

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended: March 31, 2005

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

(State or other jurisdiction of incorporation
or organization)

94-3196943

(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

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 No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares of the Registrant's Common Stock outstanding as of March 31, 2005: 47,994,172

In November 2004, the Company completed a 2-for-1 stock split effected in the form of a stock dividend of its common stock. All of the share and per share numbers have been adjusted to reflect this stock split.

PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	March 31,		December 31,
	2005	2004	2004
ASSETS			
Current assets			
Cash and cash equivalents	\$ 33,909,839	\$ 70,446,242	\$ 30,916,357
Short-term investments	13,838,703	45,456,581	17,032,159
Trade accounts receivable	110,607,502	106,004,468	89,806,749
Inventories	190,048,738	115,290,897	192,879,318
Deferred income taxes	9,641,296	7,624,878	8,809,071
Other current assets	4,816,388	4,248,835	7,667,288
Total current assets	362,862,466	349,071,901	347,110,942
Property, plant and equipment, net	137,949,180	108,477,981	137,608,800
Goodwill	43,241,861	23,444,265	44,378,861
Equity method investment	73,123	-	-
Other noncurrent assets	16,611,381	7,030,061	16,038,357
Total assets	\$ 560,738,011	\$ 488,024,208	\$ 545,136,960
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Line of credit and current portion of long-term debt	\$ 1,715,170	\$ 2,666,161	\$ 579,198
Trade accounts payable	35,138,620	20,392,693	32,030,936
Accrued liabilities	23,190,304	17,902,826	27,780,583
Income taxes payable	5,648,676	8,412,050	-
Accrued profit sharing trust contributions	2,705,024	2,082,057	7,038,952
Accrued cash profit sharing and commissions	8,580,031	10,583,238	8,209,753
Accrued workers' compensation	2,594,350	2,473,764	2,760,613
Total current liabilities	79,572,175	64,512,789	78,400,035
Long-term debt, net of current portion	2,245,353	5,199,434	2,396,886
Other long-term liabilities	1,416,347	1,112,856	1,414,831
Total liabilities	83,233,875	70,825,079	82,211,752
Commitments and contingencies (Notes 6 and 7)			
Stockholders' equity			
Common stock, at par value	479,942	498,214	479,290
Additional paid-in capital	83,037,685	65,502,295	79,876,789
Retained earnings	383,140,301	373,437,866	369,154,260
Accumulated other comprehensive income	10,846,208	7,187,752	13,414,869
Treasury stock	-	(29,426,998)	-
Total stockholders' equity	477,504,136	417,199,129	462,925,208
Total liabilities and stockholders' equity	\$ 560,738,011	\$ 488,024,208	\$ 545,136,960

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,	
	<u>2005</u>	<u>2004</u>
Net sales	\$ 184,215,855	\$ 159,915,734
Cost of sales	<u>119,699,504</u>	<u>95,337,098</u>
Gross profit	<u>64,516,351</u>	<u>64,578,636</u>
Operating expenses:		
Selling	15,877,818	13,045,528
General and administrative	<u>22,204,680</u>	<u>22,225,820</u>
	<u>38,082,498</u>	<u>35,271,348</u>
Income from operations	26,433,853	29,307,288
Income in equity method investment	73,123	—
Interest income, net	<u>91,416</u>	<u>272,847</u>
Income before income taxes	26,598,392	29,580,135
Provision for income taxes	<u>10,214,351</u>	<u>11,630,665</u>
Net income	<u>\$ 16,384,041</u>	<u>\$ 17,949,470</u>
Net income per common share		
Basic	\$ 0.34	\$ 0.37
Diluted	\$ 0.33	\$ 0.36
Cash dividends declared per common share	\$ 0.05	\$ 0.05
Number of shares outstanding		
Basic	47,974,289	48,544,544
Diluted	48,934,352	49,328,540

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

Simpson Manufacturing Co., Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity
for the three months ended March 31, 2005 and 2004 and the nine months ended December 31, 2004
(Unaudited)

