ICICI BANK LTD
Form 6-K
January 24, 2011

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of January, 2011

Commission File Number: 001-15002

ICICI Bank Limited
(Translation of registrant's name into English)

ICICI Bank Towers,
Bandra-Kurla Complex
Mumbai, India 400 051
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F	X	Form 40-F	

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes		No	X

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes		No	X

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes		No	X

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g 3-2(b): Not Applicable

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Item

1. News Release dated January 24, 2011
2. Financial results for the quarter ended December 31, 2010
3. Certificate of S.R. Batliboi & Co., statutory auditors of the Bank

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SIGNATURE

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 authorised.

For ICICI Bank Limited

Date: January 24, 2011

By: /s/ Ranganath Athreya
Name : Ranganath Athreya
Title : General Manager - Joint Company Secretary & Head Compliance – Capital Markets & Non Banking Subsidiaries

Item 1

ICICI Bank Limited
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News Release January 24, 2011

Performance Review – Quarter ended December 31, 2010

- 30.5% year-on-year increase in profit after tax to Rs. 1,437 crore (US$ 321 million) for the quarter ended December 31, 2010 (Q3-2011) from Rs. 1,101 crore (US$ 246 million) for the quarter ended December 31, 2009 (Q3-2010)
- 77.5% year-on-year increase in consolidated profit after tax to Rs. 2,039 crore (US$ 456 million) for Q3-2011 from Rs. 1,149 crore (US$ 257 million) for Q3-2010
- 36.0% year-on-year increase in consolidated profit after tax to Rs. 4,525 crore (US$ 1.0 billion) for the nine months ended December 31, 2010 (9M-2011) from Rs. 3,328 crore (US$ 744 million) for the nine months ended December 31, 2009 (9M-2010)
- Current and savings account (CASA) ratio increased to 44.2% at December 31, 2010 from 39.6% at December 31, 2009
- Net non-performing asset ratio declined to 1.16% at December 31, 2010 from 2.19% at December 31, 2009
- Provision coverage ratio increased to 71.8% at December 31, 2010 from 69.0% at September 30, 2010 (51.2% at December 31, 2009)
- Strong capital adequacy ratio of 19.98% and Tier-1 capital adequacy of 13.72%

The Board of Directors of ICICI Bank Limited (NYSE: IBN) at its meeting held at Mumbai today, approved the audited accounts of the Bank for the quarter ended December 31, 2010.

Profit & loss account

- Profit after tax increased 30.5% to Rs. 1,437 crore (US$ 321 million) for Q3-2011 from Rs. 1,101 crore (US$ 246 million) for Q3-2010.
- Net interest income increased 12.3% to Rs. 2,312 crore (US$ 517 million) in Q3-2011 from Rs. 2,058 crore (US$ 460 million) in Q3-2010.
- Fee income increased 14.3% to Rs. 1,625 crore (US$ 363 million) in Q3-2011 from Rs. 1,422 crore (US$ 318 million) in Q3-2010.

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- Operating expenses (including direct marketing agency expenses) increased 27.2% to Rs. 1,707 crore (US$ 382 million) in Q3-2011 from Rs. 1,342 crore (US$ 300 million) in Q3-2010, primarily due to costs relating to new branches added over the last year and full impact of cost of erstwhile Bank of Rajasthan (e-BOR) during the quarter.

- Provisions decreased 53.6% to Rs. 465 crore (US$ 104 million) in Q3-2011 from Rs. 1,002 crore (US$ 224 million) in Q3-2010.

- Profit after tax for 9M-2011 was Rs. 3,699 crore (US$ 827 million) compared to Rs. 3,019 crore (US$ 675 million) for 9M-2010.

Operating review

The Bank has continued with its strategy of pursuing profitable credit growth by leveraging on its improved fund mix, lower credit costs and efficiency improvement and cost rationalisation. In this direction, the Bank continues to leverage its expanded branch network to enhance its deposit franchise and create an integrated distribution network for both asset and liability products. At December 31, 2010, the Bank had 2,512 branches, the largest branch network among private sector banks in the country.

Credit growth

Advances increased by 15.3% year-on-year to Rs. 206,692 crore (US$ 46.2 billion) at December 31, 2010 from Rs. 179,269 crore (US$ 40.1 billion) at December 31, 2009.

Deposit growth

Savings deposits increased by 26.5% year-on-year to Rs. 64,577 crore (US$ 14.4 billion) at December 31, 2010 from Rs. 51,054 crore (US$ 11.4 billion) at December 31, 2009 and the CASA ratio increased to 44.2% at December 31, 2010 from 39.6% at December 31, 2009.

Capital adequacy

The Bank's capital adequacy at December 31, 2010 as per Reserve Bank of India's guidelines on Basel II norms was 19.98% and Tier-1 capital adequacy was 13.72%, well above RBI's requirement of total capital adequacy of 9.0% and Tier-1 capital adequacy of 6.0%.

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Asset quality

Net non-performing assets decreased by 34.9% to Rs. 2,873 crore (US$ 643 million) at December 31, 2010 from Rs. 4,416 crore (US$ 988 million) at December 31, 2009. The Bank’s net non-performing asset ratio decreased to 1.16% at December 31, 2010 from 2.19% at December 31, 2009. The Bank’s provisioning coverage ratio computed in accordance with the RBI guidelines at December 31, 2010 was 71.8% compared to 51.2% at December 31, 2009.

Consolidated profits

Consolidated profit after tax of the Bank increased by 36.0% to Rs. 4,525 crore (US$ 1.0 billion) for 9M-2011 compared to Rs. 3,328 crore (US$ 744 million) for 9M-2010. Consolidated profit after tax for Q3-2011 increased by 77.5% to Rs. 2,039 crore (US$ 456 million) compared to Rs. 1,149 crore (US$ 257 million) for Q3-2010. This includes transfer of surplus in the non-participating policyholders' funds of ICICI Prudential Life Insurance Company (ICICI Life) on a quarterly basis, as compared to an annual basis as permitted earlier, as per Insurance Regulatory and Development Authority (IRDA) circular dated December 27, 2010. The Bank’s consolidated profit after tax for 9M-2011 and Q3-2011 include Rs. 384 crore (US$ 86 million) on account of this transfer.

Insurance subsidiaries

ICICI Life maintained its position as the largest private sector life insurer based on new business retail weighted received premium during April-November 2010. ICICI Life’s new business premium increased by 21.3% to Rs. 4,650 crore (US$ 1,040 million) in 9M-2011 from Rs. 3,833 crore (US$ 857 million) in 9M-2010. ICICI Life’s unaudited new business profit (NBP) in 9M-2011 was Rs. 579 crore (US$ 130 million). Assets held increased by 23.7% to Rs. 66,334 crore (US$ 14.8 billion) at December 31, 2010 from Rs. 53,619 crore (US$ 12.0 billion) at December 31, 2009. ICICI Life’s profit after tax for 9M-2011 was Rs. 513 crore (US$ 115 million). ICICI Life’s NBP and profit after tax for Q3-2011 were Rs. 100 crore (US$ 22 million) and Rs. 614 crore (US$ 137 million) respectively. ICICI Life’s profit after tax for 9M-2011 and Q3-2011 include Rs. 520 crore (US$ 116 million) on account of transfer of surplus in the non-participating policyholders' funds on a quarterly basis, as compared to an annual basis as permitted earlier, as per Insurance Regulatory and Development Authority (IRDA) circular dated December 27, 2010.

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ICICI Lombard General Insurance Company (ICICI General) maintained its leadership in the private sector during 9M-2011 with a market share of 9.8%. ICICI General's premium income in 9M-2011 increased by 29.4% to Rs. 3,250 crore (US$ 727 million) from Rs. 2,512 crore (US$ 562 million) in 9M-2010. ICICI General's profit after tax was Rs. 210 crore (US$ 47 million) in 9M-2011 compared to Rs. 132 crore (US$ 30 million) in 9M-2010. ICICI General's profit after tax for Q3-2011 was Rs. 74 crore (US$ 17 million).

Summary Profit and Loss Statement (as per unconsolidated Indian GAAP accounts)
Rs. crore

	FY2010	Q3-2010	9M-2010	Q2-2011	Q3-2011	9M-2011
Net interest income	8,114	2,058	6,079	2,204	2,312	6,507
Non-interest income	7,478	1,673	5,587	1,578	1,749	5,007
- Fee income	5,650	1,422	4,128	1,590	1,625	4,628
- Lease and other income	6471	2771	4741	132	103	398
- Treasury income	1,181	(26)	985	(144)	21	(19)
Less:						
Operating expense	5,593	1,311	4,134	1,500	1,667	4,592
Expenses on direct market agents (DMAs)2	125	31	80	35	40	112
Lease depreciation	142	20	119	35	11	68
Operating profit	9,732	2,369	7,333	2,212	2,343	6,742
Less: Provisions	4,387	1,002	3,397	641	465	1,903
Profit before tax	5,345	1,367	3,936	1,571	1,878	4,839
Less: Tax	1,320	266	917	335	441	1,140
Profit after tax	4,025	1,101	3,019	1,236	1,437	3,699

1. Includes profit of Rs. 203 crore related to transfer of merchant acquiring operations to new entity 81% owned by First Data.
2. Represents commissions paid to direct marketing agents (DMAs) for origination of retail loans. These commissions are expensed upfront.
3. Results for Q2-2011, Q3-2011 and 9M-2011 take into account the impact of amalgamation of erstwhile Bank of Rajasthan from close of business on August 12, 2010.
4. Prior period figures have been regrouped/re-arranged where necessary.

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Summary Balance Sheet
Rs. crore

	March 31, 2010	December 31, 2009	December 31, 2010
Assets			
Cash & bank balances	38,874	30,578	31,461
Advances	181,206	179,269	206,692
Investments	120,893	123,409	133,703
Fixed & other assets	22,427	22,972	21,041
Total	363,400	356,228	392,897
Liabilities			
Net worth	51,618	52,240	55,429
- Equity capital	1,115	1,114	1,151
- Reserves	50,503	51,126	54,278
Deposits	202,017	197,653	217,747
CASA ratio	41.7%	39.6%	44.2%
Borrowings1	94,264	91,829	105,327
Other liabilities	15,501	14,506	14,394
Total	363,400	356,228	392,897

1.Borrowings include preference shares amounting to Rs. 350 crore.

