system of specially designed powder actuated fasteners and installation tools.

In August 1999, Simpson Strong-Tie International, Inc. ("SSTI"), a subsidiary of the Company, purchased the assets of Furfix Products Limited and Easy Arches Limited (together, "Furfix"), which manufacture a line of structural connectors for the wood and masonry construction markets in the United Kingdom and Europe. The purchase price was approximately $7.8 million in cash plus an earnout based on future operating performance. Included in the purchase price were costs associated with the closure of Furfix's existing facility and integration into SSTI's facility in Tamworth, England.

3. Trade Accounts Receivable

Trade accounts receivable consist of the following:

<TABLE>
<CAPTION>

	DECEMBER 31, 2000	DECEMBER 31, 1999
<S>	<C>	<C>
Trade accounts receivable	$ 47,119,344	$ 43,952,137
Allowance for doubtful accounts	(1,201,289)	(1,203,147)
Allowance for sales discounts	(333,869)	(328,767)
	$ 45,584,186	$ 42,420,223

</TABLE>

The Company sells product on credit and generally does not require collateral.

4. Inventories

The components of inventories consist of the following:

<TABLE>
<CAPTION>

	December 31, 2000	December 31, 1999
Raw materials	$ 26,883,866	$ 22,816,584
In-process products	10,863,721	7,593,038
Finished products	47,365,108	42,341,623
	$ 85,112,695	$ 72,751,245

</TABLE>

At December 31, 2000, the replacement value of LIFO inventories exceeded LIFO cost by approximately $157,000. At December 31, 1999, LIFO cost exceeded the replacement value of LIFO inventories by approximately $1,503,000.

5. Property, Plant and Equipment, net

Property, plant and equipment consists of the following:

<TABLE>
<CAPTION>

	December 31, 2000	December 31, 1999
Land	$ 4,454,322	$ 4,316,015
Buildings and site improvements	27,634,848	26,724,935
Leasehold improvements	4,042,063	3,942,613
Machinery and equipment	88,221,556	81,147,265
	124,352,789	116,130,828
Less accumulated depreciation and amortization	(69,293,151)	(58,949,908)
	55,059,638	57,180,920
Capital projects in progress	8,762,875	3,962,604
	$ 63,822,513	$ 61,143,524

</TABLE>

Included in property, plant and equipment at December 31, 2000 and 1999, are fully depreciated assets with an original cost of approximately $26,475,000 and $24,453,000, respectively. These fully depreciated assets are still in use in the Company's operations.

6. Investments

The Company's 49% investment in Bulldog-Simpson GmbH is accounted for using the equity method. The Company's equity in the earnings or losses of its equity investments was not material in any of the three years in the period ended December 31, 2000.

7. Accrued Liabilities

Accrued liabilities consist of the following:

<TABLE>
<CAPTION>

	December 31, 2000	December 31, 1999
Sales incentive and advertising allowances	$ 4,372,473	$ 3,138,607
Vacation liability	1,713,400	1,505,409
Other	3,287,134	3,175,139
	$ 9,373,007	$ 7,819,155

</TABLE>

8. Debt

The outstanding debt at December 31, 2000 and 1999, and the available credit at December 31, 2000, consisted of the following:

<TABLE>
<CAPTION>

	AVAILABLE ON CREDIT FACILITY AT DECEMBER 31,	DEBT OUTSTANDING AT DECEMBER 31,	
	2000	2000	1999
<S>	<C>	<C>	<C>
Revolving line of credit, interest at bank's reference rate less 0.5% (at December 31, 2000, the bank's reference rate less 0.5% was 9.0%), matures November 2001, commitment fees are paid at the annual rate of 0.125% on the unused portion of the facility	$ 12,243,241	$ --	$ --
Revolving term commitment, interest at bank's prime rate less 0.5% (at December 31, 2000, the bank's prime rate less 0.5% was 9.0%), matures September 2002, commitment fees are paid at the annual rate of 0.125% on the unused portion of the facility	8,344,838	--	--
Revolving line of credit, interest rate at the bank's base rate of interest plus 2% (at December 31, 2000, this rate was 8.0%), matures July 2001, has an annual commission charge of 0.45%	373,190	--	--
Term loan, interest at LIBOR plus 1.375% (at December 31, 2000, LIBOR plus 1.375% was 8.0213%), expires May 2008	--	2,250,000	2,550,000
Term loan, fixed interest rate of 5.3%, expires September 2006	--	119,028	164,562
Standby letter of credit facilities	2,411,921	--	--
Other notes payable	--	35,754	49,541
	23,373,190	2,404,782	2,764,103
Less current portion		(335,754)	(349,541)
		$ 2,069,028	$ 2,414,562
Less standby letters of credit issued and outstanding	(2,411,921)		
Net credit available	$ 20,961,269		

