

SIMPSON MANUFACTURING CO INC /CA/  
Form DEF 14A  
March 08, 2013

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant  X

Filed by a Party other than the Registrant  O

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Simpson Manufacturing Co., Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
  - (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:

**Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**



**SIMPSON MANUFACTURING CO., INC.**

**5956 W. Las Positas Blvd.**

**Pleasanton, California 94588**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

To the Stockholders of Simpson Manufacturing Co., Inc.:

We will hold the annual meeting of our stockholders at 2:00 p.m., Pacific Daylight Time, on Tuesday, April 23, 2013, at our home office located at 5956 W. Las Positas Blvd., Pleasanton, California. The matters that you will address at this meeting are:

1. A proposal to elect as directors the 3 persons nominated by a committee of independent members of our Board of Directors, each to hold office for a 3-year term and until his or her successor is elected and qualifies or until his or her earlier resignation or removal.
2. A proposal to re-approve our Executive Officer Cash Profit Sharing Plan.
3. A proposal to ratify our Board of Directors selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current fiscal year.
4. An advisory (non-binding) vote to approve Named Executive Officer compensation.
5. Stockholder proposal on majority voting.
6. Stockholder proposal on sustainability reporting.
7. Any other business that properly comes before the meeting.

Edgar Filing: SIMPSON MANUFACTURING CO INC /CA/ - Form DEF 14A

Only stockholders of record as of February 28, 2013, are entitled to notice of and will be entitled to vote at this meeting or any adjournment of this meeting.

BY ORDER OF THE BOARD OF DIRECTORS

Brian J. Magstadt  
*Secretary*

Pleasanton, California  
March 8, 2013

TO ASSURE THAT YOUR SHARES ARE REPRESENTED AT THE MEETING, WE URGE YOU TO COMPLETE, DATE AND SIGN THE ENCLOSED PROXY AND MAIL IT PROMPTLY IN THE POSTAGE-PAID ENVELOPE PROVIDED, OR VOTE BY TELEPHONE OR THE INTERNET AS INSTRUCTED ON THE PROXY, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING. YOU CAN REVOKE YOUR PROXY AT ANY TIME BEFORE THE PROXIES YOU APPOINT CAST YOUR VOTES.

---

**SIMPSON MANUFACTURING CO., INC.**

**5956 W. Las Positas Blvd.**

**Pleasanton, California 94588**

**March 8, 2013**

**PROXY STATEMENT**

**Solicitation and Voting of Proxies**

On behalf of the Board of Directors of Simpson Manufacturing Co., Inc., a Delaware corporation, we are soliciting from you a proxy in the enclosed form for use at our 2013 Annual Meeting of Stockholders. We will hold this meeting at our home office located at 5956 W. Las Positas Blvd., Pleasanton, California, on Tuesday, April 23, 2013, at 2:00 p.m., Pacific Daylight Time. Your proxy will be used at this meeting or at any adjournment of this meeting. Only holders of record of our common stock at the close of business on February 28, 2013, may vote at this meeting. At the close of business on that date, we had 48,543,831 shares of our common stock outstanding and entitled to vote. A majority, or 24,271,916, of these shares, present in person or represented by proxy at this meeting, will constitute a quorum for the transaction of business. We are making this Proxy Statement and our Annual Report to Stockholders for the year ended December 31, 2012, available to each of our stockholders on or about March 8, 2013.

**Revocability of Proxy**

If you give a proxy, you may revoke it at any time before the proxy holders vote it at the meeting, in any of the 3 following ways:

- deliver a written notice to our Secretary by any means, including facsimile, stating that the proxy is revoked;
- sign a proxy bearing a later date and deliver it to our Secretary; or
- attend the meeting and vote in person, although your attendance at the meeting will not, by itself, revoke your proxy.

If, however, your shares are held of record by a broker, bank or other nominee and you desire to vote at the meeting, you must bring to the meeting a letter from the broker, bank or other nominee confirming your beneficial ownership of the shares you desire to vote.

**Expenses of Proxy Solicitation**

We are paying the expenses of this solicitation of proxies. After we make this Proxy Statement and other soliciting materials available, we or our agents may also solicit proxies by mail, telephone, electronic mail or facsimile or in person.