2. Figures for December 31, 2010 take into account the impact of amalgamation of erstwhile Bank of Rajasthan from close of business on August 12, 2010.

61,255

55,527

General and administrative

23,843

25,174

77,174

72,250

Loss (gain) on sale of assets

33

(46

)

42

1

53,733

50,565

165,627

147,521

Income from operations	
	21,990
	24,882
	62,647
	68,373

Gain in equity method investment, before tax	4,471
	4,389
Interest income, net	55
	79
	177
	258

Income before taxes	22,045	29,432	62,824	73,020
Provision for income taxes	9,069	10,052		

26,788

27,069

Net income				
	$ 12,976	$ 19,380	$ 36,036	$ 45,951

Earnings per common share:

Basic

$

0.27

$

0.40

$

0.75

$

0.93

Diluted

$

0.27

$

0.40

$

0.74

$

0.93

Number of shares outstanding

Basic

48,346

48,253

48,322

49,247

Diluted

48,390

48,288

48,385

49,296

Cash dividends declared per common share

$

0.125

$	0.125
$	0.375
$	0.375

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

Simpson Manufacturing Co., Inc. and Subsidiaries

Statements of Comprehensive Income

(In thousands, unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	**2011**	**2012**	**2011**
Net Income	$ 12,976	$ 19,380	$ 36,036	$ 45,951
Other comprehensive income				
Translation adjustment, net of tax benefit of $28, $3, $31 and $4, respectively	4,125	(13,867)	1,400	(3,615)
Comprehensive income	$ 17,101	$ 5,513	$ 37,436	$ 42,336

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 nine months ended September 30, 2011 and 2012 and for the three months ended December 31, 2011

(In thousands except per-share amounts, unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
	Shares	Par Value					
Balance, January 1, 2011	50,096	$ 500	$ 165,425	$ 607,241	$ 14,627	$	$ 787,793
Net income				45,951			45,951
Translation adjustment					(3,615)		(3,615)
Stock options exercised	6		154				154
Stock compensation			3,405				3,405
Tax effect of options exercised			(71)				(71)
Repurchase of common stock	(1,948)					(53,208)	(53,208)
Retirement of common stock		(19)		(53,189)		53,208	
Cash dividends declared on common stock, $0.375 per share				(18,331)			(18,331)
Common stock issued at $30.91 per share for stock bonus	7		204				204
Balance, September 30, 2011	48,161	481	169,117	581,672	11,012		762,282
Net income				4,949			4,949
Translation adjustment					(4,229)		(4,229)
Stock options exercised	2		60				60
Stock compensation			2,789				2,789
Tax effect of options exercised			(1,483)				(1,483)
Cash dividends declared on common stock, $0.125 per share				(6,005)			(6,005)
Balance, December 31, 2011	48,163	481	170,483	580,616	6,783		758,363
Net income				36,036			36,036
Translation adjustment					1,400		1,400
Stock options exercised	90	1	2,183				2,184
Stock compensation			7,048				7,048
Tax effect of options exercised			(60)				(60)
Shares issued from release of Restricted Stock Units	62		(1,110)				(1,110)
Cash dividends declared on common stock, $0.375 per share				(18,119)			(18,119)
Common stock issued at $33.71 per share for stock bonus	12		418				418
Balance, September 30, 2012	48,327	$ 482	$ 178,962	$ 598,533	$ 8,183	$	$ 786,160

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

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Simpson Manufacturing Co., Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows

(In thousands, unaudited)

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Cash flows from operating activities		
Net income	$ 36,036	$ 45,951
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on sale of assets	42	1
Depreciation and amortization	20,744	14,988
Impairment loss on assets held for sale	461	1,094
Deferred income taxes	(500)	(1,049)
Noncash compensation related to stock plans	7,364	3,812
Income in equity method investment		(4,389)
Excess tax benefit of options exercised	(99)	4
Provision for doubtful accounts	470	249
Accrued interest earned from related party		(58)
Changes in operating assets and liabilities, net of acquisitions:		
Trade accounts receivable	(28,630)	(30,174)
Inventories	14,067	(19,778)
Trade accounts payable	(381)	(4,211)
Income taxes payable	3,731	5,755
Accrued profit sharing trust contributions	(488)	(2,017)
Accrued cash profit sharing and commissions	5,458	9,068
Other current assets	3,686	(220)
Accrued liabilities	(791)	3,856
Long-term liabilities	(1,159)	(302)
Accrued workers compensation	(595)	771
Other noncurrent assets	(2,723)	729
Net cash provided by operating activities	56,693	24,080
Cash flows from investing activities		
Capital expenditures	(16,128)	(23,515)
Asset acquisitions, net of cash acquired	(56,003)	
Proceeds from sale of property and equipment	6,937	3,205
Loans repaid by related parties	1,698	552
Net cash used in investing activities	(63,496)	(19,758)
Cash flows from financing activities		
Repurchase of common stock		(53,208)
Debt and line of credit borrowings	2,156	
Repayment of debt and line of credit borrowings	(5,655)	
Debt issuance costs	(1,408)	
Issuance of common stock	2,184	154
Excess tax benefit of options exercised	99	(4)
Dividends paid	(18,099)	(17,309)
Net cash used in financing activities	(20,723)	(70,367)
Effect of exchange rate changes on cash and cash equivalents	1,180	(3,842)
Net decrease in cash and cash equivalents	(26,346)	(69,887)
Cash and cash equivalents at beginning of period	213,817	335,049

Cash and cash equivalents at end of period	$	187,471	$	265,162
Noncash activity during the period				
Noncash capital expenditures	$	520	$	3,251
Dividends declared but not paid		6,040		5,805
Issuance of Company s common stock for compensation		418		204
Non-cash contingent consideration		786		

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 (the Company). Investments in 50% or less owned affiliates are 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 (GAAP) have been condensed or omitted. These interim statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (the 2011 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 GAAP. The year-end condensed consolidated balance sheet data were derived from audited financial statements, but do not include all disclosures required by GAAP. The Company s quarterly results fluctuate. 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 incentives, 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 or customer acceptance, depending on terms of the sales agreement. Service sales, representing after-market repair and maintenance, engineering activities, software license sales and services and lease income, though significantly less than 1% of net sales and not material to the consolidated financial statements, are recognized as the services are completed or the software products and services are

delivered. If actual costs of sales returns, incentives and discounts were to significantly exceed the recorded estimated allowance, the Company s sales would be adversely affected.

Net Earnings Per Common Share

Basic earnings per common share is computed based on 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:

(in thousands, except per share amounts)	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Net income available to common stockholders	$ 12,976	$ 19,380	$ 36,036	$ 45,951
Basic weighted average shares outstanding	48,346	48,253	48,322	49,247
Dilutive effect of potential common stock equivalents stock options	44	35	63	49
Diluted weighted average shares outstanding	48,390	48,288	48,385	49,296
Earnings per common share:				
Basic	$ 0.27	$ 0.40	$ 0.75	$ 0.93
Diluted	0.27	0.40	0.74	0.93
Potentially dilutive securities excluded from earnings per diluted share because their effect is anti-dilutive	1,709	1,752	1,714	1,746

Accounting for Stock-Based Compensation

With the approval of the Company s stockholders on April 26, 2011, the Company adopted the Simpson Manufacturing Co., Inc. 2011 Incentive Plan (the 2011 Plan). The 2011 Plan amended and restated in their entirety, and incorporated and superseded, both the Simpson Manufacturing Co., Inc. 1994 Stock Option Plan (the 1994 Plan), which was principally for the Company s employees, and the Simpson Manufacturing Co., Inc. 1995 Independent Director Stock Option Plan (the 1995 Plan), which was for its independent directors. Options previously granted under the 1994 Plan or the 1995 Plan will not be affected by the adoption of the 2011 Plan and will continue to be governed by the 1994 Plan or the 1995 Plan, respectively.

Under the 1994 Plan, the Company could grant incentive stock options and non-qualified stock options. The Company has, however, granted only non-qualified stock options under both the 1994 Plan and the 1995 Plan. The Company generally granted options under each of the 1994 Plan and the 1995 Plan once each year. The exercise price per share of each option granted in February 2011 under the 1994 Plan equaled the closing market price per share of the Company s common stock as reported by the New York Stock Exchange on the day preceding the day that the Compensation and Leadership Development Committee of the Company s Board of Directors met to approve the grant of the options. The exercise price per share under each option granted under the 1995 Plan was at the fair market value on the date specified in the 1995 Plan. Options vest and expire according to terms established at the grant date. Options granted under the 1994 Plan typically vest evenly over the requisite service period of four years and have a term of seven years. The vesting of options granted under the 1994 Plan will be accelerated if the grantee ceases to be employed by the Company after reaching age 60 or if there is a change in control of the Company. Options granted under the 1995 Plan were fully vested on the date of grant. Shares of common stock issued on exercise of stock options under the 1994 Plan and the 1995 Plan are registered under the Securities Act of 1933.

Under the 2011 Plan, the Company may grant incentive stock options, non-qualified stock options, restricted stock and restricted stock units, although the Company currently intends to award primarily restricted stock units and to a lesser extent, if at all, non-qualified stock options. The Company does not currently intend to award incentive stock options or restricted stock. Under the 2011 Plan, no more than 16.3 million shares of the Company s common stock may be issued (including shares already sold) pursuant to all awards under the 2011 Plan, including on exercise of options previously granted under the 1994 Plan and the 1995 Plan. Shares of common stock to be issued pursuant to the 2011 Plan are

registered under the Securities Act of 1933.

The following table represents the Company s stock option and restricted stock unit activity for the three and nine months ended September 30, 2012 and 2011:

(in thousands)	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Stock-based compensation expense recognized in operating expenses	$ 1,966	$ 1,230	$ 7,086	$ 3,524
Tax benefit of stock-based compensation expense in provision for income taxes	691	449	2,462	1,267
Stock-based compensation expense, net of tax	$ 1,275	$ 781	$ 4,624	$ 2,257
Fair value of shares vested	$ 2,043	$ 1,287	$ 7,048	$ 3,405
Proceeds to the Company from the exercise of stock-based compensation	$ 201	$	$ 2,184	$ 154
Tax effect from exercise of stock-based compensation, including shortfall tax benefits	$ (4)	$	$ (60)	$ (71)

	At September 30, 2012	At September 30, 2011
Stock-based compensation cost capitalized in inventory	$ 354	$ 166

The amounts included in cost of sales, research and development and other engineering, selling, or general and administrative expense depend on the job functions performed by the employees to whom the stock options and restricted stock units were awarded.