</TABLE>

The revolving lines of credit are guaranteed by the Company and its subsidiaries. At December 31, 2000, the Company had three outstanding standby letters of credit. Two of these letters of credit, in the aggregate amount of $1,710,324, were used to support the Company's self-insured workers' compensation insurance requirements. The third, in the amount of $701,597, was used to guarantee performance on the Company's leased facility in the UK. These letters of credit mature between November 2001 and September 2002.

9. Commitments and Contingencies

Leases

Certain properties occupied by the Company are leased. The leases expire at various dates through 2012 and generally require the Company to assume the obligations for insurance, property taxes, and maintenance of the facilities.

Some of the properties were leased from partnerships formed by certain current and former Company stockholders, directors, officers and employees. Rental expenses under these related party leases were as follows:

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
Simpson Investment Company	$ 197,594	$ 185,100	$ 185,100
Doolittle Investors	253,080	253,080	239,400
Vacaville Investors	437,640	437,640	437,640
Vicksburg Investors	367,013	354,868	353,411
Columbus Westbelt Investment Co.	592,381	581,064	581,064
	$ 1,847,708	$ 1,811,752	$ 1,796,615

Rental expense for 2000, 1999 and 1998 with respect to all other leased property was approximately $2,658,000, $2,362,000 and $2,285,000, respectively.

At December 31, 2000, minimum rental commitments under all noncancelable leases are as follows:

2001	$ 6,035,799
2002	5,083,545
2003	4,608,552
2004	3,977,430
2005	3,818,462
Thereafter	8,768,886
	$ 32,292,674

Some of these minimum rental commitments that involve the related parties described above, contain renewal options and provide for periodic rental adjustments based on changes in the consumer price index or current market rental rates.

The nominal term of SSTI's lease in the United Kingdom is 25 years but includes an option to terminate without penalty in either the fifteenth or twentieth year upon one year written notice by SSTI. As such, future minimum rental payments associated with the first 15 years of this lease are included in minimum rental commitments in the table above.

Environmental

At two of the Company's operating facilities, evidence of contamination resulting from activities of prior occupants was discovered. The Company took certain remedial actions at one facility in 1990 and continues to monitor the condition of this property. The Company does not believe that any further action will be required. The Company has been informed by the lessor of the other facility, Vicksburg Investors, that appropriate remedial action has been taken. The Company does not believe that either of these matters will have a material adverse effect on its financial condition or results of operations.

Litigation

From time to time, the Company is involved in litigation that it considers to be in the normal course of its business. No such litigation within the last five years resulted in any material loss. The Company is not engaged in any legal proceedings as of the date hereof, which the Company expects individually or in the aggregate to have a material adverse effect on the Company's financial condition or results of operations.