	<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>	<u>Accumulated</u>	<u>Treasury</u>	<u>Total</u>
	<u>Shares</u>	<u>Par Value</u>	<u>Paid-in</u>	<u>Earnings</u>	<u>Other</u>	<u>Stock</u>	
			<u>Capital</u>		<u>Income</u>		
Balance, January 1, 2004	48,510,588	\$ 497,792	\$ 63,334,758	\$ 357,916,036	\$ 7,982,663	\$ (29,426,998)	\$ 400,304,251
Comprehensive income:							
Net income	-	-	-	17,949,470	-	-	17,949,470
Other comprehensive income:							
Change in net unrealized gains or losses on available-for-sale investments	-	-	-	-	1,367	-	1,367
Translation adjustment	-	-	-	-	(796,278)	-	(796,278)
Comprehensive income							17,154,559
Options exercised	25,000	250	246,809	-	-	-	247,059
Stock compensation expense	-	-	1,339,246	-	-	-	1,339,246
Tax benefit of options exercised	-	-	144,258	-	-	-	144,258
Cash dividends declared on							
Common stock (\$0.05 per share)	-	-	-	(2,427,640)	-	-	(2,427,640)
Common stock issued at							
\$25.43 per share	17,200	172	437,224	-	-	-	437,396
Balance, March 31, 2004	48,552,788	498,214	65,502,295	373,437,866	7,187,752	(29,426,998)	417,199,129
Comprehensive income:							
Net income	-	-	-	63,558,873	-	-	63,558,873
Other comprehensive income:							
Change in net unrealized gains or losses on available-for-sale investments	-	-	-	-	(63,260)	-	(63,260)
Translation adjustment	-	-	-	-	6,290,377	-	6,290,377
Comprehensive income							69,785,990
Options exercised	367,834	3,678	3,523,809	-	-	-	3,527,487
Stock compensation expense	-	-	3,110,173	-	-	-	3,110,173
Tax benefit of options exercised	-	-	2,742,104	-	-	-	2,742,104
Repurchase of common stock	(1,150,854)	-	-	-	-	(31,273,933)	(31,273,933)
Retirement of treasury stock	-	(24,194)	-	(60,676,737)	-	60,700,931	-
Cash dividends declared on							
Common stock (\$0.15 per share)	-	-	-	(7,165,742)	-	-	(7,165,742)
2-for-1 stock split effected in the form of a stock dividend							
Common stock issued \$31.40 per share for acquisition	159,234	1,592	4,998,408	-	-	-	5,000,000
Balance, December 31, 2004	47,929,002	479,290	79,876,789	369,154,260	13,414,869	-	462,925,208
Comprehensive income:							
Net income	-	-	-	16,384,041	-	-	16,384,041
Other comprehensive income:							
Change in net unrealized gains or losses on available-for-sale investments	-	-	-	-	659	-	659
Translation adjustment	-	-	-	-	(2,569,320)	-	(2,569,320)
Comprehensive income							13,815,380
Options exercised	46,170	462	601,766	-	-	-	602,228
Stock compensation expense	-	-	1,579,625	-	-	-	1,579,625
Tax benefit of options exercised	-	-	316,395	-	-	-	316,395
Cash dividends declared on							
Common stock (\$0.05 per share)	-	-	-	(2,398,000)	-	-	(2,398,000)
Common stock issued at							
\$34.91 per share	19,000	190	663,110	-	-	-	663,300
Balance, March 31, 2005	47,994,172	\$ 479,942	\$ 83,037,685	\$ 383,140,301	\$ 10,846,208	\$ -	\$ 477,504,136

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,	
	<u>2005</u>	<u>2004</u>
Cash flows from operating activities		
Net income	\$ 16,384,041	\$ 17,949,470
Adjustments to reconcile net income to net cash used in operating activities:		
Gain on sale of capital equipment	(73,695)	(40,997)
Depreciation and amortization	6,488,890	4,717,031
Deferred income taxes	(1,693,248)	(528,818)
Noncash compensation related to stock plans	1,679,625	1,506,133
Income in equity method investment	(73,123)	-
Tax benefit of options exercised	316,395	144,258
Provision for obsolete inventory	521,533	682,801
Provision for doubtful accounts	19,300	(276,528)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Trade accounts receivable	(21,435,007)	(39,731,096)
Inventories	1,307,566	(10,008,066)
Trade accounts payable	2,925,952	(2,305,357)
Income taxes payable	10,765,516	10,001,229
Accrued profit sharing trust contributions	(4,311,450)	(3,931,734)
Accrued cash profit sharing and commissions	374,003	3,125,651
Other current assets	(1,910,056)	(2,457,741)
Accrued liabilities	(3,837,533)	753,470
Other long-term liabilities	(5,191)	587,916
Accrued workers' compensation	(166,263)	50,000
Other noncurrent assets	(95,195)	26,543
Net cash provided by (used in) operating activities	<u>7,182,060</u>	<u>(19,735,835)</u>
Cash flows from investing activities		
Capital expenditures	(6,409,825)	(6,113,235)
Proceeds from sale of capital equipment	94,211	40,541
Purchases of available-for-sale investments	-	(26,217,348)
Sales of available-for-sale investments	<u>3,000,000</u>	<u>25,500,000</u>
Net cash used in investing activities	<u>(3,315,614)</u>	<u>(6,790,042)</u>
Cash flows from financing activities		
Line of credit borrowings	1,140,245	1,874,190
Repayment of debt and line of credit borrowings	(20,110)	(125,498)
Issuance of Company's common stock	602,228	247,059
Dividends paid	<u>(2,397,409)</u>	<u>-</u>
Net cash (used in) provided by financing activities	<u>(675,046)</u>	<u>1,995,751</u>
Effect of exchange rate changes on cash	<u>(197,918)</u>	<u>(159,517)</u>
Net increase (decrease) in cash and cash equivalents	2,993,482	(24,689,643)
Cash and cash equivalents at beginning of period	<u>30,916,357</u>	<u>95,135,885</u>
Cash and cash equivalents at end of period	<u>\$ 33,909,839</u>	<u>\$ 70,446,242</u>
Noncash capital expenditures	<u>\$ 448,910</u>	<u>\$ 38,076</u>
Dividends declared but not paid	<u>\$ 2,398,000</u>	<u>\$ 2,427,640</u>
Issuance of Company's common stock for compensation	<u>\$ 663,300</u>	<u>\$ 437,396</u>