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

Fair Value of Financial Instruments

The Fair Value Measurements and Disclosures topic of the Financial Accounting Standards Board (FASB) Accounting Standards CodificationTM (ASC) establishes a valuation hierarchy for disclosure of the inputs used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument; Level 3 inputs are unobservable inputs based on the Company s assumptions used to measure assets and liabilities at fair value. A financial asset s or liability s classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

As of September 30, 2012, the Company s investments consisted of only United States Treasury securities and money market funds aggregating $85.2 million, which are the primary financial instruments, maintained in cash equivalents and carried at cost, approximating fair value, based on Level 1 inputs. The carrying amounts of trade receivables, accounts payable and accrued liabilities approximate fair value due to the short-term nature of these instruments. The fair value of the Company s line of credit is classified as Level 2 within the fair value hierarchy and is calculated based on borrowings with similar maturities, current remaining average life to maturity and current market conditions.

Income Taxes

The Company uses an estimated annual effective tax rate to measure the tax benefit or tax expense recognized in each interim period. The effective tax rate increases from the third quarter of 2011 to the third quarter of 2012 and the first nine months of 2011 to the first nine months of 2012 were primarily due to 2012 valuation allowances taken on foreign losses, primarily in the European segment and non-deductible acquisition costs. In 2011 release of valuation allowances related to the disposal of the North America segment s Keymark equity investment led to the lower effective tax rate.

The following table presents the Company s effective tax rates and income tax expense for the three and nine months ended September 30, 2012 and 2011:

(in thousands, except percentage amounts)	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Effective tax rate	41.4%	34.2%	42.6%	37.1%
Provision for income taxes	$ 9,069	$ 10,052	$ 26,788	$ 27,069

Acquisitions

In January 2012, the Company purchased all of the shares of S&P Clever Reinforcement Company AG and S&P Clever International AG, both companies incorporated under the laws of Switzerland (collectively, S&P Clever), for $58.1 million, subject to post-closing adjustments. S&P Clever manufactures and sells engineered materials to repair, strengthen and restore concrete and masonry construction and has operations in Switzerland, Germany, Portugal, Poland, The Netherlands and Austria. Payments under the purchase agreement included cash payments of $57.5 million and contingent consideration of $0.6 million payable over a three-year period if sales goals are met. As a result of the acquisition, the Company has increased its presence in the infrastructure, commercial and industrial construction market in Europe. The Company s provisional measurement of assets acquired and liabilities assumed included cash and cash equivalents of $6.8 million, other current assets of $9.9 million, non-current assets of $54.2 million, current liabilities of $12.6 million and non-current liabilities of $0.2 million. Included in non-current assets is goodwill of $26.1 million, which was assigned to the European segment and is not deductible for tax purposes, and intangible assets of $15.0 million, the amortization of which is deductible for tax purposes.

In March 2012, the Company purchased substantially all of the assets of CarbonWrap Solutions, L.L.C. (CarbonWrap) for $5.5 million, subject to post-closing adjustments. CarbonWrap develops fiber-reinforced polymer products primarily for infrastructure and transportation projects. Payments under the purchase agreement totaled $5.3 million in cash and contingent consideration of $0.2 million to be paid on resolution of specified post-closing contingencies to the principal officer of CarbonWrap, who is now employed by the Company. Goodwill of $3.6 million was assigned to the North American segment and is deductible for tax purposes. Intangible assets were valued at $1.6 million and are subject to tax-deductible amortization. Net tangible assets consisting of accounts receivable, inventory, equipment and prepaid expenses accounted for the balance of the purchase price.

Under the business combinations topic of the FASB ASC, the Company accounted for these acquisitions as business combinations and ascribed acquisition-date fair values to the acquired assets and assumed liabilities. Provisional fair value measurements were made in the first quarter of 2012 for acquired assets and assumed liabilities. Adjustments to those measurements may be made in subsequent periods, up to one year from

the acquisition date, as information necessary to complete the analysis is obtained. Fair value of intangible assets was based on Level 3 inputs. The Company expects the measurement process for each acquisition to be finalized within a year of its acquisition date.

Pro-forma financial information is not presented as it would not be materially different from the information presented in the Condensed Consolidated Statements of Operations.

Recently Adopted Accounting Standards

Effective January 1, 2012, the Company adopted the guidance codified in the *Comprehensive Income* topic of the FASB ASC, amending the comprehensive income guidance to eliminate the option to present components of other comprehensive income as part of the statement of stockholders equity. This amendment requires that all non-owner

changes in stockholders equity be presented in a single continuous statement or in two separate but consecutive statements. The Company has chosen to present comprehensive income in two separate consecutive statements. The implementation of this amended accounting guidance did not have a material effect on the Company s consolidated financial position and results of operations.

In July 2012, the FASB issued an amendment to the indefinite-lived intangible assets impairment guidance which provides an option for companies to use a qualitative approach to test indefinite-lived intangible assets for impairment if certain conditions are met. The amendment is effective for annual and interim indefinite-lived intangible assets impairment tests performed for fiscal years beginning after September 15, 2012, and early adoption is permitted. The early adoption and implementation of this amended accounting guidance did not have a material effect on the Company s consolidated financial position and results of operations.

Recently Issued Accounting Standards

Other recent authoritative guidance issued by the FASB (including technical corrections to the ASC), the American Institute of Certified Public Accountants and the Securities and Exchange Commission did not or is not expected to have a material effect on the Company s consolidated financial statements.

2. Trade Accounts Receivable, Net

Trade accounts receivable consisted of the following:

	At September 30,		At December 31,
(in thousands)	**2012**	**2011**	**2011**
Trade accounts receivable	$ 111,726	$ 100,877	$ 78,642
Allowance for doubtful accounts	(1,514)	(1,210)	(991)
Allowance for sales discounts and returns	(1,787)	(1,635)	(1,231)
	$ 108,425	$ 98,032	$ 76,420

3. Inventories

Inventories consisted of the following:

	At September 30,		At December 31,
(in thousands)	**2012**	**2011**	**2011**
Raw materials	$ 66,508	$ 71,908	$ 77,364
In-process products	19,225	21,454	21,357
Finished products	86,288	78,780	81,408

$	172,021	$	172,142	$	180,129

4. Property, Plant and Equipment, Net

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

(in thousands)	At September 30, 2012	At September 30, 2011	At December 31, 2011
Land	$ 32,282	$ 28,889	$ 28,996
Buildings and site improvements	170,761	152,167	153,597
Leasehold improvements	5,047	3,736	3,820
Machinery and equipment	212,918	203,687	208,292
	421,008	388,479	394,705
Less accumulated depreciation and amortization	(215,562)	(199,614)	(201,540)
	205,446	188,865	193,165
Capital projects in progress	5,686	2,151	2,551
	$ 211,132	$ 191,016	$ 195,716

5. Goodwill and Intangible Assets, Net

Goodwill was as follows:

(in thousands)	At September 30, 2012	At September 30, 2011	At December 31, 2011
North America	$ 77,630	$ 41,585	$ 73,901
Europe	49,238	26,249	24,000
Asia/Pacific	1,944	1,854	1,948
Total	$ 128,812	$ 69,688	$ 99,849

Intangible assets, net, were as follows:

	At September 30, 2012		
(in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
North America	$ 35,620	$ (16,278)	$ 19,342
Europe	28,064	(7,331)	20,733
Total	$ 63,684	$ (23,609)	$ 40,075

	At September 30, 2011		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
North America	$ 24,022	$ (12,746)	$ 11,276
Europe	14,567	(5,591)	8,976

Total	$	38,589	$	(18,337)	$	20,252

	At December 31, 2011					
	Gross Carrying Amount		Accumulated Amortization		Net Carrying Amount	
North America	$	32,912	$	(13,288)	$	19,624
Europe		13,114		(4,882)		8,232
Total	$	46,026	$	(18,170)	$	27,856

Intangible assets consist primarily of customer relationships, patents, unpatented technology and non-compete agreements. Amortization expense for intangible assets during the three months ended September 30, 2012 and 2011, totaled $1.7 million and $1.0 million, respectively, and during the nine months ended September 30, 2012 and 2011, totaled $5.4 million and $3.2 million, respectively.

At September 30, 2012, estimated future amortization of intangible assets was as follows:

(in thousands)		
Final three months of 2012	$	1,677
2013		6,707
2014		6,495
2015		5,732
2016		5,365
2017		3,822
Thereafter		10,277
	$	40,075

The changes in the carrying amount of goodwill and intangible assets for the nine months ended September 30, 2012, were as follows:

(in thousands)		**Goodwill**		**Intangible Assets**
Balance at December 31, 2011	$	99,849	$	27,856
Acquisitions		29,607		17,672
Amortization				(5,438)
Foreign exchange		(644)		(15)
Balance at September 30, 2012	$	128,812	$	40,075

6. Debt

The Company has revolving lines of credit with various banks in the United States and Europe. Total available credit at September 30, 2012, was $311.1 million, including revolving credit lines and an irrevocable standby letter of credit in support of various insurance deductibles.

The Company s primary credit facility is a revolving line of credit with $300.0 million in available credit. This credit facility will expire in July 2017. Amounts borrowed under this credit facility will bear interest at an annual rate equal to either, at the Company s option, (a) the rate for Eurocurrency deposits for the corresponding deposits of U.S. dollars appearing on Reuters LIBOR01screen page (the LIBOR Rate), adjusted for any reserve requirement in effect, plus a spread of 0.60% to 1.45%, determined quarterly based on the Company s leverage ratio (at September 30, 2012, the LIBOR Rate was 0.21%), or (b) a base rate, plus a spread of 0.00% to 0.45%, determined quarterly based on the Company s leverage ratio. The base rate is defined in a manner such that it will not be less than the LIBOR Rate. The Company will pay fees for standby letters of credit at an annual rate equal to the LIBOR Rate plus the applicable spread described above, and will pay market-based fees for commercial letters of credit. The Company is required to pay an annual facility fee of 0.15% to 0.30% of the available commitments under the credit agreement, regardless of usage, with the applicable fee determined on a quarterly basis based on the Company s leverage ratio. The Company is also required to pay customary fees as specified in a separate fee agreement between the Company and Wells Fargo Bank, National Association, in its capacity as the Agent under the credit agreement.