10. Income Taxes

The provision for income taxes consists of the following:

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
<S>	<C>	<C>	<C>
Current			
Federal	$ 21,885,000	$ 22,509,000	$ 18,075,000
State	4,901,000	4,354,000	3,345,000
Foreign	4,000	97,000	82,000
Deferred	(1,151,000)	(1,207,000)	(474,000)
	$ 25,639,000	$ 25,753,000	$ 21,028,000

</TABLE>

Reconciliations between the statutory federal income tax rates and the Company's effective income tax rates as a percentage of income before income taxes are as follows:

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
<S>	<C>	<C>	<C>
Federal tax rate	35.0%	35.0%	35.0%
State taxes, net of federal benefit	4.6%	4.3%	4.5%
Other	0.5%	0.8%	0.8%
Effective income tax rate	40.1%	40.1%	40.3%

</TABLE>

The tax effects of the significant temporary differences that constitute the deferred tax assets and liabilities at December 31, 2000, 1999 and 1998, were as follows:

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
<S>	<C>	<C>	<C>
Current deferred tax assets			
State tax	$ 1,680,197	$1,488,904	$ 1,170,805
Compensation related to stock plans	83,375	46,728	128,657
Workers' compensation	584,912	298,808	115,436
Health claims	486,665	604,580	435,294
Vacation	642,637	555,420	399,472
Accounts receivable allowance	567,577	600,439	573,265
Inventory allowance	1,252,000	874,726	619,447
Sales incentive and advertising allowances	87,489	125,277	163,008
Other	102,402	150,652	144,215
	$ 5,487,254	$4,745,534	$ 3,749,599
Long-term deferred tax assets (liabilities)			
Depreciation	$ 1,377,291	$1,161,552	$ 911,723
Goodwill amortization	715,992	560,479	602,182
Other	(484,595)	(419,829)	(421,710)
	$ 1,608,688	$1,302,202	$ 1,092,195

</TABLE>

No valuation allowance has been recorded for deferred tax assets for the years ended December 31, 2000, 1999 and 1998, due to the Company's taxable income in 2000 and prior years.

11. Profit Sharing and Pension Plans

The Company has five profit sharing plans covering substantially all salaried employees and nonunion hourly employees. Two of the plans, covering U.S. employees, provide for annual contributions in amounts that the Board of Directors may authorize, subject to certain limitations, but in no event more than the amounts permitted under the Internal Revenue Code as deductible expense. The other three plans, covering the Company's European and Canadian employees, require the Company to make contributions ranging from 3% to 15% of the employees' compensation. The total cost for these profit sharing plans for the years ended December 31, 2000, 1999 and 1998, was approximately $4,009,000, $3,360,000 and $3,078,000, respectively.

The Company also contributes to various industry-wide, union-sponsored defined benefit pension funds for union, hourly employees. Payments to these funds aggregated approximately $1,149,000, $977,000 and $809,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

12. Related Party Transactions

The Chairman and the President and Chief Executive Officer of the Company, who are directors and significant stockholders of the Company, served as directors and officers of the Simpson PSB Fund (a charitable organization) until October 1997. The Company contributed $75,496 to this organization in 1998. The Chairman and the President and Chief Executive Officer of the Company were again appointed as directors and officers of the Simpson PSB Fund in January 1999.

Refer to Note 9 regarding related party transactions involving Company leases.

13. Stock Bonus and Stock Options Plans

The Company applies Accounting Principles Board Opinion 25, Accounting for Stock Issued to Employees, and related interpretations in accounting for its stock option plans. Accordingly, no compensation cost has been recognized for its non-qualified stock option plan as stock options granted under this plan have an exercise price equal to 100% of the market price on the date of grant. If the compensation cost for this plan had been determined based on the fair value at the grant dates for awards consistent with the method of SFAS No. 123, the pro forma effect on the Company's net income and earnings per share in 2000, 1999 and 1998 would have been:

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31, 2000	1999	1998
Net income, as reported	$ 38,354,103	$ 38,467,392	$ 31,141,523
Pro forma	37,517,425	37,458,366	30,423,968
Diluted earnings per share, as reported	3.12	3.14	2.58
Pro forma	3.05	3.06	2.53

</TABLE>

The fair value of each option granted was estimated on the date of grant using the Black-Sholes option-pricing model with the following assumptions for 2000, 1999 and 1998, respectively: risk-free interest rate of 4.86%, 4.60% and 4.63% for 2000, 1999 and 1998, respectively; no dividend yield for all years; expected lives of 6.3 years for options committed to be granted for 2000 and 6.2 for options granted for 1999 and 1998; and volatility of 29.7% for 2000, 30.4% for 1999 and 30.7% for 1998. The weighted average fair value per share of options granted during 2000, 1999 and 1998 was $21.78, $17.49 and $15.09, respectively.