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
(Unaudited)

1. Basis of Presentation

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 generally accounted for using either cost or the equity method. All significant intercompany transactions have been eliminated.

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 accounting principles generally accepted in the United States of America 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") 2004 Annual Report on Form 10-K (the "2004 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 state fairly the financial information set forth therein, in accordance with accounting principles generally accepted in the United States of America. The year-end condensed consolidated balance sheet data were derived from audited financial statements, but do not include all disclosures required by accounting principles generally accepted in the United States of America. 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.

Revenue Recognition

The Company recognizes revenue when the earnings process is complete, net of applicable provision for discounts, returns and allowances, whether actual or estimated based on the Company's experience. This generally occurs when products are shipped to the customer in accordance with the sales agreement or purchase order, ownership and risk of loss pass to the customer, collectibility is reasonably assured and pricing is fixed or determinable. The Company's general shipping terms are F.O.B. shipping point, where title is transferred and revenue is recognized when the products are shipped to customers. When the Company sells F.O.B. destination point, title is transferred and the Company recognizes revenue on delivery. If the actual costs of sales returns, allowances, and discounts were to exceed the recorded estimated allowance, the Company's sales would be adversely affected. Accrued sales returns have not been material and have been within management's expectations. Service sales, representing aftermarket repair and maintenance and engineering activities, though significantly less than 1% of net sales and not material to the financial statements, are recognized as the services are completed.

Treasury Stock

The Company records treasury stock purchases under the cost method whereby the entire cost of the acquired stock is recorded as treasury stock. Upon retirement, the resulting gains or losses are credited or charged to retained earnings.

Net Income Per Common Share

Basic net income per common share is computed based upon the weighted average number of common shares outstanding. Potentially dilutive securities, 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:

	<u>Three Months Ended March 31, 2005</u>			<u>Three Months Ended March 31, 2004</u>		
	<u>Income</u>	<u>Shares</u>	<u>Per Share</u>	<u>Income</u>	<u>Shares</u>	<u>Per Share</u>
Basic EPS						
Income available to common stockholders	\$ 16,384,041	47,974,289	\$ 0.34	\$ 17,949,470	48,544,544	\$ 0.37
Effect of Dilutive Securities						
Stock options	<u>—</u>	<u>960,063</u>	<u>(0.01)</u>	<u>—</u>	<u>783,996</u>	<u>(0.01)</u>
Diluted EPS						
Income available to common stockholders	<u>\$ 16,384,041</u>	<u>48,934,352</u>	<u>\$ 0.33</u>	<u>\$ 17,949,470</u>	<u>49,328,540</u>	<u>\$ 0.36</u>

For the quarter ended March 31, 2005, 94,677 shares attributable to outstanding stock options were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive.

Accounting for Stock-Based Compensation

The Company maintains two stock option plans under which the Company may grant incentive stock options and non-qualified stock options to employees, consultants and non-employee directors. Stock options have been granted with exercise prices at or above the fair market value on the date of grant. Options vest and expire according to terms established at the grant date.

As of January 1, 2003, the Company adopted Statement of Financial Accounting Standards (“SFAS”) No. 148 and SFAS No. 123 and used the prospective method of applying SFAS No. 123 for the transition. For stock options that have been granted prior to January 1, 2003, the Company will continue to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board (“APB”) Opinion No. 25, “Accounting for Stock Issued to Employees,” and related interpretations. Accordingly, because the grant price equaled or exceeded the market price on the date of grant for options issued by the Company, no compensation expense has been recognized for stock options granted prior to January 1, 2003. For the three months ended March 31, 2005 and 2004, the Company has recognized after-tax stock option expense of approximately \$973,049 and \$812,922, respectively.