The Company s borrowing capacity under other revolving credit lines and a term note totaled $11.1 million at September 30, 2012. The other revolving credit lines and term note charge interest ranging from 0.81% to 7.25%, have maturity dates from December 2012 to September 2020, and had outstanding balances totaling $0.2 million at September 30, 2012. No balances were outstanding on September 30, 2011, or December 31, 2011. The Company was in compliance with its financial covenants at September 30, 2012.

7. Commitments and Contingencies

Note 9 to the consolidated financial statements in the 2011 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. The resolution of claims and litigation is subject to inherent uncertainty and could have a material adverse effect on the Company s financial condition, cash flows and results of operations.

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 environmental matters will have a material adverse effect on the Company s financial condition, cash flows or results of operations.

Corrosion, hydrogen embrittlement, cracking, material hardness, wood pressure-treating chemicals, misinstallations, misuse, design and assembly flaws, manufacturing defects, environmental conditions or other factors can contribute to failure of fasteners, connectors, tools, anchors, adhesives and venting products. On occasion, some of the fasteners and connectors 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 websites.

Pending Claims

Four lawsuits (the Cases) have been filed against the Company in the Hawaii First Circuit Court: *Alvarez v. Haseko Homes, Inc. and Simpson Manufacturing, Inc.*, Civil No. 09-1-2697-11 (Case 1); *Ke Noho Kai Development, LLC v. Simpson Strong-Tie Company, Inc., and Honolulu Wood Treating Co., LTD.*, Case No. 09-1-1491-06 SSM (Case 2); *North American Specialty Ins. Co. v. Simpson Strong-Tie Company, Inc. and K.C. Metal Products, Inc.*, Case No. 09-1-1490-06 VSM (Case 3); and *Charles et al. v. Haseko Homes, Inc. et al. and Third Party Plaintiffs Haseko Homes, Inc. et al. v. Simpson Strong-Tie Company, Inc., et al.*, Civil No. 09-1-1932-08 (Case 4). Case 1 was filed on November 18, 2009. Cases 2 and 3 were originally filed on June 30, 2009. Case 4 was filed on August 19, 2009. The Cases all relate to alleged premature corrosion of the Company s strap tie holdown products installed in buildings in a housing development known as Ocean Pointe in Honolulu, Hawaii, allegedly causing property damage. Case 1 is a putative class action brought by the owners of allegedly affected Ocean Pointe houses. Case 1 was originally filed as *Kai et al. v. Haseko Homes, Inc., Haseko Construction, Inc. and Simpson Manufacturing, Inc.*, Case No. 09-1-1476, but was voluntarily dismissed and then re-filed with a new representative plaintiff. Case 2 is an action by the builders and developers of Ocean Pointe against the Company, claiming that either the Company s strap tie holdowns are defective in design or manufacture or the Company failed to provide adequate warnings regarding the products susceptibility to corrosion in certain environments. Case 3 is a subrogation action brought by the insurance company for the builders and developers against the Company claiming the insurance company expended funds to correct problems allegedly caused by the Company s products. Case 4 is a putative class action brought, like Case 1, by owners of allegedly affected Ocean Pointe homes. In Case 4, Haseko Homes, Inc. (Haseko), the developer of the Ocean Pointe development, has brought a third party complaint against the Company alleging that any damages for which Haseko may be liable are actually the fault of the Company. None of the Cases alleges a specific amount of damages sought, although each of the Cases seeks compensatory damages, and Case 1 seeks punitive damages. Cases 1 and 4 have been consolidated. On July 13, 2012, the Court denied, without prejudice, a motion by the homeowner plaintiffs in Case 4 to certify a Fourth Amended Class Action Complaint. In addition, on July 13, 2012, the Court in Case 4 dismissed several claims that the homeowner plaintiffs had asserted against the Company. On October 1, 2012, the Court granted summary judgment in favor of the Company and against the homeowner plaintiffs with respect to additional claims the homeowner plaintiffs had asserted against the Company. The Company continues to investigate the facts underlying the claims asserted in the Cases, including, among other things, the cause of the alleged corrosion; the severity of any problems shown to exist; the buildings affected; the responsibility of the general contractor, various subcontractors and other construction professionals for the alleged damages; the amount, if any, of damages suffered; and the

costs of repair, if needed. At this time, the likelihood that the Company will be found liable for any property damage allegedly suffered and the extent of such liability, if any, are unknown. Management believes the Cases may not be resolved for an extended period. The Company intends to defend itself vigorously in connection with the Cases.

Based on facts currently known to the Company, the Company believes that all or part of the claims alleged in the Cases may be covered by its insurance policies. On April 19, 2011, an action was filed in the United States District Court for the District of Hawaii, *National Union Fire Insurance Company of Pittsburgh, PA v. Simpson Manufacturing Company, Inc., et al.,* Civil No. 11-00254 ACK. In this action, Plaintiff National Union Fire Insurance Company of Pittsburgh, Pennsylvania (National Union), which issued certain Commercial General Liability insurance policies to the Company, seeks declaratory relief in the Cases with respect to its obligations to defend or indemnify the Company, Simpson Strong-Tie Company Inc., and a vendor of the Company s strap tie holdown products. By Order dated November 7, 2011, all proceedings in the *National Union* action have been stayed. If the stay is lifted and the National Union action is not dismissed, the Company intends vigorously to defend all claims advanced by National Union.

On April 12, 2011, Fireman s Fund Insurance Company (Fireman s Fund), another of the Company s general liability insurers, sued Hartford Fire Insurance Company (Hartford), a third insurance company from whom the Company purchased general liability insurance, in the United States District Court for the Northern District of California, *Fireman s Fund Insurance Company v. Hartford Fire Insurance Company*, Civil No. 11 1789 SBA (the *Fireman s Fund* action). The Company has intervened in the *Fireman s Fund* action and has moved to stay all proceedings in that action as well, pending resolution of the underlying Ocean Pointe Cases.

On November 21, 2011, the Company commenced a lawsuit against National Union, Fireman s Fund, Hartford and others in the Superior Court of the State of California in and for the City and County of San Francisco (the *San Francisco* coverage action). In the *San Francisco* coverage action, the Company alleges generally that the separate pendency of the *National Union* action and the *Fireman s Fund* action presents a risk of inconsistent adjudications; that the San Francisco Superior Court has jurisdiction over all of the parties and should exercise jurisdiction at the appropriate time to resolve any and all disputes that have arisen or may in the future arise among the Company and its liability insurers; and that the *San Francisco* coverage action should also be stayed pending resolution of the underlying Ocean Pointe Cases. The Company intends to move for such a stay if necessary.

Nishimura v. Gentry Homes, Ltd; Simpson Manufacturing Co., Inc.; and Simpson Strong-Tie Company, Inc., Civil no. 11-1-1522-07, was filed in the Circuit Court of the First Circuit of Hawaii on July 20, 2011. The case alleges premature corrosion of the Company s strap tie holdown products in a housing development at Ewa Beach in Honolulu, Hawaii. The case is a putative class action brought by owners of allegedly affected homes. The Complaint alleges that the Company s strap products and mudsill anchors are insufficiently corrosion resistant and/or fail to comply with Honolulu s building code. The Court has dismissed several of the claims the plaintiffs had asserted against the Company. The Company is currently investigating the claims asserted in the complaint, including, among other things: the existence and extent of the alleged corrosion, if any; the building code provisions alleged to be applicable and, if applicable, whether the products complied; the buildings affected; the responsibility of the general contractor, various subcontractors and other construction professionals for the alleged damages; the amount, if any, of damages suffered; and the costs of repair, if any are needed. At this time, the likelihood that the Company will be found liable for any damage allegedly suffered and the extent of such liability, if any, are unknown. The Company denies any liability of any kind and intends to defend itself vigorously in this case.

8.   Stock-Based Incentive Plans

The Company currently has one stock-based incentive plan, which incorporates and supersedes its two previous plans (see Note 1 Basis of Presentation *Accounting for Stock-Based Compensation*). Participants are granted stock-based awards only if the applicable Company-wide or profit-center operating goals, or both, established by the Compensation and Leadership Development Committee of the Board of Directors at the beginning of the year, are met. Certain participants may have additional goals based on strategic initiatives of the Company.

The fair value of each restricted stock unit award is estimated on the date of the award based on the closing market price of the underlying stock on the day preceding the date of the award. On January 30, 2012, 361,061 restricted stock units were awarded, including 8,550 awarded to the

Company s independent directors, at an estimated value of $33.23 per share, based on the closing price on January 27, 2012. The restrictions on these awards generally lapse one quarter on the date of the award and one quarter on each of the first, second and third anniversaries of the date of the award.

The following table summarizes the Company s unvested restricted stock unit activity for the nine months ended September 30, 2012:

Unvested Restricted Stock Units (RSUs)	**Shares (in thousands)**		**Weighted-Average Price**		**Aggregate Intrinsic Value * (in thousands)**
Outstanding at January 1, 2012		$			
Awarded	361		33.23		
Vested	(95)		33.23		
Forfeited	(1)		33.23		
Outstanding at September 30, 2012	265	$	33.23	$	7,593
Outstanding and expected to vest at September 30, 2012	257	$	33.23	$	7,367

* The intrinsic value is calculated using the closing price per share of $28.62 as reported by the New York Stock Exchange on September 28, 2012.

The total intrinsic value of restricted stock units vested during the nine months ended September 30, 2012, was $3.1 million, based on the market value on the award date.

The fair value of each stock option award was estimated on the date of grant using the Black-Scholes option pricing model. Expected volatility is based on historical volatilities of the Company s common stock measured monthly over a term that is equivalent to the expected life of the award. The expected term of each award is estimated based on the Company s prior exercise experience and future expectations of the exercise and termination behavior of the grantees. The risk-free rate is based on the yield of United States Treasury zero-coupon bonds with maturities comparable to the expected life in effect at the time of grant. The dividend yield is based on the expected dividend yield on the grant date.