The Company currently has two stock option plans. The first is principally for the Company's employees and the second is for the Company's independent directors. Last year, the Company met some of the operating goals established for one of its stock option plans and has committed to grant options to purchase 7,000 shares for the year 2000. During 1999 and 1998, the Company met most of the operating goals established for both of its stock option plans and accordingly, and granted options to purchase 143,250 and 118,750 shares for 1999 and 1998, respectively. These options have an exercise price of $51.00 per share for 2000, and an exercise price range of $38.94 to $48.13 per share for 1999 and an exercise price range of $36.63 to $41.18 per share for 1998.

The following table summarizes the Company's stock option activity for the years ended December 31, 2000, 1999 and 1998:

<TABLE>
<CAPTION>

NON-QUALIFIED STOCK OPTIONS	2000 SHARES	2000 WEIGHTED-AVERAGE EXERCISE PRICE	1999 SHARES	1999 WEIGHTED-AVERAGE EXERCISE PRICE	1998 SHARES	1998 WEIGHTED-AVERAGE EXERCISE PRICE
Outstanding at beginning of year	738,990	$ 26.08	1,033,019	$ 17.05	978,917	$ 14.29
Granted	7,000	51.00	143,250	43.65	118,750	37.44
Exercised	(77,673)	11.62	(436,279)	10.49	(57,147)	10.09
Forfeited	(5,670)	37.93	(1,000)	33.90	(7,501)	31.37
Outstanding at end of year	662,647	27.93	738,990	26.08	1,033,019	17.05

</TABLE>

The number of stock options exercisable at the end of 2000, 1999 and 1998 was 448,930, 414,817 and 740,638, respectively.

The following table summarizes information about the Company's stock options outstanding at December 31, 2000:

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING: NUMBER OUTSTANDING AT DECEMBER 31, 2000	OPTIONS OUTSTANDING: WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	OPTIONS OUTSTANDING: WEIGHTED-AVERAGE EXERCISE PRICE	OPTIONS EXERCISABLE: NUMBER OUTSTANDING AT DECEMBER 31, 2000	OPTIONS EXERCISABLE: WEIGHTED-AVERAGE EXERCISE PRICE
$ 3.64	31,112	0.5 years	$ 3.64	31,112	$ 3.64
$ 11.50	70,476	0.4 years	11.50	70,476	11.50
$10.00 to $11.28	46,208	1.1 years	10.23	46,208	10.23
$ 13.50	58,716	2.0 years	13.50	58,716	13.50
$23.00 to $29.25	90,054	3.0 years	23.08	84,152	23.11
$33.31 to $37.31	106,045	4.0 years	33.37	74,718	33.38
$36.63 to $41.18	112,493	5.0 years	37.45	50,934	37.43
$38.94 to $48.13	140,543	6.0 years	43.65	32,614	43.23
$ 51.00	7,000	7.0 years	51.00	--	--
$3.64 to $51.00	662,647	3.6 years	27.93	448,930	19.01

The tax benefit to the Company from the exercise of stock options, a reduction of the Company's income tax payable, was $1,054,238, $6,303,873 and $600,045 for 2000, 1999 and 1998, respectively.

The Company also maintains a Stock Bonus Plan whereby, for each ten years of continuous employment with the Company, each employee who does not participate in one of the Company's stock option plans receives 100 shares of common stock. In 2000, 1999 and 1998, the Company committed to issue 2,700, 4,500 and 3,200 shares, respectively, which resulted in compensation charges of $210,359, $353,149 and $203,500, respectively. The shares are issued in the year following the year in which they are earned.

14. Segment Information

The Company is organized into two primary segments. The segments are defined by types of products manufactured, marketed and distributed to the Company's customers. The two product segments are construction connector products and venting products. These segments are differentiated in several ways, including the types of materials used, the production process, the distribution channels used and the applications in which the products are used. Transactions between the two segments were immaterial for each of the years presented.