### **Voting Rights**

As a holder of our common stock, you are entitled to one vote per share on any matter submitted to a vote of the stockholders. Our Bylaws permit stockholders to cumulate their votes in the election of directors at an annual meeting if, at least 65 days before the meeting, a stockholder notifies our Secretary in writing of the stockholder's intention to cumulate votes. Cumulative voting would entitle each stockholder to give one properly nominated candidate a number of votes equal to the number of directors to be elected multiplied by the number of shares the stockholder holds or to distribute those votes on the same principle among as many properly nominated candidates as the stockholder thinks fit. Our Secretary has not, however, received a cumulative voting notice for this meeting, and as a result cumulative voting will not be available at this meeting.

Our Board of Directors expects all nominees named below to be available for election. If any nominee is not available, the proxy holders may vote for a substitute whom the Governance and Nominating Committee of our Board of Directors may nominate. We are not aware of any specific matter to be brought before the meeting that is not identified in the notice of the meeting and this Proxy Statement. If, however, stockholders present proposals at the meeting that are not included in this Proxy Statement, the proxy holders will have discretion to vote on those proposals as they see fit. The proxies solicited by this Proxy Statement will confer discretionary authority on matters of which we are not aware a reasonable time before the meeting. Accordingly, the proxy holders may use their discretionary authority to vote on any such matter pursuant to the proxies in the enclosed form.

Our stockholders may cast votes personally at the meeting or the proxy holders may cast the votes of stockholders who provide proxies in the enclosed form. Our stockholders will elect directors at the meeting by a plurality of the votes cast at the meeting. In the election of directors, that is, the nominees receiving the highest numbers of affirmative votes of the shares entitled to be voted for them up to the number of directors to be elected by such shares are elected. Votes against a nominee and votes withheld have no legal effect. On each of Proposal Nos. 2, 3, 4, 5 and 6, approval will require the affirmative vote of a majority of the votes cast at the meeting on that Proposal. Proposal No. 4 is an advisory vote only and is not binding on us or our Board of Directors. Abstentions and broker nonvotes count as shares present for determination of a quorum but do not count as affirmative or negative votes on any item to be voted on and do not count in determining the number of shares voted or votes cast on any matter.

**SECURITY OWNERSHIP OF CERTAIN  
BENEFICIAL OWNERS AND MANAGEMENT**

The following table provides information, as of February 28, 2013, unless otherwise indicated, about the beneficial ownership of our common stock by

- each stockholder known by us to be the beneficial owner of more than 5 percent of our common stock,
- each director and director nominee,
- each person currently serving as one of our executive officers named in the Summary Compensation Table see Executive Compensation below, and
- all of our current executive officers and directors as a group.

Name and, for Each 5% Beneficial Owner, Address	Amount and Nature of Beneficial Ownership (1)	Percent of Class
Barclay Simpson (2) 5956 W. Las Positas Blvd. Pleasanton, CA 94588	7,863,757	16.2%
Royce & Associates, LLC 745 Fifth Avenue New York, NY 10151	5,300,286	10.9%
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	3,014,010	6.2%
Thomas J Fitzmyers (3)	116,977	*
Karen Colonias (4)	31,996	*
Michael J. Herbert (5)	15,278	*
Phillip Terry Kingsfather (6)	45,173	*
Jeffrey E. Mackenzie (7)	23,422	*
Brian J. Magstadt (8)	8,370	*
James S. Andrasick	356	*
Jennifer A. Chatman (9)	6,068	*
Earl F. Cheit (9)	8,068	*

Edgar Filing: SIMPSON MANUFACTURING CO INC /CA/ - Form DEF 14A

Gary M. Cusumano (9)	6,868	*
Peter N. Louras, Jr. (9)	10,751	*
Robin G. MacGillivray (9)	6,068	*
Barry Lawson Williams (9)	8,495	*
All current executive officers and directors as a group (10)	8,151,647	16.7%

