UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the Quarterly period ended: **March 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.)

4637 Chabot Drive, Suite 200, Pleasanton, CA 94588
(Address of principal executive offices)

(Registrant's telephone number, including area code): **(925)460-9912**

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 ______

The number of shares of the Registrant's Common Stock outstanding as of March 31, 2000: **12,025,423**

PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements.

Simpson Manufacturing Co., Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

	March 31, (Unaudited) 2000	March 31, (Unaudited) 1999	December 31, 1999
ASSETS			
Current assets			
Cash and cash equivalents	$ 45,551,211	$ 33,642,222	$ 54,509,610
Trade accounts receivable, net	52,893,480	44,724,610	42,420,223
Inventories	78,380,347	59,564,149	72,751,245
Deferred income taxes	5,102,306	4,046,027	4,745,534
Other current assets	2,156,309	1,713,334	1,323,215
Total current assets	184,083,653	143,690,342	175,749,827
Property, plant and equipment, net	60,662,207	56,557,645	61,143,524
Investments	363,646	514,155	374,455
Other noncurrent assets	12,255,670	3,048,198	9,986,187
Total assets	$ 257,365,176	$ 203,810,340	$ 247,253,993
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Notes payable and current portion of long-term debt	$ 487,549	$ 327,477	$ 349,541
Trade accounts payable	10,192,763	12,371,463	12,780,621
Accrued liabilities	7,436,206	5,223,706	7,819,155
Income taxes payable	7,482,869	5,356,866	3,362,254
Accrued profit sharing trust contributions	1,135,525	4,128,707	3,504,286
Accrued cash profit sharing and commissions	4,808,670	3,732,724	4,531,861
Accrued workers' compensation	1,445,764	879,272	1,345,764
Total current liabilities	32,989,346	32,020,215	33,693,482
Long-term debt, net of current portion	2,398,651	2,557,020	2,414,562
Deferred income taxes and long-term liabilities	423,932	434,607	556,783
Total liabilities	35,811,929	35,011,842	36,664,827
Minority interest in consolidated subsidiaries	1,804,040	–	–
Commitments and contingencies (Notes 5 and 6)			
Stockholders' equity			
Common stock	44,901,418	33,871,198	44,716,488
Retained earnings	175,733,364	135,638,611	166,457,600
Accumulated other comprehensive income	(885,575)	(711,311)	(584,922)
Total stockholders' equity	219,749,207	168,798,498	210,589,166
Total liabilities and stockholders' equity	$ 257,365,176	$ 203,810,340	$ 247,253,993

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

Simpson Manufacturing Co., Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended March 31, 2000	Three Months Ended March 31, 1999
Net sales	$ 84,615,539	$ 74,661,590
Cost of sales	50,800,161	46,212,976
Gross profit	33,815,378	28,448,614
Operating expenses:		
Selling	8,553,122	7,897,807
General and administrative	10,648,327	8,121,761
	19,201,449	16,019,568
Income from operations	14,613,929	12,429,046
Interest income, net	643,875	348,357
Income before income taxes	15,257,804	12,777,403
Provision for income taxes	6,178,000	5,129,000
Minority interest	(195,960)	–
Net income	$ 9,275,764	$ 7,648,403
Net income per common share		
Basic	$ 0.77	$ 0.66
Diluted	$ 0.76	$ 0.63
Number of shares outstanding		
Basic	12,020,446	11,580,828
Diluted	12,277,453	12,093,225

Simpson Manufacturing Co., Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

	Three Months Ended March 31, 2000	Three Months Ended March 31, 1999
Net income	$ 9,275,764	$ 7,648,403
Other comprehensive income, net of tax:		
Foreign currency translation adjustments	(300,653)	(279,621)
Comprehensive income	$ 8,975,111	$ 7,368,782