No stock options were granted in 2012.

Black-Scholes option pricing model assumptions for stock options granted in 2011 are as follows:

Number of Options Granted (in thousands)	**Grant Date**	**Risk-Free Interest Rate**	**Dividend Yield**	**Expected Life**	**Volatility**	**Exercise Price**		**Weighted Average Fair Value**
1994 Plan								
1,362	02/03/11	2.62%	1.75%	6.2 years	39.0%	$29.66 to $32.63	$	10.33
1995 Plan								
30	02/15/11	2.92%	1.76%	6.6 years	38.0%	$29.58	$	10.49

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The following table summarizes the Company s stock option activity for the nine months ended September 30, 2012:

Non-Qualified Stock Options	**Shares (in thousands)**		**Weighted-Average Exercise Price**	**Weighted-Average Remaining Contractual Life (in years)**		**Aggregate Intrinsic Value * (in thousands)**
Outstanding at January 1, 2012	2,134	$	31.15			
Exercised	(90)		24.16			
Forfeited	(24)		35.97			
Outstanding at September 30, 2012	2,020	$	31.41		$	846
Outstanding and expected to vest at September 30, 2012	1,977	$	31.45	4.0	$	832
Exercisable at September 30, 2012	1,100	$	33.15	3.1	$	590

* The intrinsic value represents the amount, if any, by which the fair market value of the underlying common stock exceeds the exercise price of the stock option, using the closing price per share of $28.62 as reported by the New York Stock Exchange on September 28, 2012.

The total intrinsic value of stock options exercised during the nine months ended September 30, 2012 and 2011, was $0.8 million and $40 thousand, respectively.

A summary of the status of unvested stock options as of September 30, 2012, and changes during the nine months ended September 30, 2012, are presented below:

Unvested Stock Options	**Shares (in thousands)**		**Weighted-Average Grant-Date Fair Value**
Unvested at January 1, 2012	1,242	$	10.11
Vested	(319)		9.86
Forfeited	(3)		10.33
Unvested at September 30, 2012	920	$	10.19

As of September 30, 2012, $19.8 million of total unrecognized compensation cost was related to unvested stock-based compensation arrangements under the 2011 Incentive Plan. The portions of this cost related to stock options, and restricted stock units awarded through January 2012, are expected to be recognized over a weighted-average period of 2.3 years.

9. Segment Information

The Company is organized into three reportable segments. The segments are defined by the regions where the Company s products are manufactured, marketed and distributed to the Company s customers. The three regional segments are the North American segment, comprising

primarily the United States and Canada, the European segment, and the Asia/Pacific segment, comprising the Company s operations in China, Hong Kong, the South Pacific and the Middle East. These segments are similar in several ways, including the types of materials, the production processes, the distribution channels and the product applications.

The following table illustrates certain measurements used by management to assess the performance as of or for the following periods:

(in thousands)	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Net Sales				
North America	$ 137,145	$ 127,998	$ 409,644	$ 371,732
Europe	31,880	31,761	94,236	93,206
Asia/Pacific	2,851	2,370	7,958	7,062
Administrative and all other	237	237	712	713
Total	$ 172,113	$ 162,366	$ 512,550	$ 472,713
*Sales to Other Segments**				
North America	$ 969	$ 1,093	$ 3,783	$ 3,905
Europe	105		258	250
Asia/Pacific	3,894	3,350	12,191	7,505
Total	$ 4,968	$ 4,443	$ 16,232	$ 11,660
Income (Loss) from Operations				
North America	$ 22,102	$ 23,594	$ 66,558	$ 69,463
Europe	1,172	2,801	889	3,997
Asia/Pacific	(1,043)	(410)	(1,860)	(1,674)
Administrative and all other	(241)	(1,103)	(2,940)	(3,413)
Total	$ 21,990	$ 24,882	$ 62,647	$ 68,373

* The sales to other segments are eliminated on consolidation.

(in thousands)	At September 30, 2012	At September 30, 2011	At December 31, 2011
Total Assets			
North America	$ 568,878	$ 608,350	$ 540,082
Europe	196,883	131,138	180,016
Asia/Pacific	31,067	28,349	29,306
Administrative and all other	82,168	87,632	86,683
Total	$ 878,996	$ 855,469	$ 836,087

Cash collected by the Company s United States subsidiaries is routinely transferred into the Company s cash management accounts and, therefore, has been included in the total assets of Administrative and all other. Cash and cash equivalent balances in the Administrative and all other segment were $107.3 million, $177.5 million, and $68.5 million, as of September 30, 2012 and 2011, and December 31, 2011, respectively.

10. Plant Closure

In September 2012, the Company committed to a plan to close its heavy-duty anchor production facility in Ireland and to exit the heavy-duty mechanical anchor business in the Company s European segment. The Company expects that the closure to be completed as early as December 2012 or first quarter 2013. The facility produces heavy duty metric anchors used in commercial applications and sold mainly in Europe. After the facility is closed, the Company will continue to sell light and medium-duty anchor products in Europe and its other markets, including metric

anchors for commercial use. As a result of this decision, the Company recorded an employee severance obligation of $1.0 million in September 2012, representing the estimated minimum statutory amount due to employees that will be involuntarily terminated. Severance expense was allocated in the statement of operations on the same basis as employee labor cost with 85% allocated to cost of sales. It is likely that additional severance expense will be accrued after negotiations with employees or trade unions have concluded, although amounts are unknown at this time.

Long-lived assets include land, building, equipment and product code approvals. At September 30, 2012, the net book value of this land, building and equipment was $2.9 million and of these product code approvals was $1.2 million. These assets will either be sold to outside parties or be transferred to other branches within the Company. Future depreciation for assets expected to be transferred will not be revised. The Company has engaged an outside firm to assist in the sale and valuation of the assets for sale. While the facility is operating, gains or losses on the sale of long-lived assets will be recognized in the period sold. Long-lived assets to be disposed of are considered to be held and in use. Future depreciation for these assets will be revised to reflect the use of the assets over a shortened period. When the assets cease being used, the carrying amount will equal their expected salvage or net realizable value. During the quarter-ended September 30, 2012, the Company had not committed to sell any of these long-lived assets. The Company has not sufficiently progressed in its sale or valuation efforts to have a reasonable estimate of the fair value of held and in-use long-lived assets.

The Company has not yet estimated other closing liabilities, such as professional and consulting fees, environmental clean-up costs, and on-going maintenance and utility costs. Closing liabilities are accrued when a transaction or event has occurred that leaves little or no discretion to avoid future settlement of the liability. As of September 30, 2012, the Company had not accrued any closing liabilities because the conditions for accruing a liability were not met.

11. Subsequent Events

In October 2012, the Company s Board of Directors declared a cash dividend of $0.125 per share, estimated to total $6.0 million, to be paid on January 24, 2013, to stockholders of record on January 3, 2013. The Board of Directors also scheduled the Company s 2013 annual meeting of stockholders for Tuesday, April 23, 2013.

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations.

This document contains forward-looking statements, based on numerous assumptions and subject to risks and uncertainties. Although the Company believes that the forward-looking statements are reasonable, it does not and cannot give any assurance that its beliefs and expectations will prove to be correct. Many factors could significantly affect the Company s operations and cause the Company s actual results to be substantially different from the Company s expectations. See Part II, Item 1A Risk Factors. Actual results might differ materially from results suggested by any forward-looking statements in this report. The Company does not have an obligation to publicly update any forward-looking statements, whether as a result of the receipt of new information, the occurrence of future events or otherwise.

The following is a discussion and analysis of the consolidated financial condition and results of operations for the Company for the three months and nine months ended September 30, 2012. 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 September 30, 2012, Compared with the Three Months Ended September 30, 2011

Income from operations decreased 11.6% from $24.9 million in the third quarter of 2011 to $22.0 million in the third quarter of 2012. The following table illustrates the differences in the Company s operating results in the three months ended September 30, 2012, from the three months ended September 30, 2011, and the increases or decreases for each category by segment.

(in thousands)	Three Months Ended Sep. 30, 2011	Increase (Decrease) in Operating Segment				Three Months Ended Sep. 30, 2012
		North America	Europe	Asia/ Pacific	Admin & All Other	
Net sales	$ 162,366	$ 9,146	$ 120	$ 481	$	$ 172,113
Cost of sales	86,919	8,214	1,073	67	117	96,390
Gross profit	75,447	932	(953)	414	(117)	75,723
Research and development and other engineering expense	6,804	2,088	(65)	89		8,916
Selling expense	18,633	1,830	277	196	5	20,941
General and administrative expense	25,174	(1,506)	397	756	(978)	23,843
Loss (gain) on sale of assets	(46)	7	66	6		33
Income from operations	24,882	(1,487)	(1,628)	(633)	856	21,990
Income in equity method investment, before tax	4,471	(4,471)				
Interest income, net	79	(35)	46	19	(54)	55
Income before income taxes	29,432	(5,993)	(1,582)	(614)	802	22,045
Provision for income taxes	10,052	(1,905)	1,350	114	(542)	9,069
Net income	$ 19,380	$ (4,088)	$ (2,932)	$ (728)	$ 1,344	$ 12,976

The following table represents net sales by segment for the three months ended September 30, 2011 and 2012:

(in thousands)	North America	Europe	Asia/ Pacific	Admin & All Other	Total
Three months ended:					
September 30, 2011	$ 127,998	$ 31,761	$ 2,370	$ 237	$ 162,366
September 30, 2012	137,145	31,880	2,851	237	172,113
Increase	9,147	119	481		9,747
Percentage increase	7.1%	0.4%	20.3%	0.0%	6.0%

The Admin & All Other column primarily includes expenses such as self-insured workers compensation claims, if any, for certain members of management, stock compensation for certain members of management, interest expense, foreign exchange gains or losses and income tax expense, as well as revenues and expenses related to real estate activities, such as rental income and depreciation expense on the Company s facility in Vacaville, California, which the Company has leased to a third party for a 10-year term expiring in August 2020.