---

\* Less than 0.5%



- (1) We based the information in this table on information that our officers and directors provided to us and on statements on Schedule 13D or 13G that stockholders filed with the Securities and Exchange Commission and sent to us. Unless otherwise indicated below, the persons named in the table had sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable.
- (2) Includes 1,000 shares that are subject to options that we granted under our 1994 Stock Option Plan (now part of our 2011 Incentive Plan) and that are exercisable within 60 days.
- (3) Includes 9,000 shares that are subject to options that we granted under our 1994 Stock Option Plan (now part of our 2011 Incentive Plan) and that are exercisable within 60 days. Mr. Fitzmyers has a revolving line of credit in the maximum amount of approximately \$2.0 million that is secured by 100,000 shares of our common stock that he owns. There is currently a balance due on this line of credit of approximately \$300,000.
- (4) Includes 27,000 shares that are subject to options that we granted under our 1994 Stock Option Plan (now part of our 2011 Incentive Plan) and that are exercisable within 60 days.
- (5) Includes 10,000 shares that are subject to options that we granted under our 1994 Stock Option Plan (now part of our 2011 Incentive Plan) and that are exercisable within 60 days.
- (6) Includes 28,500 shares that are subject to options that we granted under our 1994 Stock Option Plan (now part of our 2011 Incentive Plan) and that are exercisable within 60 days.
- (7) Includes 20,000 shares that are subject to options that we granted under our 1994 Stock Option Plan (now part of our 2011 Incentive Plan) and that are exercisable within 60 days.
- (8) Includes 6,500 shares that are subject to options that we granted under our 1994 Stock Option Plan (now part of our 2011 Incentive Plan) and that are exercisable within 60 days.
- (9) Includes 5,000 shares that are subject to options that we granted under our 1995 Independent Director Stock Option Plan (now part of our 2011 Incentive Plan) and that are exercisable within 60 days.
- (10) Includes 132,000 shares subject to options that are exercisable within 60 days, as described in notes (2) through (9) above.



**PROPOSAL NO. 1****ELECTION OF DIRECTORS****Nominees**

We have nominated for re-election at the meeting James S. Andrasick, Gary M. Cusumano and Peter N. Louras, Jr., whose terms as directors expire in 2013. Below are the names of our directors and information about them. The persons authorized to vote the shares represented by proxies in the enclosed form intend to vote for Mr. Andrasick, Mr. Cusumano and Mr. Louras. Under our Bylaws, the stockholders will not be permitted to nominate anyone at the meeting. If stockholders cast any votes at the meeting for any candidates other than those that we have nominated, the persons authorized to vote shares represented by proxies in the enclosed form, except for proxies withholding authority to vote for the election of directors or for any particular nominees, will have full discretion and authority to vote for any or all of the nominees in such order as those persons may determine.

<b>Name</b>	<b>Age</b>	<b>Director Since</b>	<b>Position</b>
Thomas J Fitzmyers (4)	72	1978	Chairman of the Board and Director term expiring in 2014
James S. Andrasick (2) (4)	68	2012	Director term expiring in 2013
Jennifer A. Chatman (1) (2) (3) (5)	53	2004	Director term expiring in 2015
Earl F. Cheit (2) (3) (5)	86	1994	Lead Independent Director term expiring in 2014
Gary M. Cusumano (4) (5)	69	2007	Director term expiring in 2013
Peter N. Louras, Jr. (1) (2) (4) (5)	63	1999	Director term expiring in 2013
Robin G. MacGillivray (2) (3) (4) (5)	58	2004	Director term expiring in 2015
Barclay Simpson (5)	91	1956	Director term expiring in 2015
Barry Lawson Williams (1) (3) (4) (5)	68	1994	Director term expiring in 2014

- 
- (1) Member of the Compensation and Leadership Development Committee
  - (2) Member of the Audit Committee
  - (3) Member of the Governance and Nominating Committee
  - (4) Member of the Acquisition and Strategy Committee
  - (5) Member of the Growth Committee

**Executive Officers**

As Chairman of the Board, Thomas J Fitzmyers is an executive officer. Our other executive officers are: Karen Colonias, age 55, our Chief Executive Officer; Brian J. Magstadt, age 45, our Chief Financial Officer, Treasurer and Secretary; and Michael J. Herbert, age 54, and Jeffrey E. Mackenzie, age 51, our Vice Presidents. Phillip Terry Kingsfather, age 66, is a director and the President and Chief Executive Officer of our subsidiary, Simpson Strong-Tie Company Inc. We regard Mr. Kingsfather as one of our executive officers, because he performs management policy-making functions for us. Our executive officers also may serve as directors or officers of our subsidiaries.