The following table illustrates certain measurements used by management to assess the performance of the segments described above as of December 31, 2000, 1999 and 1998, or for the years then ended:

2000	CONNECTOR PRODUCTS	VENTING PRODUCTS	ALL OTHER	TOTAL
Net sales	$ 303,774,000	$ 65,314,000	$ --	$ 369,088,000
Income from operations	51,068,000	8,676,000	(7,000)	59,737,000
Depreciation and amortization	10,951,000	2,063,000	122,000	13,136,000
Capital expenditures and acquisitions	18,277,000	2,226,000	169,000	20,672,000
Total assets	171,997,000	43,067,000	64,416,000	279,480,000

<TABLE>
<CAPTION>

1999	CONNECTOR PRODUCTS	VENTING PRODUCTS	ALL OTHER	TOTAL
<S>	<C>	<C>	<C>	<C>
Net sales	$ 260,943,000	$ 67,497,000	$ --	$ 328,440,000
Income from operations	51,902,000	10,628,000	21,000	62,551,000
Depreciation and amortization	8,895,000	1,867,000	100,000	10,862,000
Capital expenditures and acquisitions	21,642,000	1,930,000	--	23,572,000
Total assets	148,328,000	38,828,000	60,098,000	247,254,000

</TABLE>

<TABLE>
<CAPTION>

1998	CONNECTOR PRODUCTS	VENTING PRODUCTS	ALL OTHER	TOTAL
<S>	<C>	<C>	<C>	<C>
Net sales	$ 220,319,000	$ 58,762,000	$ --	$ 279,081,000
Income from operations	42,674,000	8,709,000	(153,000)	51,230,000
Depreciation and amortization	6,738,000	1,417,000	103,000	8,258,000
Capital expenditures and acquisitions	11,509,000	8,548,000	--	20,057,000
Total assets	115,507,000	35,095,000	40,998,000	191,600,000

</TABLE>

Cash collected by the Company's subsidiaries is routinely transferred into the Company's cash management accounts, and therefore, has been included in the total assets of the segment entitled "All Other." Cash balances in this segment were approximately $54,183,000, $53,682,000 and $36,433,000 as of December 31, 2000, 1999 and 1998, respectively.

The following table illustrates how the Company's net sales and long-lived assets are distributed geographically as of December 31, 2000, 1999 and 1998, or for the years then ended.

<TABLE>
<CAPTION>

	2000		1999		1998	
	NET SALES	LONG-LIVED ASSETS	NET SALES	LONG-LIVED ASSETS	NET SALES	LONG-LIVED ASSETS
<S>	<C>	<C>	<C>	<C>	<C>	<C>
United States	$ 347,516,000	$ 64,615,000	$ 310,300,000	$ 55,097,000	$ 265,201,000	$ 50,753,000
Other countries	21,572,000	12,615,000	18,140,000	15,105,000	13,880,000	6,891,000
	$ 369,088,000	$ 77,230,000	$ 328,440,000	$ 70,202,000	$ 279,081,000	$ 57,644,000

</TABLE>

Net sales and long-lived assets are attributable to the country where the operations are located.

In 2000, net sales of approximately 12% were from one customer and were attributable mostly to the Connector segment.

15. Subsequent Events

In January 2001, SSTI acquired 100% of the shares of BMF Bygningsbeslag A/S ("BMF") of Denmark for $12.8 million in cash with an additional amount of approximately $2.6 million possible based on operating performance. BMF manufactures and distributes connector products in northern and central Europe.

Also in January 2001, the Company reached agreements to amended a certain related party lease and to exercise an option to purchase the property which is subject to another related party lease. Both of the transactions relate to properties that are located in San Leandro, California. Both of the transactions were unanimously approved by the outside members of the Board of Directors. The Doolittle Investors lease was extended through December 31, 2009, and the option to purchase the property from Simpson Investment Company has been exercised and is expected to close in May 2001 (See Note 9).