Had compensation cost for the Company's stock options for all grants been recognized based upon the estimated fair value on the grant date under the fair value methodology prescribed by SFAS No. 123, as amended by SFAS No. 148, the Company's net income and earnings per share would have been as follows:

	Three Months Ended	
	March 31,	
	<u>2005</u>	<u>2004</u>
Net income, as reported	\$ 16,384,041	\$ 17,949,470
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	973,049	812,922
Deduct: Total stock-based employee compensation expense determined under the fair value method for all awards granted prior to January 1, 2003, net of related tax effects	<u>980,275</u>	<u>825,374</u>
Net income, pro forma	<u>\$ 16,376,815</u>	<u>\$ 17,937,018</u>
Earnings per share		
Basic, as reported	\$ 0.34	\$ 0.37
Basic, pro forma	0.34	0.37
Diluted, as reported	0.33	0.36
Diluted, pro forma	0.33	0.36

The assumptions used to calculate the fair value of options granted are evaluated and revised, as necessary, to reflect market conditions and the Company's experience.

In December 2004, the Financial Accounting Standards Board issued SFAS No. 123R, "Accounting for Stock-Based Compensation," which revised SFAS No. 123 to require companies to record compensation cost for stock-based employee compensation plans based on the fair value of options granted. While the Company currently accounts for stock options on a fair value basis, additional changes will be required such as those affecting cash flow presentation. SFAS No. 123R is effective as of the beginning of the first annual reporting period that begins after June 15, 2005, and management has not determined all of the effects on the Company's financial statements once effective.

Reclassifications

Certain prior period amounts have been reclassified to conform to the 2005 presentation with no effect on net income or retained earnings as previously reported. These reclassifications were primarily in relation to stockholders' equity and between deferred tax assets and liabilities.

2. Trade Accounts Receivable

Trade accounts receivable consist of the following:

	<u>At March 31,</u>		<u>At December 31,</u>
	<u>2005</u>	<u>2004</u>	<u>2004</u>
Trade accounts receivable	\$114,835,195	\$108,936,659	\$ 93,515,436
Allowance for doubtful accounts	(2,399,876)	(1,573,209)	(2,397,302)
Allowance for sales discounts and returns	<u>(1,827,817)</u>	<u>(1,358,982)</u>	<u>(1,311,385)</u>
	<u>\$110,607,502</u>	<u>\$106,004,468</u>	<u>\$ 89,806,749</u>

3. Inventories

The components of inventories consist of the following:

	<u>At March 31,</u>		<u>At December 31,</u>
	<u>2005</u>	<u>2004</u>	<u>2004</u>
Raw materials	\$ 77,752,620	\$ 47,085,114	\$ 91,910,430
In-process products	23,212,185	15,109,278	22,234,940
Finished products	<u>89,083,933</u>	<u>53,096,505</u>	<u>78,733,948</u>
	<u>\$190,048,738</u>	<u>\$115,290,897</u>	<u>\$192,879,318</u>

4. Property, Plant and Equipment, net

Property, plant and equipment, net consists of the following:

	<u>At March 31,</u>		<u>At December 31,</u>
	<u>2005</u>	<u>2004</u>	<u>2004</u>
Land	\$ 13,863,789	\$ 13,130,093	\$ 13,870,992
Buildings and site improvements	66,626,613	63,761,809	67,215,428
Leasehold improvements	6,816,523	5,861,256	6,837,774
Machinery and equipment	<u>148,264,612</u>	<u>128,187,553</u>	<u>147,442,008</u>
	235,571,537	210,940,711	235,366,202
Less accumulated depreciation and amortization	<u>(126,289,028)</u>	<u>(109,787,233)</u>	<u>(121,610,695)</u>
	109,282,509	101,153,478	113,755,507
Capital projects in progress	<u>28,666,671</u>	<u>7,324,503</u>	<u>23,853,293</u>
	<u>\$137,949,180</u>	<u>\$108,477,981</u>	<u>\$137,608,800</u>

Gains or losses on disposal of capital equipment are reported in the general and administrative expenses in the consolidated statements of operations.