## Director and Officer Qualifications and Biographical Information

Our directors are individuals of reputation, integrity and accomplishment. They bring to Board issues a range of talents, including a customer-oriented focus, useful education, experience and insights. A majority of our outside directors must be independent. To be independent, an outside director must have no financial, family or close personal ties to us or our executives and must meet the New York Stock Exchange regulatory standard of independence. New directors are oriented to our business and governance through meetings with our officers and directors and visits to our facilities. We also support, and pay for, participation in continuing education programs to assist directors in performing their Board responsibilities.

*Thomas J Fitzmyers* was appointed Chairman of our Board of Directors in September 2011, effective January 2012. Prior to that, he served as our President and as a director since 1978 and served as our Chief Executive Officer since 1994. He has served as a director of our subsidiary, Simpson Strong-Tie Company Inc., since 1983 and as its Chief Executive Officer from 1983 to February 2009. He also served as a director of our subsidiary, Simpson Dura-Vent Company, Inc., from 1982 until its disposition in August 2010. Mr. Fitzmyers was employed by Union Bank from 1971 to 1978. He was a Regional Vice President when he left Union Bank to join us in 1978. Mr. Fitzmyers' experience as President and Chief Executive Officer of Simpson Manufacturing Co., Inc. gives him unique and invaluable insights into the challenges facing our business and our industry.

*James S. Andrasick* joined our Board of Directors in June 2012. He brings over 40 years of business experience, most recently as the Chairman of Matson Navigation, until his retirement in 2009, and as its President and Chief Executive Officer from 2002 through 2008. Prior to his promotion to President and Chief Executive Officer of Matson Navigation in 2002, Mr. Andrasick was the Chief Financial Officer of Alexander & Baldwin, Inc., the parent company of Matson Navigation, and was responsible for all business development activity. He currently serves as a Trustee and Chair of the Finance Committee of Mills College and as a Trustee of the U.S. Coast Guard Foundation. He also previously served as a Director and Chairman of the Board of the American Red Cross, Hawaii State Chapter, as well as serving on the boards of the Aloha United Way, Arthritis Foundation and Hawaii Maritime Center and was the Chairman and a Trustee of the University of Hawaii Foundation. Mr. Andrasick holds a Bachelor of Science degree in Engineering from the U.S. Coast Guard Academy and a Masters degree in Management Science from the Massachusetts Institute of Technology. His experience in developing the China market for Matson Navigation and in mergers and acquisitions gives him a unique understanding of the Company's current opportunities, and his strong financial and operational background adds depth to our Board's understanding of our business.

*Jennifer A. Chatman* is the Paul J. Cortese Distinguished Professor of Management, Haas School of Business, University of California, Berkeley. Before joining the Berkeley faculty in 1993, she was a professor at the Kellogg Graduate School of Management, Northwestern University. She received her Ph.D. from University of California, Berkeley in 1988. She is a Trustee of Prospect Sierra School. In addition to her research and teaching at University of California, Berkeley, she consults with a wide range of organizations and is the faculty director of the Berkeley Executive Leader Program. She teaches in executive development programs at a variety of universities. Ms. Chatman brings to our Board a deep understanding of organizational structure, leadership and compensation that gives us an objective perspective in interpreting and leveraging our unique culture to achieve our strategic objectives.

*Earl F. Cheit* is Dean and Edgar F. Kaiser Professor Emeritus, Haas School of Business, University of California, Berkeley. Until 2001, he was Chairman of the Board of YCI, a consumer products company, and Senior Advisor, Asia Pacific Economic Affairs, The Asia Foundation. He is a member of the Audit Committee of the Evelyn and Walter Haas, Jr. Fund, an Honorary Trustee of Mills College, a Trustee Emeritus of the University of California, Berkeley, Foundation, and founding Chairman of Cal Performances, the performing arts presenter and commissioner at the University of California, Berkeley. He is a member of the Bay Area Council's Business Hall of Fame selection committee. Mr. Cheit brings a wealth of academic and industry experience to our Board of Directors as well as an understanding of global economies, management and corporate governance.