For the third quarter of 2012, net sales increased 6.0% to $172.1 million compared to net sales of $162.4 million for the third quarter of 2011. The Company had net income of $13.0 million for the third quarter of 2012 compared to net income of $19.4 million for the third quarter of 2011, which included a $4.5 million gain on the sale of the Company s equity investment in Keymark. Diluted net income per common share was $0.27 for the third quarter of 2012 compared to diluted net income of $0.40 per common share for the third quarter of 2011.

The increase in the Company s third quarter 2012 net sales was due to sales of $8.8 million by businesses acquired since December 2011 and to increased volume. In the third quarter 2012, sales increased in North America, with an above-average increase in the United States, due in part to recent acquisitions. Sales in Europe were flat, due to sales from the European acquisition offset by decreases throughout the rest of the Company s European operations, particularly in France and the Nordic region, which were down 14% and 18%, respectively. The decrease in sales, apart from acquired businesses, was primarily due to economic uncertainty throughout most of Europe, which negatively affected sales volumes. Effects of foreign currency translation were not significant. Sales to contractor distributors and lumber dealers increased in the third quarter of 2012, compared to the third quarter of 2011, while sales to dealer distributors and to home centers decreased over the same period, although sales to the Company s largest customer increased 22.0% for the same periods. Wood construction product sales, including connectors, truss plates, fastening systems, fasteners and shearwalls, represented 85% of total Company sales in the third quarter of 2012, down from 89% in the third quarter of 2011. Concrete construction product sales, including adhesives, chemicals, mechanical anchors, powder actuated tools and reinforcing fiber materials, as a percentage of total sales increased to 15% in the third quarter of 2012, from 11% in the third quarter of 2011. The majority of sales from recent acquisitions were attributed to the European acquisition, and mostly in concrete construction products.

The following table represents gross profit by segment for the three months ended September 30, 2011 and 2012:

(in thousands)	North America	Europe	Asia/ Pacific	Admin & All Other	Total
Three months ended:					
September 30, 2011	$ 64,262	$ 10,928	$ 81	$ 176	$ 75,447
September 30, 2012	65,194	9,975	495	59	75,723
Increase (decrease)	932	(953)	414	(117)	276
Percentage increase (decrease)	1.5%	(8.7)%	511.1%	(66.5)%	0.4%

Gross profit increased slightly to $75.7 million in the third quarter of 2012 from $75.4 million in the third quarter of 2011. As a percentage of net sales, gross profit decreased from 46.5% in the third quarter of 2011 to 44.0% in the third quarter of 2012. The North American gross profit margin decreased from 50.2% in the third quarter of 2011 to 47.5% in the third quarter of 2012, as a result of higher material and labor costs as a percentage of sales, increased concrete construction product sales, which have a lower gross margin than wood construction product sales, and competitive price pressure. These costs increases were partly offset by lower factory overhead costs as a percentage of sales, which resulted from higher sales volume. The European gross profit margin decreased from 34.4% in the third quarter of 2011 to 31.3% in the third quarter of 2012, primarily due to higher material, labor and warehouse costs. Steel prices decreased slightly in the third quarter. Due to a number of factors that could affect supply, the Company is uncertain of steel pricing through the last quarter of 2012, but steel prices are expected to increase in 2013.

Unless otherwise noted, changes in operating expenses were mostly attributable to the North American segment. Research and development and engineering expense increased 31.0% from $6.8 million in the third quarter of 2011 to $8.9 million in the third quarter of 2012, including

increases in professional fees of $1.5 million primarily for truss software development costs and personnel costs of $0.9 million resulting from additional employees, partly due to the recent North American acquisitions, and an annual pay rate increase instituted in January 2012, which also applied to personnel in other departments. Selling expense increased 12.4% from $18.6 million in the third quarter of 2011 to $20.9 million in the third quarter of 2012, primarily due to increases in personnel costs of $1.1 million, mostly from the recent North American acquisitions, additional employees and increased pay rates, promotional costs of $0.9 million and professional and legal fees of $0.4 million. These increases were partly offset by a reduction in cash profit sharing of $0.8 million due to lower operating income. General and administrative expense

decreased 5.3% from $25.2 million in the third quarter of 2011 to $23.8 million in the third quarter of 2012. Professional and legal fees decreased $2.4 million, which was primarily due to a $1.1 million legal contingency recorded in 2011, and the balance due to acquisitions that were completed in 2011 and the first quarter of 2012, and cash profit sharing decreased $1.1 million due to lower operating income. These decreases were partly offset by increases in depreciation expense of $0.8 million and amortization expense of $0.7 million primarily due to recent acquisitions in both North America and Europe and to increased personnel costs of $0.5 million primarily due to the recent European acquisition, additional employees and increased pay rates.

The effective tax rate increased from 34.2% in the third quarter of 2011 to 41.1% in the third quarter of 2012, primarily due to $0.9 million in valuation allowances related to 2012 European operational losses, while in 2011 release of valuation allowances related to the disposal of the Keymark equity investment led to the lower effective tax rate.

Results of Operations for the Nine Months Ended September 30, 2012, Compared with the Nine Months Ended September 30, 2011

Income from operations decreased 8.4% from $68.4 million in the first nine months of 2011 to $62.6 million in the first nine months of 2012. The following table illustrates the differences in the Company s operating results in the nine months ended September 30, 2012, from the nine months ended September 30, 2011, and the increases or decreases for each category by segment.

			Increase (Decrease) in Operating Segment			
(in thousands)	Nine Months Ended Sep. 30, 2011	North America	Europe	Asia/ Pacific	Admin & All Other	Nine Months Ended Sep. 30, 2012
Net sales	$ 472,713	$ 37,912	$ 1,030	$ 895	$	$ 512,550
Cost of sales	256,819	27,708	(204)	371	(418)	284,276
Gross profit	215,894	10,204	1,234	524	418	228,274
Research and development and other engineering expense	19,743	7,381	(79)	111		27,156
Selling expense	55,527	4,749	304	641	34	61,255
General and administrative expense	72,250	1,189	4,143	(46)	(362)	77,174
Loss on sale of assets	1	77	(27)	4	(13)	42
Income from operations	68,373	(3,192)	(3,107)	(186)	759	62,647
Income in equity method investment, before tax	4,389	(4,389)				
Interest income, net	258	(88)	69	49	(111)	177
Income before income taxes	73,020	(7,669)	(3,038)	(137)	648	62,824
Provision for income taxes	27,069	(1,287)	1,064	382	(440)	26,788
Net income	$ 45,951	$ (6,382)	$ (4,102)	$ (519)	$ 1,088	$ 36,036

The following table represents net sales by segment for the nine months ended September 30, 2011 and 2012:

(in thousands)	North America	Europe	Asia/ Pacific	Admin & All Other	Total
Nine months ended:					
September 30, 2011	$ 371,732	$ 93,206	$ 7,062	$ 713	$ 472,713

September 30, 2012	409,644	94,236	7,958	712	512,550
Increase	37,912	1,030	896	(1)	39,837
Percentage increase	10.2%	1.1%	12.7%	0.0%	8.4%

In the first nine months of 2012, net sales increased 8.4% to $512.6 million compared to net sales of $472.7 million for the first nine months of 2011 due in part to recent acquisitions. The Company had net income of $36.0 million for the first nine months of 2012 compared to net income of $46.0 million for the first nine months of 2011, which included a $4.5 million gain on the sale of the Company s equity investment in Keymark. Diluted net income per common share was $0.74 for the first nine months of 2012 compared to diluted net income of $0.93 per common share for the first nine months of 2011.

Sales in North America for the first nine months of 2012 increased, with an above-average increase in the United States, primarily due to increases in volume and recent acquisitions. Sales in the first nine months of 2012 in Europe increased slightly, due to the recent European acquisition, partly offset by decreases throughout the rest of the Company s European operations. Foreign currency translation effects were not significant. Sales to contractor distributors and lumber dealers had above-average increases in the first nine months of 2012 as compared to the same period in 2011, while sales to home centers decreased over the same period. Wood construction product sales represented 86% of total Company sales in the first nine months of 2012, down from 89% in the first nine months of 2011. Concrete product sales represented 14% of total sales in the first nine months of 2012, up from 11% in the first nine months of 2011, with increases in all geographic segments. Acquisitions since December 2011 contributed $23.5 million to sales in the first nine months of 2012, with the majority attributed to the European acquisition, and mostly in concrete construction products.

The following table represents gross profit by segment for the nine months ended September 30, 2011 and 2012:

(in thousands)	North America	Europe	Asia/ Pacific	Admin & All Other	Total
Nine months ended:					
September 30, 2011	$ 184,523	$ 30,595	$ 719	$ 57	$ 215,894
September 30, 2012	194,727	31,829	1,243	475	228,274
Increase	10,204	1,234	524	418	12,380
Percentage increase	5.5%	4.0%	72.8%	733.3%	5.7%

Gross profit increased to $228.3 million in the first nine months of 2012 from $215.9 million in the first nine months of 2011. As a percentage of net sales, gross profit decreased from 45.7% in the first nine months of 2011 to 44.5% in the first nine months of 2012. The North American segment gross profit margin decreased from 49.6% in the first nine months of 2011 to 47.5% in the first nine months of 2012, primarily due to higher material and labor costs as a percentage of sales, increased concrete construction product sales, which have a lower gross margin than wood construction product sales, and competitive price pressure. These cost increases were partly offset by lower factory overhead costs as a percentage of sales, which resulted from higher sales volume. The gross profit margin for the European segment increased to 33.8% in in the first nine months of 2012 from 32.8% in the first nine months of 2011, primarily due to lower material costs, partly offset by higher labor and factory overhead costs.