5. Investments

Equity Method Investment

The Company has a 35% investment in Keymark Enterprises, LLC (“Keymark”), for which it accounts using the equity method. Keymark develops software that assists in the design and engineering of residential structures. The Company’s relationship with Keymark includes the specification of its products in the Keymark software. The Company has no obligation to make any additional future capital contributions, nor does it intend to provide additional funding to Keymark. In 2001, after several quarters of losses, the Company concluded that the carrying value of its investment in Keymark exceeded its fair value and therefore wrote down the value of its investment to zero. However, after three consecutive quarters of profitability in 2004, the Company began recording its share of Keymark’s 2005 profits and as of March 31, 2005, the carrying value of this investment was \$73,123.

Available-for-Sale Investments

The Company's investments in debt securities are classified as either cash and cash equivalents or available-for-sale investments. As of March 31, 2005 and 2004, and December 31, 2004, the Company's investments were as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
At March 31, 2005				
Debt investments				
Municipal bonds	<u>\$ 13,895,960</u>	<u>\$ —</u>	<u>\$ 57,257</u>	<u>\$ 13,838,703</u>
At March 31, 2004				
Debt investments				
Municipal bonds	\$ 45,451,236	\$ 34,630	\$ 29,285	\$ 45,456,581
Commercial paper	<u>5,106,910</u>	<u>—</u>	<u>—</u>	<u>5,106,910</u>
Total debt investments	50,558,146	34,630	29,285	50,563,491
Money market instruments and funds	<u>19,997</u>	<u>—</u>	<u>—</u>	<u>19,997</u>
	<u>\$ 50,578,143</u>	<u>\$ 34,630</u>	<u>\$ 29,285</u>	<u>\$ 50,583,488</u>
At December 31, 2004				
Debt investments				
Municipal bonds	<u>\$ 17,090,075</u>	<u>\$ —</u>	<u>\$ 57,916</u>	<u>\$ 17,032,159</u>
Total debt investments	17,090,075	—	57,916	17,032,159
Money market instruments and funds	<u>85,514</u>	<u>—</u>	<u>—</u>	<u>85,514</u>
	<u>\$ 17,175,589</u>	<u>\$ —</u>	<u>\$ 57,916</u>	<u>\$ 17,117,673</u>

Of the total estimated fair value of debt securities, \$5,126,907 and \$85,514 were classified as cash and cash equivalents as of March 31, 2004 and December 31, 2004, respectively, and \$13,838,703, \$45,456,581, and \$17,032,159 were classified as short-term investments as of March 31, 2005 and 2004, and December 31, 2004, respectively.

As of March 31, 2005, contractual maturities of the Company's available-for-sale investments were as follows:

	<u>Amortized Cost</u>	<u>Estimated Fair Value</u>
Amounts maturing in less than 1 year	\$ 13,395,960	\$ 13,338,703
Amounts maturing in 1 – 5 years	—	—
Amounts maturing in 5 – 10 years	—	—
Amounts maturing after 10 years	<u>500,000</u>	<u>500,000</u>
	<u>\$ 13,895,960</u>	<u>\$ 13,838,703</u>

6. Debt

Outstanding debt at March 31, 2005 and 2004, and December 31, 2004, and the available credit at March 31, 2005, consisted of the following:

	Available Credit at March 31, 2005	Debt Outstanding		
		at March 31,		at December 31,
		2005	2004	2004
Revolving line of credit, interest at bank's reference rate less 0.50% (at March 31, 2005, the bank's reference rate less 0.50% was 5.25%), expires November 2006	\$ 13,800,000	\$ -	\$ -	\$ -
Revolving term commitment, interest at bank's prime rate less 0.50% (at March 31, 2005, the bank's prime rate less 0.50% was 5.25%), expires June 2006	9,200,000	-	-	-
Revolving line of credit, interest at the bank's base rate plus 2% (at March 31, 2005, the bank's base rate plus 2% was 6.75%), expires September 2005	1,300,068	-	-	-
Revolving line of credit, interest at 4.50%, expires August 2005	3,669,288	1,149,314	1,846,227	-
Term loan, interest at LIBOR plus 1.375% (at March 31, 2005, LIBOR plus 1.375% was 4.065%), matures June 2008	-	1,050,000	1,350,000	1,050,000
Term loans, interest rates between 2.94% and 5.60%, expirations between 2005 and 2018	-	1,761,209	4,669,368	1,926,084
	27,969,356	3,960,523	7,865,595	2,976,084
Less line of credit and current portion of long-term debt		(1,715,170)	(2,666,161)	(579,198)
Long-term debt, net of current portion		\$ 2,245,353	\$ 5,199,434	\$ 2,396,886
Available credit	\$ 27,969,356			

7. Commitments and Contingencies

Note 9 to the consolidated financial statements in the Company's 2004 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. However the resolution of outstanding claims and litigation is subject to inherent uncertainty and it is at least reasonably possible that such resolution could have an adverse effect on the Company.