Edgar Filing: SIMPSON MANUFACTURING CO INC /CA/ - Form DEF 14A

*Gary M. Cusumano* has over 35 years of experience with The Newhall Land and Farming Company, most recently as its Chairman. He retired from Newhall Land and Farming Company in January 2006. He is a director of Granite Construction, Inc., Forest Lawn Memorial Park and the J.G. Boswell Company, was formerly a director of Sunkist Growers, Inc., Watkins-Johnson Company and Zero Corporation and has served on the boards of many not-for-

profit and community service organizations. Mr. Cusumano's service as Chairman of the Newhall Land and Farming Company and his board service with Granite Construction provide our Board of Directors with his perspective and expertise from his service with a publicly traded New York Stock Exchange company and real estate developer.

*Peter N. Louras, Jr.* is a retired corporate executive. He joined The Clorox Company in 1980 and was Group Vice President from May 1992 until his retirement in July 2000. In this position, he served on The Clorox Company's Executive Committee with overall responsibility for its international business activities and business development function, including acquisitions and divestitures. Before joining The Clorox Company, Mr. Louras, a certified public accountant, worked at Price Waterhouse in its offices in both San Francisco, California, and Philadelphia, Pennsylvania. Mr. Louras is a member of the American Institute of CPAs. He is currently a member of the Board of Directors of Dealer Fusion, a privately owned company. Mr. Louras actively participates in civic projects and serves on the boards of various not-for-profit organizations. Mr. Louras' business background provides the Board of Directors with a global perspective and hands-on experience in business development and strategic acquisitions. Mr. Louras also brings his financial accounting expertise to his role as Chair of the Audit Committee.

*Robin G. MacGillivray* became Senior Vice President - One AT&T Integration for AT&T in January 2010. In this role, she is overseeing the implementation of several corporate initiatives designed to further integrate merged organizations and operations for optimal customer service and financial performance. Prior to that she was Senior Vice President - Regional and Local Markets, responsible for service and sales to AT&T's small business customers nationwide. She previously served as Senior Vice President - Strategic Process Improvement, where she oversaw that company's call center transformation, DSL improvement, and sales and marketing process standardization efforts. Ms. MacGillivray joined AT&T in 1979, after receiving her bachelor's degree in journalism from the School of Journalism and her master's degree in telecommunications management from the Annenberg School of Communications, both at the University of Southern California. She completed the Stanford Executive Program at Stanford University in 1997. She has worked in numerous AT&T organizations and functions, including Engineering, Operations, Finance, Human Resources, Marketing, Customer Service and Sales. She is the former President of the Board of Directors of the Girl Scouts of Northern California. Ms. MacGillivray brings to our Board of Directors her extensive experience managing complex businesses in highly competitive and rapidly changing environments, cultivated from a variety of functional areas.

*Barclay Simpson* is Chairman Emeritus of our Board of Directors. Prior to that, he was Chairman of our Board of Directors since 1994. He incorporated our predecessor and went into the structural connector business in 1956. Mr. Simpson is a member of the Boards of Directors of the University Art Museum of the University of California, Berkeley, and the California College of the Arts. He is also active in other charitable and educational institutions. Mr. Simpson's experience in our industry spans more than 50 years, and his ownership stake in Simpson Manufacturing Co., Inc. closely aligns his interests with those of our other stockholders.

*Barry Lawson Williams* is the retired Managing General Partner of Williams Pacific Ventures Inc., a venture investing and consulting firm. He is a director of PG&E Corporation, SLM Corp., CH2M HILL Companies, Ltd. and Northwestern Mutual Life Insurance Co. Mr. Williams is a director for several not-for-profit organizations, including Sutter Health, Resources Legacy Fund and Management Leadership for Tomorrow. Mr. Williams brings invaluable experience to our Board of Directors in several areas, including financial and acquisition analysis and real estate development, and in his extensive service on several high-profile boards. He also brings legal and environmental experience and a broad understanding of relevant accounting and governance issues that we encounter.