Unless otherwise noted, changes in operating expenses were mostly attributable to the North American segment. Research and development and engineering expense increased 37.5% from $19.7 million in the first nine months of 2011 to $27.2 million in the first nine months of 2012, including increases in professional fees of $5.2 million, primarily due to truss software development costs, and personnel costs of $1.8 million resulting from additional employees and a pay rate increase. These increases were partly offset by a reduction in cash profit sharing of $0.7 million due to lower operating income. Selling expense increased 10.3% from $55.5 million in the first nine months of 2011 to $61.3 million in the first nine months of 2012, primarily due to increases in personnel costs of $3.3 million, resulting from the recent North American acquisitions, additional employees and increased pay rates, increased equity-based compensation of $1.1 million and increased promotional costs of $1.0 million. General and administrative expense increased 6.8% from $72.3 million in the first nine months of 2011 to $77.2 million in the first nine months of 2012. Personnel costs increased $2.7 million primarily due to the recent European acquisition, additional employees and an increase in pay rates. Depreciation expense increased $2.2 million and amortization expense increased $2.2 million primarily due to recent acquisitions in both North America and Europe. The remaining increases in general and administrative expenses included $1.3 million in equity-based compensation, $0.5 million in computer hardware and license fees and $0.4 million reduction in foreign currency gains. These increases were partly offset by a reduction in cash profit sharing of $2.1 million due to lower operating income and a net decrease in professional and legal fees of $2.1 million although professional and legal fees increased by $0.7 million in Europe due to first quarter 2012 acquisition related activities.

The effective tax rate increased from 37.1% in the first nine months of 2011 to 42.6% in the first nine months of 2012, primarily due to 2012 non-deductible acquisition costs and valuation allowances taken on foreign losses, while in 2011 release of valuation allowances related to the disposal of the Keymark equity investment led to the lower effective tax rate.

Liquidity and Sources of Capital

As of September 30, 2012, working capital was $404.1 million as compared to $477.7 million at September 30, 2011, and $430.5 million at December 31, 2011. The decrease in working capital from December 31, 2011, was primarily due to decreases in cash and cash equivalents of $26.3 million, inventories of $8.1 million and assets held for sale of $6.8 million, and increases in accrued liabilities of $8.7 million, accrued cash profit sharing of $5.5 million, trade accounts payable of $2.2 million, and income taxes of $1.0 million. The decrease in cash and cash equivalents was primarily due to the recent European acquisition for $50.7 million, net of cash received of $6.8 million, and the recent North American acquisition for $5.3 million, net of contingent consideration of $0.2 million, partly offset by the sale of real estate in North America for $6.4 million, net of closing costs, which also accounted for the decrease in assets held for sale. Raw material inventories decreased 14.0% as compared to December 31, 2011, while in-process and finished goods inventories increased 2.7% over the same period. The increase in accrued liabilities was primarily due to the recent European acquisition, sales rebates, collected VAT/GST taxes exceeding taxes paid, a liability related to the acquisition of Canadian truss plate distribution rights, and other intangibles assets and termination expense related to the plant closing, while the increase to accrued cash profit sharing and accrued income taxes payable was due to higher operating profits in the third quarter of 2012, compared to the fourth quarter of 2011. The increase in trade accounts payable was primarily due to the recent European and North American acquisitions, employee compensation, and professional and consulting fees. The decrease in working capital from December 31, 2011, was partly offset by an increase in net trade accounts receivable of $32.0 million, which was primarily due to seasonal increases in net sales during the third quarter of 2012 compared to the fourth quarter of 2011. The balance of the change in working capital was due to the fluctuation of various other asset and liability accounts, none of which was individually material. The working capital change and changes in noncurrent assets and liabilities, combined with net income of $36.0 million and noncash expenses, primarily charges for depreciation, amortization, stock-based compensation and impairment of assets held for sale totaling $28.6 million, resulted in net cash provided by operating activities of $56.7 million. As of September 30, 2012, the Company had unused credit facilities available of $311.1 million, including a $300.0 million credit facility.

The Company s investing activities used cash of $63.5 million primarily due to the recent European acquisition for $50.7 million, net of contingent consideration of $0.6 million, and cash received of $6.8 million, the recent North American acquisition for $5.3 million, net of contingent consideration of $0.2 million, and capital expenditures of $16.1 million. The cash paid for these acquisitions and for capital assets was partly offset by the proceeds of the sale of North American real estate and other asset sales of $6.9 million. The Company s capital expenditures were primarily due to the continued construction of a manufacturing facility in Germany, improvement of various facilities in France and the United States and equipment purchases. The Company estimates that its full-year capital spending will be $22.0 to $24.0 million in 2012.

The Company s financing activities used net cash of $20.7 million. The primary uses of cash were payments of cash dividends in the amount of $18.1 million and repayment of $5.7 million of borrowings on credit facilities, including borrowings obtained through acquisition. Cash was provided from the issuance of the Company s common stock through the exercise of stock options totaling $2.2 million. In October 2012, the Company s Board of Directors declared a cash dividend of $0.125 per share, estimated to total $6.0 million, to be paid on January 24, 2013, to stockholders of record on January 3, 2013. The Company borrowed $2.2 million from its lines of credit during the first nine months of 2012, primarily for raw material purchases attributable to the recent European acquisition. The Company has $50.0 million remaining of its common stock repurchase authorization for 2012.

The Company believes that cash generated by operations and borrowings available under its credit facility will be sufficient for the Company s working capital needs and planned capital expenditures for the next 12 months. Depending, however, on the Company s future growth and possible acquisitions, it may become necessary to secure additional sources of financing, which may not be available on reasonable terms, or at all. The $300.0 million unsecured credit agreement will expire in July 2017.

A significant portion of the cash held by the Company is in foreign currencies. Cash held in foreign countries could be subject to additional taxation if it were repatriated to the United States. The Company has no plans to repatriate cash and cash equivalents held outside the United

States, as it is expected to be used to fund future international growth and acquisitions.

The Company believes that the effect of inflation on the Company has not been material in recent years, as general inflation rates have remained relatively low. Because, however, the Company s main raw material is steel, increases in steel prices may adversely affect the Company s gross margins if it cannot recover the higher costs through price increases.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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 or currency where the Company has operations, the change in net income would not be material to the Company s operations as a whole. The translation adjustment resulted in increases in accumulated other comprehensive income of $4.1 million and $1.4 million for the three and nine months ended September 30, 2012. The translation adjustment in the third quarter of 2012 was primarily due to the effect of a weakening United States dollar in relation to all currencies. The translation adjustment in the first nine months of 2012 was primarily due to the effect of the weakening of the United States dollar in relation to most currencies, partly offset by the strengthening of the United States dollar in relation to a few European currencies.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures. As of September 30, 2012, 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 at the reasonable assurance level as of that date and that the Company s disclosure controls and procedures at that date were designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission s rules and forms, including ensuring that information required to be disclosed by the Company in such reports is accumulated and communicated to the Company s management, including the CEO and the CFO, as appropriate to allow timely decisions regarding required disclosures.

The Company s management, including the CEO and the CFO, does not, however, expect that the Company s disclosure controls and procedures or the Company s internal control over financial reporting will necessarily prevent all fraud and material errors. An internal control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the facts that there are resource constraints and that the benefits of controls must be considered relative to their costs. The inherent limitations in an internal control system include the realities that judgments can be faulty and that breakdowns can occur because of simple error or mistake. Controls also can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of controls. The design of any system of internal control is also based in part on assumptions about the likelihood of future events, and there can be only reasonable, not absolute, assurance that any design will succeed in achieving its stated goals under all potential events and conditions. Over time, controls may become inadequate because of changes in circumstances, or the degree of compliance with the policies and procedures may deteriorate.

Changes in Internal Control over Financial Reporting. During the three months ended September 30, 2012, the Company made no changes to its internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) that have materially affected, or are reasonably likely to materially affect, its internal control 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.

Four lawsuits (the Cases) have been filed against the Company in the Hawaii First Circuit Court: *Alvarez v. Haseko Homes, Inc. and Simpson Manufacturing, Inc.*, Civil No. 09-1-2697-11 (Case 1); *Ke Noho Kai Development, LLC v. Simpson Strong-Tie Company, Inc., and Honolulu Wood Treating Co., LTD.*, Case No. 09-1-1491-06 SSM (Case 2); *North American Specialty Ins. Co. v. Simpson Strong-Tie Company, Inc. and K.C. Metal Products, Inc.*, Case No. 09-1-1490-06 VSM (Case 3); and *Charles et al. v. Haseko Homes, Inc. et al. and Third Party Plaintiffs Haseko Homes, Inc. et al. v. Simpson Strong-Tie Company, Inc., et al.*, Civil No. 09-1-1932-08 (Case 4). Case 1 was filed on November 18, 2009. Cases 2 and 3 were originally filed on June 30, 2009. Case 4 was filed on August 19, 2009. The Cases all relate to alleged premature corrosion of the Company s strap tie holdown products installed in buildings in a housing development known as Ocean Pointe in Honolulu, Hawaii, allegedly causing property damage. Case 1 is a putative class action brought by the owners of allegedly affected Ocean Pointe houses. Case 1 was originally filed as *Kai et al. v. Haseko Homes, Inc., Haseko Construction, Inc. and Simpson Manufacturing, Inc.*, Case No. 09-1-1476, but was voluntarily dismissed and then re-filed with a new representative plaintiff. Case 2 is an action by the builders and developers of Ocean Pointe against the Company, claiming that either the Company s strap tie holdowns are defective in design or manufacture or the Company failed to provide adequate warnings regarding the products susceptibility to corrosion in certain environments. Case 3 is a subrogation action brought by the insurance company for the builders and developers against the Company claiming the insurance company expended funds to correct problems allegedly caused by the Company s products. Case 4 is a putative class action brought, like Case 1, by owners of allegedly affected Ocean Pointe homes. In Case 4, Haseko Homes, Inc. (Haseko), the developer of the Ocean Pointe development, has brought a third party complaint against the Company alleging that any damages for which Haseko may be liable are actually the fault of the Company. None of the Cases alleges a specific amount of damages sought, although each of the Cases seeks compensatory damages, and Case 1 seeks punitive damages. Cases 1 and 4 have been consolidated. On July 13, 2012, the Court denied, without prejudice, a motion by the homeowner plaintiffs in Case 4 to certify a Fourth Amended Class Action Complaint. In addition, on July 13, 2012, the Court in Case 4 dismissed several claims that the homeowner plaintiffs had asserted against the Company. On October 1, 2012, the Court granted summary judgment in favor of the Company and against the homeowner plaintiffs with respect to additional claims the homeowner plaintiffs had asserted against the Company. The Company continues to investigate the facts underlying the claims asserted in the Cases, including, among other things, the cause of the alleged corrosion; the severity of any problems shown to exist; the buildings affected; the responsibility of the general contractor, various subcontractors and other construction professionals for the alleged damages; the amount, if any, of damages suffered; and the costs of repair, if needed. At this time, the likelihood that the Company will be found liable for any property damage allegedly suffered and the extent of such liability, if any, are unknown. Management believes the Cases may not be resolved for an extended period. The Company intends to defend itself vigorously in connection with the Cases.