The effect of these changes on the Company's future minimum rental commitments is as follows:

<TABLE>
<CAPTION>

<S>	Minimum Rental Commitments at December 31, 2000 <C>	Effect of Modifications <C>	Revised Future Minimum Rental Commitments <C>
2001	$ 6,035,799	$ (131,729)	$ 5,904,070
2002	5,083,545	367,992	5,451,537
2003	4,608,552	367,992	4,976,544
2004	3,977,430	367,992	4,345,422
2005	3,818,462	367,992	4,186,454
Thereafter	8,768,886	1,471,968	10,240,854
	$ 32,292,674	$ 2,812,207	$ 35,104,881

</TABLE>

SIMPSON MANUFACTURING CO., INC. AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

COLUMN A	COLUMN B	COLUMN C ADDITIONS		COLUMN D	COLUMN E
CLASSIFICATION	BALANCE AT BEGINNING OF YEAR	CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS -- WRITE-OFFS	DEDUCTIONS	BALANCE AT END OF YEAR
YEAR ENDED DECEMBER 31, 2000					
Allowance for doubtful accounts	$ 1,203,147	$ 684,356	$ --	$ 686,214	$ 1,201,289
Allowance for obsolete inventory	1,641,746	2,439,787	--	1,080,741	$ 3,000,792
YEAR ENDED DECEMBER 31, 1999					
Allowance for doubtful accounts	1,173,656	646,236	--	616,745	1,203,147
Allowance for obsolete inventory	944,331	967,074	--	269,659	1,641,746
YEAR ENDED DECEMBER 31, 1998					
Allowance for doubtful accounts	1,539,691	767,339	--	1,133,374	1,173,656
Allowance for obsolete inventory	742,578	212,334	--	10,581	944,331

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information required by this Item will be contained in the Registrant's proxy statement for the annual meeting of stockholders to be held on May 18, 2001, to be filed not later than 120 days following the end of the Registrant's fiscal year ended December 31, 2000, which will set forth certain information with respect to the directors and executive officers of the Registrant and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION.

Information required by this Item will be contained in the Registrant's proxy statement for the annual meeting of stockholders to be held on May 18, 2001, to be filed not later than 120 days following the end of the Registrant's fiscal year ended December 31, 2000, which will set forth certain information with respect to executive compensation of the Registrant and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Information required by this Item will be contained in the Registrant's proxy statement for the annual meeting of stockholders to be held on May 18, 2001, to be filed not later than 120 days following the end of the Registrant's fiscal year ended December 31, 2000, which will set forth certain information with respect to security ownership of certain beneficial owners and management of the Registrant and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information required by this Item will be contained in the Registrant's proxy statement for the annual meeting of stockholders to be held on May 18, 2001, to be filed not later than 120 days following the end of the Registrant's fiscal year ended December 31, 2000, which will set forth certain information with respect to certain relationships and related transactions of the Registrant and is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

a. Exhibits

- 10.1 Asset Purchase Agreement, dated November 17, 2000, between Masterset Fastening Systems, Inc., Brian Berry, John E. Swiggard, Manzo Associates Inc. and Leo V. Peterson and Simpson Strong-Tie Company Inc.
- 10.2 Share Purchase Agreement, dated January 11, 2001, between Simpson Strong-Tie International, Inc. and BMF Holdings A/S.
- 11. Statement re computation of earnings per share.
- 21. List of Subsidiaries of the Registrant.
- 23. Consent of Independent Accountants.

b. Reports on Form 8-K

Report on Form 8-K, dated December 1, 2000, reporting under Item 5 that the Company acquired the assets of Masterset Fastening Systems, Inc.