*Karen Colonias* was appointed as our Chief Executive Officer in September 2011, effective January 2012. From May 2009 to January 2012, she was our Chief Financial Officer, Secretary and Treasurer. Prior to that, she held the position of Vice President of our subsidiary, Simpson Strong-Tie Company Inc., and in that capacity since 2004 served as the Branch Manager of Simpson Strong-Tie's manufacturing facility in Stockton, California. She joined Simpson Strong-Tie in 1984 as an engineer in the research and development department, where she was responsible for the design and testing of new products and code development. In 1998, Simpson Strong-Tie promoted Ms. Colonias to Vice President of Engineering, responsible for Simpson Strong-Tie's research and development efforts. Before joining Simpson Strong-Tie, she worked as a civil engineer for the Bechtel Corporation. Ms. Colonias has a BS in Engineering and an MBA and is also a licensed professional engineer.





*Brian J. Magstadt* has served as Chief Financial Officer, Treasurer and Secretary since January 2012. He joined Simpson Manufacturing Co., Inc. in 2004 as Financial Reporting Specialist, and, from 2008 until 2012, served as our Financial Reporting Manager, overseeing our external reporting program and managing various other accounting and finance functions. He is a licensed CPA and holds a Bachelor of Science degree in Business Administration from California State University, Chico, and a Masters of Business Administration degree from Santa Clara University.

*Michael J. Herbert* became Vice President in May 2009, responsible for various international operations outside of North America. From 2000 to May 2009, he served as our and our subsidiaries Chief Financial Officer, Treasurer and Secretary. From 1988 to 2000, he held various financial management positions, with his last position as Director of Finance, with Sun Microsystems, Inc.

*Jeffrey E. Mackenzie* was appointed Vice President in December 2008. He joined Simpson Manufacturing Co., Inc. in 1994 and from November 2000 to December 2008, served as our Financial Reporting Manager, overseeing our external reporting program and managing various other finance functions, including our equity-based compensation programs. Prior to joining us, he worked for Deloitte & Touche, LLP as a Senior Accountant in San Francisco, California. Mr. Mackenzie is a licensed CPA (currently inactive) and holds a Bachelor of Science degree in Business Administration from California State University, San Diego, and a Masters of Business Administration degree from Santa Clara University.

*Phillip Terry Kingsfather* has served as the President and Chief Executive Officer of Simpson Strong-Tie Company Inc. since February 2009. From August 2006 to February 2009, he served as President and Chief Operating Officer of Simpson Strong-Tie Company Inc. His career with us started in 1979 as an Outside Sales Representative in the Pacific Northwest for Simpson Strong-Tie Company Inc. In 1985, he became Regional Sales Manager. He joined our Anchor Systems sales team in 1997 and was instrumental in the launch of this product line. In 2003, he was promoted to Vice President of Simpson Strong-Tie Company Inc. in charge of our Anchor Systems product line, where he served until August 2006.

## **Independence**

The New York Stock Exchange corporate governance rules require that the board of directors of a listed company consist of a majority of independent directors. A majority of our directors are independent under those rules.

Our Board of Directors follows the independence standards required by the New York Stock Exchange corporate governance rules to determine director independence. Those standards provide that a director will not be independent of a listed company if:

- the director is, or has been within the last 3 years, an employee of the listed company, or an immediate family member is, or has been within the last 3 years, an executive officer, of the listed company;
- the director has received, or has an immediate family member who has received, during any 12-month period within the last 3 years, more than \$120,000 in direct compensation from the listed company, other than director and committee fees and pension or other forms of deferred compensation for prior service, provided such compensation is not contingent in any way on continued service;

Edgar Filing: SIMPSON MANUFACTURING CO INC /CA/ - Form DEF 14A

- (a) the director is a current partner or employee of a firm that is the company's internal or external auditor; (b) the director has an immediate family member who is a current partner of such a firm; (c) the director has an immediate family member who is a current employee of such a firm and personally works on the listed company's audit; or (d) the director or an immediate family member was within the last 3 years a partner or employee of such a firm and personally worked on the listed company's audit within that time;
- the director or an immediate family member is, or has been within the last 3 years, employed as an executive officer of another company where any of the listed company's present executive officers at the same time serves or served on the other company's compensation committee; or
- the director is a current employee, or an immediate family member is a current executive officer, of another company that has made payments to, or received payments from, the listed company for property or services in an amount that, in any of the last 3 fiscal years, exceeded the greater of \$1,000,000 or 2 percent of the other company's consolidated gross revenues.