Based on facts currently known to the Company, the Company believes that all or part of the claims alleged in the Cases may be covered by its insurance policies. On April 19, 2011, an action was filed in the United States District Court for the District of Hawaii, *National Union Fire Insurance Company of Pittsburgh, PA v. Simpson Manufacturing Company, Inc., et al.,* Civil No. 11-00254 ACK. In this action, Plaintiff National Union Fire Insurance Company of Pittsburgh, Pennsylvania (National Union), which issued certain Commercial General Liability insurance policies to the Company, seeks declaratory relief in the Cases with respect to its obligations to defend or indemnify the Company, Simpson Strong-Tie Company Inc., and a vendor of the Company s strap tie holdown products. By Order dated November 7, 2011, all proceedings in the *National Union* action have been stayed. If the stay is lifted and the National Union action is not dismissed, the Company intends vigorously to defend all claims advanced by National Union.

On April 12, 2011, Fireman s Fund Insurance Company (Fireman s Fund), another of the Company s general liability insurers, sued Hartford Fire Insurance Company (Hartford), a third insurance company from whom the Company purchased general liability insurance, in the United States District Court for the Northern District of California, *Fireman s Fund Insurance Company v. Hartford Fire Insurance Company*, Civil No. 11

1789 SBA (the *Fireman s Fund* action). The Company has intervened in the *Fireman s Fund* action and has moved to stay all proceedings in that action as well, pending resolution of the underlying Ocean Pointe Cases.

On November 21, 2011, the Company commenced a lawsuit against National Union, Fireman s Fund, Hartford and others in the Superior Court of the State of California in and for the City and County of San Francisco (the *San Francisco* coverage action). In the *San Francisco* coverage action, the Company alleges generally that the separate pendency of the *National Union* action and the *Fireman s Fund* action presents a risk of inconsistent adjudications; that the San Francisco Superior Court has jurisdiction over all of the parties and should exercise jurisdiction at the appropriate time to resolve any and all disputes that have arisen or may in the future arise among the Company and its liability insurers; and that the *San Francisco* coverage action should also be stayed pending resolution of the underlying Ocean Pointe Cases. The Company intends to move for such a stay if necessary.

Nishimura v. Gentry Homes, Ltd; Simpson Manufacturing Co., Inc.; and Simpson Strong-Tie Company, Inc., Civil no. 11-1-1522-07, was filed in the Circuit Court of the First Circuit of Hawaii on July 20, 2011. The case alleges premature corrosion of the Company s strap tie holdown products in a housing development at Ewa Beach in Honolulu, Hawaii. The case is a putative class action brought by owners of allegedly affected homes. The Complaint alleges that the Company s strap products and mudsill anchors are insufficiently corrosion resistant and/or fail to comply with Honolulu s building code. The Court has dismissed several of the claims the plaintiffs had asserted against the Company. The Company is currently investigating the claims asserted in the complaint, including, among other things: the existence and extent of the alleged corrosion, if any; the building code provisions alleged to be applicable and, if applicable, whether the products complied; the buildings affected; the responsibility of the general contractor, various subcontractors and other construction professionals for the alleged damages; the amount, if any, of damages suffered; and the costs of repair, if any are needed. At this time, the likelihood that the Company will be found liable for any damage allegedly suffered and the extent of such liability, if any, are unknown. The Company denies any liability of any kind and intends to defend itself vigorously in this case.

Item 1A. Risk Factors

We are affected by risks specific to us, as well as risks that generally affect businesses operating in global markets. Some of the significant factors that could materially adversely affect our business, financial condition and operating results appear in Item 1A. Risk Factors of our most recent Annual Report on Form 10-K (available at www.simpsonmfg.com/docs/10K-2011.pdf or www.sec.gov).

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

In January 2012, the Board of Directors authorized the Company to repurchase up to $50.0 million of the Company s common stock. This replaced the $100.0 million repurchase authorization from February 2011. The authorization will remain in effect through the end of 2012. There were no purchases by the Company during the third quarter of 2012.

Item 6. Exhibits.

The following exhibits are either incorporated by reference into this report or filed with this report, as indicated below.

3.1 Certificate of Incorporation of Simpson Manufacturing Co., Inc., as amended, is incorporated by reference to Exhibit 3.1 of its Quarterly Report on Form 10-Q for the quarter ended September 30, 2007.

3.2 Bylaws of Simpson Manufacturing Co., Inc., as amended through December 13, 2010, are incorporated by reference to Exhibit 3.2 of its Current Report on Form 8-K dated December 16, 2010.

4.1 Amended Rights Agreement dated as of June 15, 2009, between Simpson Manufacturing Co., Inc. and Computershare Trust Company, N.A., which includes as Exhibit B the form of Rights Certificate, is incorporated by reference to Exhibit 4.1 of Simpson

Manufacturing Co., Inc. s Registration Statement on Form 8-A/A dated June 15, 2009.

4.2 Certificate of Designation, Preferences and Rights of Series A Participating Preferred Stock of Simpson Manufacturing Co., Inc., dated July 30, 1999, is incorporated by reference to Exhibit 4.2 of its Registration Statement on Form 8-A dated August 4, 1999.

4.3 Simpson Manufacturing Co., Inc. 401(k) Profit Sharing Plan for Salaried Employees is incorporated by reference to Exhibit 4.3 of Simpson Manufacturing Co., Inc. s Registration Statement on Form S-8, File Number 333-173811, dated April 29, 2011.

4.4 Simpson Manufacturing Co., Inc. 401(k) Profit Sharing Plan for Hourly Employees is incorporated by reference to Exhibit 4.4 of Simpson Manufacturing Co., Inc. s Registration Statement on Form S-8, File Number 333-173811, dated April 29, 2011.

10.1 Simpson Manufacturing Co., Inc. 1994 Stock Option Plan, as amended through February 13, 2008, is incorporated by reference to Exhibit 10.1 of Simpson Manufacturing Co., Inc. s Quarterly Report on Form 10-Q for the quarter ended June 30, 2008.

10.2 Simpson Manufacturing Co., Inc. 1995 Independent Director Stock Option Plan, as amended through November 18, 2004, is incorporated by reference to Exhibit 10.2 of Simpson Manufacturing Co., Inc. s Quarterly Report on Form 10-Q for the quarter ended June 30, 2008.

10.3 Simpson Manufacturing Co., Inc. Executive Officer Cash Profit Sharing Plan, as amended through February 25, 2008, is incorporated by reference to Exhibit 10.4 of Simpson Manufacturing Co., Inc. s Quarterly Report on Form 10-Q for the quarter ended June 30, 2008.

10.4 Credit Agreement, dated as of July 27, 2012, among Simpson Manufacturing Co., Inc. as Borrower, the Lenders party thereto, Wells Fargo Bank, National Association, in its separate capacities as Swing Line Lender and L/C issuer and as Administrative Agent, and Simpson Strong-Tie Company Inc., and Simpson Strong-Tie International, Inc. as Guarantors, is incorporated by reference to Exhibit 10.1 of Simpson Manufacturing Co., Inc. s Current Report on Form 8-K dated August 1, 2012.

10.5 Form of Indemnification Agreement between Simpson Manufacturing Co., Inc. and its directors and executive officers, as well as the officers of Simpson Strong-Tie Company Inc., is incorporated by reference to Exhibit 10.2 of Simpson Manufacturing Co., Inc. s Annual Report on Form 10-K for the year ended December 31, 2004.

10.6 Compensation of Named Executive Officers is incorporated by reference to Exhibit 10 of Simpson Manufacturing Co., Inc. s Current Report on Form 8-K dated January 30, 2012.

10.7 Compensation of Named Executive Officers is incorporated by reference to Simpson Manufacturing Co., Inc. s Schedule 14A Proxy Statement dated March 9, 2012.

10.8 Simpson Manufacturing Co., Inc. 2011 Incentive Plan is incorporated by reference to Exhibit A of Simpson Manufacturing Co., Inc. s Schedule 14A Proxy Statement dated March 9, 2012.

10.9 Share Purchase Agreement dated as of October 26, 2011, between Josef Scherer and Yvonne Scherer, owners of S&P Clever Reinforcement Company AG and S&P Reinforcement International AG, both companies incorporated under the laws of Switzerland, on the one hand, and Simpson Manufacturing Co., Inc., on the other hand, is incorporated by reference to Exhibit 10.9 of Simpson Manufacturing Co., Inc. s Quarterly Report on Form 10-Q for the quarter ended September 30, 2011.

10.10 Asset Purchase Agreement dated as of December 16, 2011, by and between Automatic Stamping, LLC, a North Carolina limited liability company, Automatic Stamping Auxiliary Services, LLC, a North Carolina limited liability company, and William H. Black, Jr., on the one hand, and Simpson Strong-Tie Company Inc., a California corporation, on the other hand, is incorporated by reference to Exhibit 10.10 of Simpson Manufacturing Co., Inc. s Annual Report on Form 10-K for the year ended December 31, 2011.

31. Rule 13a-14(a)/15d-14(a) Certifications are filed herewith.

32. Section 1350 Certifications are filed herewith.

99.1 Simpson Manufacturing Co., Inc. 1994 Employee Stock Bonus Plan, as amended through November 18, 2004, is incorporated by reference to Exhibit 99.1 of Simpson Manufacturing Co., Inc. s Annual Report on Form 10-K for the year ended December 31, 2007.

101 Financial statements from the quarterly report on Form 10-Q of Simpson Manufacturing Co., Inc. for the quarter ended September 30, 2012, formatted in XBRL, are filed herewith and include: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Comprehensive Income, (iv) the Condensed Consolidated Statements of Stockholders Equity, (v) the Condensed Consolidated Statements of Cash Flows and (vi) the Notes to Condensed Consolidated Financial Statements.

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: November 6, 2012

By /s/Brian J. Magstadt
Brian J. Magstadt
Chief Financial Officer
(principal accounting and financial officer)