The Company's policy with regard to environmental liabilities is to accrue for future environmental assessments and remediation costs when information becomes available that indicates that it is probable that the Company is liable for any related claims and assessments and the amount of the liability is reasonably estimable. The Company does not believe that these matters will have a material adverse effect on the Company's financial condition, cash flows or results of operations.

Corrosion, hydrogen embrittlement, stress corrosion cracking, hardness, wood pressure-treating chemicals (such as copper), misinstallations, environmental conditions or other factors can contribute to failure of fasteners and connectors. On occasion, some of the fasteners that the Company sells have failed, although the Company has not incurred any material liability resulting from those failures. The Company attempts to avoid such failures by establishing and monitoring appropriate product specifications, manufacturing quality control procedures,

inspection procedures and information on appropriate installation methods and conditions. The Company subjects its products to extensive testing, with results and conclusions published in Company catalogues and on its website (see www.strongtie.com/info). Based on test results to date, the Company believes that if its products are appropriately selected and installed in accordance with the Company's guidance, they may be reliably used in appropriate applications.

8. 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 following periods:

	Three Months Ended		
	March 31,		
	2005	2004	
<i>Net Sales</i>			
Connector products	\$166,993,000	\$142,510,000	
Venting products	17,223,000	17,406,000	
Total	<u>\$184,216,000</u>	<u>\$159,916,000</u>	
<i>Income from Operations</i>			
Connector products	\$ 26,782,000	\$ 28,537,000	
Venting products	65,000	1,639,000	
Administrative and all other	(413,000)	(869,000)	
Total	<u>\$ 26,434,000</u>	<u>\$ 29,307,000</u>	
			At
	At March 31,	2004	December 31,
	2005	2004	2004
<i>Total Assets</i>			
Connector products	\$442,471,000	\$317,907,000	\$427,418,000
Venting products	59,225,000	42,671,000	56,188,000
Administrative and all other	59,042,000	127,446,000	61,531,000
Total	<u>\$560,738,000</u>	<u>\$488,024,000</u>	<u>\$545,137,000</u>

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 "Administrative and all other." Cash and cash equivalent and short-term investment balances in the "Administrative and all other" segment were approximately \$47,019,000, \$115,685,000 and \$47,023,000 as of March 31, 2005 and 2004, and December 31, 2004, respectively.

9. Subsequent Events

In May 2005, the Company's Board of Directors declared a cash dividend of \$0.05 per share, totaling approximately \$2.4 million. The record date for the cash dividend is July 7, 2005, and it will be paid on July 27, 2005.

In May 2005, the Company completed the purchase, for approximately \$4.1 million, of the facility that it previously rented from a related party in Columbus, Ohio.

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, 2005 and 2004. The following should be read in conjunction with the interim Condensed Consolidated Financial Statements and related Notes appearing elsewhere herein.

In November 2004, the Company completed a 2-for-1 stock split effected in the form of a stock dividend of its common stock. All of the share and per share numbers have been adjusted to reflect this stock split.

Results of Operations for the Three Months Ended March 31, 2005, Compared with the Three Months Ended March 31, 2004

Net sales increased 15.2% to \$184,215,855 as compared to net sales of \$159,915,734 for the first quarter of 2004. Net income decreased 8.7% to \$16,384,041 for the first quarter of 2005 as compared to net income of \$17,949,470 for the first quarter of 2004. Diluted net income per common share was \$0.33 for the first quarter of 2005 as compared to \$0.36 for the first quarter of 2004.

In the first quarter of 2005, sales growth occurred throughout Europe and North America, with the exception of California. The growth in the United States was strongest in the western region, excluding California, and the southern region. While sales increased overall, the increase was primarily due to higher sales prices and to the sales related to the acquisition of the Quik Drive product line in the fourth quarter of 2004. Simpson Strong-Tie's first quarter sales increased 17.2% over the same quarter last year, while Simpson Dura-Vent's sales decreased 1.1%. Lumber dealers were the fastest growing Simpson Strong-Tie sales channel. The sales increase was broad based across most of Simpson Strong-Tie's major product lines. Anchor systems, engineered wood products and seismic and high wind products had the highest percentage growth rates in sales, while sales of core products, which include joist hangers and column bases, were flat. Sales of Simpson Strong-Tie's Strong-Wall product line, with a substantial share of its sales in California, were down significantly from the first quarter of 2004. Sales of Simpson Dura-Vent's Direct-Vent product line was up somewhat while sales of its chimney and pellet vent products decreased compared to the first quarter of 2004.