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

Simpson Manufacturing Co., Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31, 2000	Three Months Ended March 31, 1999
Cash flows from operating activities		
Net income	$ 9,275,764	$ 7,648,403
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sale of capital equipment	(1,700)	(20,219)
Depreciation and amortization	3,248,640	2,540,621
Minority interest	(195,960)	–
Deferred income taxes and long-term liabilities	(480,718)	(392,970)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Trade accounts receivable	(10,571,756)	(10,824,803)
Inventories	(5,721,118)	(3,281,486)
Trade accounts payable	(2,519,618)	610,226
Income taxes payable	4,179,992	3,959,444
Accrued profit sharing trust contributions	(2,367,051)	955,345
Accrued cash profit sharing and commissions	276,818	(287,082)
Other current assets	(868,559)	(430,522)
Accrued liabilities	(356,846)	(367,586)
Accrued workers' compensation	100,000	–
Other noncurrent assets	(623,264)	57,966
Total adjustments	(15,901,140)	(7,481,066)
Net cash provided by (used in) operating activities	(6,625,376)	167,337
Cash flows from investing activities		
Capital expenditures	(2,548,553)	(4,064,037)
Asset acquisitions, net of cash acquired	(54,698)	–
Proceeds from sale of equipment	8,376	68,467
Net cash used in investing activities	(2,594,875)	(3,995,570)
Cash flows from financing activities		
Issuance of debt	149,785	–
Repayment of debt	(15,551)	(11,389)
Issuance of common stock	127,618	79,394
Net cash provided by financing activities	261,852	68,005
Net decrease in cash and cash equivalents	(8,958,399)	(3,760,228)
Cash and cash equivalents at beginning of period	54,509,610	37,402,450
Cash and cash equivalents at end of period	$ 45,551,211	$ 33,642,222

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

Simpson Manufacturing Co., Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

1. Basis of Presentation

Interim Period Reporting

The accompanying unaudited interim condensed consolidated financial statements have been prepared pursuant to the rules and regulations for reporting on Form 10-Q. Accordingly, certain information and footnotes required by generally accepted accounting principles have been condensed or omitted. These interim statements should be read in conjunction with the consolidated financial statements and the notes thereto included in Simpson Manufacturing Co., Inc.'s (the "Company's") 1999 Annual Report on Form 10-K (the "1999 Annual Report").

The unaudited quarterly condensed consolidated financial statements have been prepared on the same basis as the audited annual consolidated financial statements, and in the opinion of management, contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial information set forth therein, in accordance with generally accepted accounting principles. The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles. The Company's quarterly results may be subject to fluctuations. As a result, the Company believes the results of operations for the interim periods are not necessarily indicative of the results to be expected for any future period.

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:

	Three Months Ended March 31, 2000			Three Months Ended March 31, 1999		
	Income	**Shares**	**Per Share**	**Income**	**Shares**	**Per Share**
Basic EPS						
Income available to common stockholders	$ 9,275,764	12,020,446	$ 0.77	$ 7,648,403	11,580,828	$ 0.66
Effect of Dilutive Securities						
Stock options	–	257,007	(0.01)	–	512,397	(0.03)
Diluted EPS						
Income available to common stockholders	$ 9,275,764	12,277,453	$ 0.76	$ 7,648,403	12,093,225	$ 0.63

2. Trade Accounts Receivable

Trade accounts receivable consist of the following:

	At March 31, 2000	At March 31, 1999	At December 31, 1999
Trade accounts receivable	$ 54,461,542	$ 46,501,014	$ 43,952,137
Allowance for doubtful accounts	(1,088,601)	(1,326,334)	(1,203,147)
Allowance for sales discounts	(479,461)	(450,070)	(328,767)
	$ 52,893,480	$ 44,724,610	$ 42,420,223

3. Inventories

The components of inventories consist of the following:

	At March 31, 2000	At March 31, 1999	At December 31, 1999
Raw materials	$ 24,432,755	$ 19,372,470	$ 22,816,584
In-process products	8,664,328	5,256,131	7,593,038
Finished products	45,283,264	34,935,548	42,341,623
	$ 78,380,347	$ 59,564,149	$ 72,751,245

Approximately 88% of the Company's inventories are valued using the LIFO (last-in, first-out) method. Because inventory determination under the LIFO method is only made at the end of each year based on the inventory levels and costs at that time, interim LIFO determinations must necessarily be based on management's estimates of expected year-end inventory levels and costs. Since future estimates of inventory levels and costs are subject to change, interim financial results reflect the Company's most recent estimate of the effect of LIFO and are subject to adjustment based upon final year-end inventory amounts. At March 31, 2000, and December 31, 1999, LIFO cost exceeded the replacement value of LIFO inventories by approximately $1,482,000 and $1,503,000, respectively. At March 31, 1999, the replacement value of LIFO inventories exceeded LIFO cost by approximately $284,000.