EXHIBIT 11

SIMPSON MANUFACTURING CO., INC. AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER COMMON SHARE
FOR THE THREE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

BASIC EARNINGS PER SHARE

	2000	1999	1998
Weighted average number of common shares outstanding	12,019,329	11,834,915	11,556,629
Shares issuable pursuant to stock bonus plan	3,375	2,400	3,825
Number of shares for computation of basic net income per share	12,022,704	11,837,315	11,560,454
Net income for computation of basic net income per share	$38,354,103	$38,467,392	$31,141,523
Basic net income per share	$ 3.19	$ 3.25	$ 2.69

SIMPSON MANUFACTURING CO., INC. AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER COMMON SHARE
FOR THE THREE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

DILUTED EARNINGS PER SHARE

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<S>	2000 <C>	1999 <C>	1998 <C>
Weighted average number of common shares outstanding	12,019,329	11,834,915	11,556,629
Shares issuable pursuant to employee stock option plans, less shares assumed repurchased at the average fair value during the period	268,085	392,723	483,361
Shares issuable pursuant to the independent director stock option plan, less shares assumed repurchased at the average fair value during the period	4,133	3,827	4,382
Shares issuable pursuant to stock bonus plan	3,375	2,400	3,825
Number of shares for computation of diluted net income per share	12,294,922	12,233,865	12,048,197
Net income for computation of diluted net income per share	$38,354,103	$38,467,392	$31,141,523
Diluted net income per share	$ 3.12	$ 3.14	$ 2.58

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EXHIBIT 21

SIMPSON MANUFACTURING CO., INC. AND SUBSIDIARIES
LIST OF SUBSIDIARIES OF SIMPSON MANUFACTURING CO., INC.
AT MARCH 15, 2001

1. Simpson Strong-Tie Company Inc., a California corporation
2. Simpson Dura-Vent Company, Inc., a California corporation
3. Simpson Strong-Tie International, Inc., a California corporation
4. Simpson Manufacturing International Corporation, a Barbados corporation
5. Simpson Strong-Tie Canada, Limited., a Canadian corporation
6. Simpson Strong-Tie France, Limited., a French corporation
7. Simpson Strong-Tie, S.A., a French corporation
8. Simpson Strong-Tie Japan, Inc., a California corporation
9. Simpson Strong-Tie Australia, Inc., a California corporation
10. Simpson Strong-Tie Company Inc. Chile Y Compania Limitada, a Chilean corporation
11. Simpson Strong-Tie Company Inc. Argentina SRL, an Argentinean corporation
12. Simpson Manufacturing Co., Inc., a Delaware corporation
13. Keybuilder.com, LLC, a California limited liability company
14. BMF Bygningsbeslag A/S, a Danish corporation
15. BMF Holzverbinder GmbH, a German corporation
16. BMF Jutor Sp.z.o.o, a Polish corporation

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EXHIBIT 23

SIMPSON MANUFACTURING CO., INC. AND SUBSIDIARIES
CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Forms S-8 (File No. 33-85662 and File No. 33-90964) of Simpson Manufacturing Co., Inc. of our report dated February 9, 2001, except for Note 15 for which the date is March 9, 2001, relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

/s/PricewaterhouseCoopers LLP

San Francisco, California
March 29, 2001

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SIGNATURES

Pursuant to the requirements 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.

Dated: March 29, 2001

SIMPSON MANUFACTURING CO., INC.

(Registrant)

By /s/ Michael J. Herbert

Michael J. Herbert
Chief Financial Officer
and Duly Authorized Officer
of the Registrant

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 below.

Signature	Title	Date
CHIEF EXECUTIVE OFFICER:		
/s/ Thomas J Fitzmyers (Thomas J Fitzmyers)	President, Chief Executive Officer and Director	March 29, 2001
CHIEF FINANCIAL OFFICER:		
/s/ Michael J. Herbert (Michael J. Herbert)	Chief Financial Officer, Treasurer and Secretary	March 29, 2001
DIRECTORS:		
/s/ Barclay Simpson (Barclay Simpson)	Chairman of the Board	March 29, 2001
/s/ Earl F. Cheit (Earl F. Cheit)	Director	March 29, 2001
/s/ Stephen B. Lamson (Stephen B. Lamson)	Director	March 29, 2001
/s/ Peter N. Louras (Peter N. Louras)	Director	March 29, 2001
/s/ Sunne Wright McPeak (Sunne Wright McPeak)	Director	March 29, 2001
/s/ Barry Lawson Williams (Barry Lawson Williams)	Director	March 29, 2001