Income from operations decreased 9.8% from \$29,307,288 in the first quarter of 2004 to \$26,433,853 in the first quarter of 2005 and gross margins decreased from 40.4% in the first quarter of 2004 to 35.0% in the first quarter of 2005. This decrease was primarily due to increased material costs, mainly steel, which increased at a faster rate than the sales price increases that the Company put in place during 2004 and early 2005. The Company's raw material inventory as of March 31, 2005, decreased 15.4% from December 31, 2004, while its in-process and finished goods inventory increased by 11.2% over the same period.

Selling expenses increased 21.7% from \$13,045,528 in the first quarter of 2004 to \$15,877,818 in the first quarter of 2005, primarily due to increased costs associated with the addition of sales and marketing personnel, including those associated with the acquisition of the assets of Quik Drive, U.S.A., Inc. and Quik Drive Canada, Inc. and 100% of the equity of Quik Drive Australia Pty. Limited (collectively "Quik Drive"), of approximately \$1,500,000. In addition, advertising and promotional expenses increased by approximately \$650,000 as a result of increased consumer advertising efforts. General and administrative expenses decreased 0.1% from \$22,225,820 in the first quarter of 2004 to \$22,204,680 in the first quarter of 2005. The decrease was primarily due to a decrease in cash profit sharing of approximately \$2,200,000, as a result of decreased operating profit, and a decrease in donations relative to the first quarter of 2004 when the Company donated \$500,000 to a university in central California to help fund the research and development of innovative construction practices. Offsetting these decreases in general and administrative expenses were several factors including increased amortization of intangible assets, primarily those associated with the Quik Drive acquisition, of approximately \$500,000, increased costs associated with the addition of administrative personnel, including those associated with the Quik Drive acquisition, of approximately \$500,000, higher fees associated with compliance with the Sarbanes-Oxley Act of 2002 of approximately \$400,000, higher bad debt expense of approximately \$300,000 relative to the same quarter last year, primarily due to favorable collections experience in the first quarter of 2004, and higher stock compensation costs of approximately \$200,000. The tax rate was 38.4% in the first quarter of 2005, down from 39.3% in the first quarter of 2004. The decrease was

primarily due to lower taxable income as a result of the new manufacturing deduction for qualified production activity income under the American Jobs Creation Act of 2004.

Liquidity and Sources of Capital

As of March 31, 2005, working capital was \$283.3 million as compared to \$284.6 million at March 31, 2004, and \$268.7 million at December 31, 2004. The increase in working capital from December 31, 2004, was primarily due to an increase in the Company's trade accounts receivable of approximately \$20.8 million. Net accounts receivable increased 23.2% from December 31, 2004, primarily due to the increase in sales. In addition, accrued liabilities decreased by approximately \$4.6 million, primarily as a result of lower accrued sales incentives and allowances. Offsetting this increase in working capital was a shift from prepaid income taxes to income taxes payable totaling approximately \$10.8 million, a decrease in total inventories of approximately \$2.8 million, and an increase in net trade accounts payable of approximately \$3.1 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, including depreciation, amortization, stock-based compensation charges and provisions for obsolete inventory and doubtful accounts, totaling approximately \$25.1 million, resulted in net cash provided by operating activities of approximately \$7.2 million. As of March 31, 2005, the Company had unused credit facilities available of approximately \$28.0 million.

The Company used approximately \$3.3 million in its investing activities. Approximately \$6.4 million was used for capital expenditures, primarily for machinery and equipment for its facilities in McKinney, Texas, San Leandro and Vacaville, California, and Vicksburg, Mississippi. This was offset by the redemptions of available-for-sale securities of approximately \$3.0 million. The Company expects its total capital spending to be approximately \$60.0 million to \$65.0 million for 2005.

The Company completed the purchase, for approximately \$4.1 million, of the facility that it previously rented from a related party in Columbus, Ohio. In March 2005, the Company began construction on an expansion facility in Columbus on land adjacent to the current facility and is planning to spend approximately \$14.6 million. In February 2005, the Company signed a letter of intent to purchase two buildings in Pleasanton, California, for approximately \$9.6 million. The buildings comprise approximately 89,000 square feet and will be used for the Company's home office, replacing the facility that the Company currently leases in Dublin, California. The Company is currently in the process of due diligence and, if that is satisfactorily completed, the transaction is expected to close in August 2005. If this transaction is completed, the Company expects to move in to the new building and vacate its leased property in Dublin, California, in mid-2006. The Company has not finalized its plans at this time, but anticipates a one-time charge to income in 2005 for the remaining lease payments at the Dublin facility and a noncash charge in 2005 for the unamortized leasehold improvements related to the Dublin facility, which it estimates will total approximately \$1.6 million. The Company vacated and has listed its original McKinney, Texas, facility for sale but cannot reasonably estimate when it will be sold or the proceeds of such a sale.