For purposes of these standards, immediate family member includes a director's spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and anyone, other than any domestic employee, who shares the director's home.

Applying these independence standards, our Board of Directors has affirmatively determined that Mr. Andrasick, Mr. Cheit, Mr. Louras, Mr. Williams, Ms. Chatman and Ms. MacGillivray are each independent under the New York Stock Exchange corporate governance rules, in that none of them has a material relationship with us, either directly or as a partner, stockholder, officer or employee of an organization that has a relationship with us. Our Board of Directors has determined that our other directors, Mr. Simpson, Mr. Cusumano and Mr. Fitzmyers, are not independent under those rules. In making its determination, our Board of Directors considered all relevant facts and circumstances, including commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, and considered the issue not merely from the standpoint of a director, but also from that of persons or organizations with which a director has an affiliation.

### **Criteria and Diversity**

In considering whether to nominate any candidate to serve on our Board of Directors, the Governance and Nominating Committee of our Board of Directors considers the candidate's education, business experience, financial expertise, industry experience, business acumen, interpersonal skills, vision, teamwork, integrity, strategic ability and customer focus. Our Board of Directors does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. Our Board of Directors also believes that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow our Board of Directors to fulfill its responsibilities. We do not discriminate against nominees on the basis of gender, race, religion, national origin, sexual orientation or disability.

### **Attendance at Meetings**

Our Board of Directors held 7 meetings in 2012. Its committees held a total of 25 meetings in 2012, including 6 meetings of the Audit Committee, 7 meetings of the Compensation and Leadership Development Committee, 6 meetings of the Governance and Nominating Committee and 6 meetings of the Acquisition and Strategy Committee. Each director attended at least 75 percent of the meetings of our Board of Directors (except for Barclay Simpson who attended 5 of the 7 meetings) and at least 75 percent of the meetings of the committees on which he or she served in 2012. All of our directors attended the annual meeting of our stockholders in 2012, although we do not have a policy that requires our directors to attend the annual meeting of stockholders. In addition to the 7 meetings that the Board of Directors held in 2012, the independent members of our Board of Directors held 3 meetings in executive session in 2012 on days that the entire Board of Directors did not meet. Each of our independent members attended 100 percent of those executive sessions.

### **Leadership Structure and the Board of Directors Role in Risk Management**

Our Board of Directors and its committees take an active role in overseeing management of our risks. The Board regularly reviews information regarding our operational, financial, legal and strategic risks. Our Compensation and Leadership Development Committee is responsible for overseeing the management of risks relating to our compensation plans; our Audit Committee oversees management of our financial risks; and our Governance and Nominating Committee manages risks associated with the independence of the Board of Directors and potential conflicts of interest. In 2009, our Board of Directors created the Acquisition and Strategy Committee, whose role in risk management includes evaluating and managing our strategic risks. While each committee is responsible for evaluating certain risks and overseeing the management of these risks, our entire Board of Directors is regularly informed about such risks through committee and executive officer reports.

For many years the roles of our Chairman and our Chief Executive Officer have been separated. We believe that this is appropriate under current circumstances, because it allows management to make the operating decisions necessary to manage the business, while helping to keep a measure of independence between the oversight function of our Board of Directors and operating decisions. We feel that this has provided an appropriate balance of operational focus, flexibility and oversight.

Our independent directors meet at regularly scheduled executive sessions without members of management. In 2010, our Board of Directors created the role of Lead Independent Director and appointed Earl F. Cheit to that role. The Lead Independent Director participates in setting the agenda of Board of Directors and Committee meetings, coordinates the distribution and presentation of meeting materials, manages communications between the Board of Directors and management, maintains the focus and punctuality of Board of Directors and Committee meetings and presides over executive session meetings of the independent directors.