4. Net Property, Plant and Equipment

Net property, plant and equipment consists of the following:

	At March 31, 2000	At March 31, 1999	At December 31, 1999
Land	$ 4,311,743	$ 3,891,519	$ 4,316,015
Buildings and site improvements	26,715,204	25,675,093	26,724,935
Leasehold improvements	3,938,741	3,448,358	3,942,613
Machinery and equipment	81,968,262	67,015,178	81,147,265
	116,933,950	100,030,148	116,130,828
Less accumulated depreciation and amortization	(61,783,333)	(51,851,356)	(58,949,908)
	55,150,617	48,178,792	57,180,920
Capital projects in progress	5,511,590	8,378,853	3,962,604
	$ 60,662,207	$ 56,557,645	$ 61,143,524

5. Debt

Outstanding debt at March 31, 2000 and 1999, and December 31, 1999, and the available credit at March 31, 2000, consisted of the following:

	Available Credit at March 31, 2000	Debt Outstanding at March 31, 2000	Debt Outstanding at March 31, 1999	Debt Outstanding at December 31, 1999
Revolving line of credit, interest at bank's reference rate (at March 31, 2000, the bank's reference rate was 9.00%), expires June 2000	$ 12,466,545	$ –	$ –	$ –
Revolving term commitment, interest at bank's prime rate (at March 31, 2000, the bank's prime rate was 9.00%), expires June 2000	8,616,628	–	–	–
Revolving line of credit, interest rate at the bank's base rate of interest plus 2%, expires July 2000	398,979	–	–	–
Term loan, fixed interest rate of 5.3%, expires September 2006	–	148,651	–	164,562
Standby letter of credit facilities	1,916,828	–	–	–
Term loan, interest at LIBOR plus 1.375% (at March 31, 2000, LIBOR plus 1.375% was 7.2938%), expires May 2008	–	2,550,000	2,850,000	2,550,000
Other notes payable and long-term debt	–	187,549	34,497	49,541
	23,398,980	2,886,200	2,884,497	2,764,103
Less current portion	–	(487,549)	(327,477)	(349,541)
	23,398,980	$ 2,398,651	$ 2,557,020	$ 2,414,562
Standby letters of credit issued and outstanding	(1,916,828)			
	$ 21,482,152			

As of March 31, 2000, the Company had three outstanding standby letters of credit. Two of these letters of credit, in the aggregate amount of $1,166,748, are used to support the Company's self-insured workers' compensation insurance requirements. These letters of credit were increased to an aggregate amount of $1,710,324 in April 2000. The third, in the amount of $750,080, is used to guarantee performance on the Company's leased facility in the United Kingdom. Other notes payable represent debt associated with foreign businesses.

6. Commitments and Contingencies

Note 9 to the consolidated financial statements in the Company's 1999 Annual Report provides information concerning commitments and contingencies. From time to time, the Company is involved in various legal proceedings and other matters arising in the normal course of business.

7. 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 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 periods presented.

The following table illustrates certain measurements used by management to assess the performance of the segments described above as of or for the three months ended:

	Three Months Ended March 31,	
	2000	**1999**
Net Sales		
Connector products	$ 69,515,000	$ 59,839,000
Venting products	15,101,000	14,823,000
Total	$ 84,616,000	$ 74,662,000
Income from Operations		
Connector products	$ 12,602,000	$ 10,276,000
Venting products	2,081,000	2,132,000
All other	(69,000)	21,000
Total	$ 14,614,000	$ 12,429,000

	At March 31,	
	2000	**1999**
Total Assets		
Connector products	$166,045,000	$128,957,000
Venting products	42,462,000	37,147,000
All other	48,858,000	37,706,000
Total	$257,365,000	$203,810,000

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 and cash equivalent balances in this segment were approximately $41,172,000 and $32,573,000 as of March 31, 2000 and 1999, respectively.

Item 2. 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 report 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 three months ended March 31, 2000 and 1999. The following should be read in conjunction with the interim Condensed Consolidated Financial Statements and related Notes appearing elsewhere herein.

Results of Operations for the Three Months Ended March 31, 2000, Compared with the Three Months Ended March 31, 1999

Net sales increased 13.3% in the first quarter of 2000 as compared to the first quarter of 1999. Most of the sales growth occurred domestically, particularly in California. International sales also contributed to the increase, due in large part to the acquisition of Furfix Products Limited in the third quarter of 1999. Simpson Strong-Tie's first quarter sales increased 16.2% over the same quarter last year, while Simpson Dura-Vent's sales increased 1.9%. Contractor distributors were the fastest growing connector sales channel. The sales increase was broad based across most of Simpson Strong-Tie's major product lines. The Strong-Wall and Anchoring Systems products had the highest growth rates in sales. Sales of Simpson Dura-Vent's Direct-Vent and chimney product lines increased compared to the first quarter of 1999, while its other product lines declined slightly relative to the first quarter of 1999.