The Company's financing activities used net cash of approximately \$0.7 million. Cash provided by financing activities were primarily from borrowings on the Company's credit lines of its European subsidiaries of approximately \$1.1 million and the issuance of the Company's stock through its stock option plan of approximately \$0.6 million. Uses of cash for financing activities were primarily from the payment of cash dividends of approximately \$2.4 million in January 2005 which were declared in September 2004. In May 2005, the Company's Board of Directors declared a cash dividend of \$0.05 per share, totaling approximately \$2.4 million. The record date for the cash dividend is July 7, 2005, and it will be paid on July 27, 2005.

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 over the next twelve months. Depending on the Company's future growth and possible acquisitions, 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. However, recent increases in the price of steel, the Company's main raw material, and the possibility of further increases may continue to adversely affect the Company's margins if it cannot recover the higher costs through price increases.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The Company's short-term investments consisted of debt securities of approximately \$13.8 million as of March 31, 2005. These securities, like all fixed income instruments, are subject to interest rate risk and will vary in value as market interest rates fluctuate. If market interest rates were to increase immediately and uniformly by 10% from levels as of March 31, 2005, the decline in the fair value of the investments would not have a material effect on the Company's financial position as of March 31, 2005, or results of operations for the three months then ended.

The Company has foreign exchange rate risk in its international operations, primarily Europe and Canada, and through purchases from foreign vendors. The Company does not currently hedge this risk. If the exchange rate were to change by 10% in any one country where the Company has operations, the change in net income would not be material to its operations taken as a whole. The translation adjustment resulted in a reduction in accumulated other comprehensive income of approximately \$2.6 million in the three months ended March 31, 2005, primarily due to the effect of the strengthening of the U.S. dollar in relation to European and Canadian currencies.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures. As of March 31, 2005, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures was performed under the supervision and with the participation of the Company's management, including the chief executive officer ("CEO") and the chief financial officer ("CFO"). Based on that evaluation, the CEO and the CFO concluded that the Company's disclosure controls and procedures were effective as of that date.

Changes in Internal Control over Financial Reporting. During the three months ended March 31, 2005, the Company made no changes to its internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

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. The Company does not believe that the outcomes of these matters will have a material adverse effect on the Company's financial condition, cash flows or results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

In December 2004, the Board of Directors authorized the Company to repurchase up to \$50.0 million of the Company's common stock. This replaces the \$50.0 million repurchase authorization from December 2003. The authorization will remain in effect through the end of 2005. There were no purchases by the Company during the first quarter of 2005.

Dividends are 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 \$250.0 million plus 50% of net profit after taxes for each fiscal year. This requirement may limit the amount that the Company may pay out as dividends on the common stock. As of March 31, 2005, the Company had approximately \$161.9 million available for the payment of dividends under these loan agreements.

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.

31. Rule 13a-14(a)/15d-14(a) Certifications.
32. Section 1350 Certifications.

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 9, 2005

By /s/Michael J. Herbert

Michael J. Herbert
Chief Financial Officer
(principal accounting and financial officer)

Simpson Manufacturing Co., Inc. and Subsidiaries
Rule 13a-14(a)/15d-14(a) Certifications

Exhibit 31

I, Thomas J Fitzmyers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Simpson Manufacturing Co., Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: May 9, 2005

By /s/Thomas J Fitzmyers
Thomas J Fitzmyers
Chief Executive Officer

Simpson Manufacturing Co., Inc. and Subsidiaries
Rule 13a-14(a)/15d-14(a) Certifications

Exhibit 31 (continued)

I, Michael J. Herbert, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Simpson Manufacturing Co., Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: May 9, 2005

By /s/Michael J. Herbert
Michael J. Herbert
Chief Financial Officer

Simpson Manufacturing Co., Inc. and Subsidiaries
Section 1350 Certifications

Exhibit 32

The undersigned, Thomas J Fitzmyers and Michael J. Herbert, being the duly elected and acting Chief Executive Officer and Chief Financial Officer, respectively, of Simpson Manufacturing Co., Inc., a Delaware corporation (the "Company"), hereby certify that the quarterly report of the Company on Form 10-Q for the quarterly period ended March 31, 2005, fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934, as amended, and that information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 9, 2005

/s/Thomas J Fitzmyers
Thomas J Fitzmyers

/s/Michael J. Herbert
Michael J. Herbert

A signed original of this written statement required by Section 906 has been provided to Simpson Manufacturing Co., Inc. and will be retained by Simpson Manufacturing Co., Inc. and furnished to the Securities and Exchange Commission or its staff upon request.