Income from operations increased 17.6% from $12,429,046 in the first quarter of 1999 to $14,613,929 in the first quarter of 2000 as a result of higher sales and gross margins. Gross margins increased from 38.1% in the first quarter of 1999 to 40.0% in the first quarter of 2000 primarily due to better absorption of fixed overhead costs as a result of the increased production. Selling expenses increased 8.3% from $7,897,807 in the first quarter of 1999 to $8,553,122 in the first quarter of 2000. The increase was primarily due to higher personnel costs, particularly those associated with the increase in the number of sales and merchandising personnel. General and administrative expenses increased 31.1% from $8,121,761 in the first quarter of 1999 to $10,648,327 in the first quarter of 2000 primarily due to increased cash profit sharing resulting from higher operating income, and higher personnel and other administrative overhead costs, including those associated with the operation of Keybuilder.com, LLC ("Keybuilder.com"). Keybuilder.com is a joint venture 60% owned by the Company and 40% owned by Keymark Enterprises, Inc. ("Keymark"), a software developer based in Boulder, Colorado. The effective tax rate was 40.0%, after adding back the minority interest to income before income taxes, in the first quarter of 2000, a slight decrease from 40.1% in the first quarter of 1999.

A large homebuilder has signed a letter of intent to investigate the feasibility of investing in Keybuilder.com. Keybuilder.com was formed to develop and market precise residential construction information accessible over the internet by architects, engineers, building material suppliers, and subcontractors. The Company has consolidated Keybuilder.com's losses for the quarter ended March 31, 2000, in its financial statements, net of Keymark's minority interest.

Liquidity and Sources of Capital

As of March 31, 2000, working capital was $151.1 million as compared to $111.7 million at March 31, 1999, and $142.1 million at December 31, 1999. The principal components of the increase in working capital from December 31, 1999, were increases in the Company's trade accounts receivable and inventories totaling approximately $16.1 million, primarily due to higher sales levels and seasonal buying programs. In addition, trade accounts payable and accrued profit sharing trust contributions, primarily due to an early payment of the Company's 1999 trust obligation, decreased by an aggregate of approximately $5.0 million. Offsetting these increases was an increase in income taxes payable of approximately $4.1 million. The balance of the change in working capital was due to the fluctuation of various other asset and liability accounts. The working capital change and changes in noncurrent assets and liabilities combined with net income and noncash expenses, primarily depreciation and amortization, totaling approximately

$12.5 million, resulted in net cash used in operating activities of approximately $6.6 million. As of March 31, 2000, the Company had unused credit facilities available of approximately $21.5 million.

The Company used approximately $2.6 million in its investing activities, primarily to purchase the capital equipment and property needed to expand its capacity. The Company plans to continue this expansion throughout the remainder of the year and into 2001.

The Company believes that cash generated by operations and borrowings available under its existing credit agreements, will be sufficient for the Company’s working capital needs and planned capital expenditures through the remainder of 2000 and into 2001. Depending on the Company’s future growth, it may become necessary to secure additional sources of financing.

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

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, the Company is involved in various legal proceedings and other matters arising in the normal course of business.

Item 2. Changes in Securities.

None.

Item 3. Defaults Upon Senior Securities.

None.

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

None.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.

a. Exhibits.

10. Material contracts
    - 10.1 Office Building Lease, dated April 21, 2000, between Koll Dublin Corporate Center, L.P., a Delaware limited partnership, and Simpson Manufacturing Co., Inc., a Delaware corporation.
    - 10.2 Operating Agreement for Keybuilder.com, LLC, a California limited liability company, dated March 6, 2000.
11. Statements re computation of earnings per share

b. Reports on Form 8-K

No reports on Form 8-K were filed during the quarter for which this report is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Simpson Manufacturing Co., Inc.
(Registrant)

DATE: May 15, 2000

By /s/Stephen B. Lamson
Stephen B. Lamson
Chief Financial Officer

Simpson Manufacturing Co., Inc. and Subsidiaries
Computation of Earnings Per Common Share
(Unaudited)

Exhibit 11

Basic Earnings per Share

	Three Months Ended March 31, 2000	Three Months Ended March 31, 1999
Weighted average number of common shares outstanding	12,020,446	11,580,828
Net income	$ 9,275,764	$ 7,648,403
Basic net income per share	$ 0.77	$ 0.66

Simpson Manufacturing Co., Inc. and Subsidiaries
Computation of Earnings Per Common Share
(Unaudited)

Exhibit 11 (continued)

Diluted Earnings per Share

	Three Months Ended March 31,	
	2000	**1999**
Weighted average number of common shares outstanding	12,020,446	11,580,828
Shares issuable pursuant to employee stock option plans, less shares assumed repurchased at the average fair value during the period	253,381	509,039
Shares issuable pursuant to the independent director stock option plan, less shares assumed repurchased at the average fair value during the period	3,626	3,358
Number of shares for computation of diluted net income per share	12,277,453	12,093,225
Net income	$ 9,275,764	$ 7,648,403
Diluted net income per share	$ 0.76	$ 0.63