#### **Communications with our Board of Directors**

We encourage stockholders and interested parties to communicate any concerns or suggestions directly to the independent members of our Board of Directors, by writing to:

Board of Directors

Simpson Manufacturing Co., Inc.

P.O. Box 1394

Alamo, CA 94507-7394

**OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF JAMES S. ANDRASICK, GARY M. CUSUMANO AND PETER N. LOURAS, JR., THE THREE NOMINEES FOR DIRECTOR AT THIS MEETING.**

#### **PROPOSAL NO. 2**

#### **RE-APPROVAL OF OUR**

#### **AMENDED EXECUTIVE OFFICER CASH PROFIT SHARING PLAN**

At the annual meeting, we will ask our stockholders to re-approve our amended Executive Officer Cash Profit Sharing Plan. Our Board of Directors adopted our Executive Officer Cash Profit Sharing Plan on January 14, 2003, and our stockholders approved it on March 31, 2003. Our Board of Directors amended it on February 25, 2008, and our stockholders re-approved it on April 23, 2008.

Our Executive Officer Cash Profit Sharing Plan is designed to provide bonuses that qualify as performance-based compensation under section 162(m) of the Internal Revenue Code of 1986 and the regulations and interpretations thereunder. Under Internal Revenue Code section 162(m), we may not deduct from our income for federal income tax purposes compensation in excess of \$1,000,000 that we pay in any one year to any of our employees who is treated as a covered employee pursuant to section 162(m), as amended and as interpreted in Treasury Regulations and notices or other rulings issued by the Internal Revenue Service. This \$1,000,000 limit does not, however, apply to compensation that we pay under a plan approved by our stockholders, if the compensation is performance-based. Our Executive Officer Cash Profit Sharing Plan allows us to deduct performance-based incentive compensation that we pay to each of our covered employees in excess of the \$1,000,000 limit.

We have maintained a Cash Profit Sharing Plan as part of our compensation package for qualified employees for over 30 years. We adopted our Executive Officer Cash Profit Sharing Plan to parallel our Cash Profit Sharing Plan, the only differences being those necessary to conform to the requirements of section 162(m) for the bonuses to be fully deductible. See Executive Compensation Summary Compensation Table. The Executive Officer Cash Profit Sharing Plan will continue to provide for bonuses for our Named Executive Officers on the same terms and will continue to enable us to deduct fully, for federal income tax purposes, bonuses paid to our covered employees under the Executive Officer Cash Profit Sharing Plan. The Executive Officer Cash Profit Sharing Plan does not allow us to pay any awards greater than \$2,500,000 to any covered employee in any year.

Our Board of Directors has delegated the administration of our Executive Officer Cash Profit Sharing Plan to its Compensation and Leadership Development Committee, which comprises Jennifer A. Chatman, Chair, Peter N. Louras, Jr. and Barry Lawson Williams. The members of the Compensation and Leadership Development Committee

are (a) non-employee directors, which means directors who satisfy the requirements established by the Securities and Exchange Commission for non-employee directors under Rule 16b-3, and (b) outside directors, which means directors who satisfy the requirements established under Internal Revenue Code section 162(m). Our Board of Directors appoints the members of the Compensation and Leadership Development Committee for indefinite terms and may remove any of them from the Compensation and Leadership Development Committee at any time. Subject to the oversight of our Board of Directors, the Compensation and Leadership Development Committee has the sole discretion and authority to administer and interpret the Executive Officer Cash Profit Sharing Plan in accordance with Internal Revenue Code section 162(m).

The Compensation and Leadership Development Committee determines the amount of the award that each of our Named Executive Officers is eligible to receive under the Executive Officer Cash Profit Sharing Plan each fiscal quarter. The Compensation and Leadership Development Committee bases each determination of the awards on a percentage of the amount by which net profits, as defined by the Compensation and Leadership Development Committee, of the company for a fiscal quarter exceed a qualifying level of net profits for the company for that fiscal quarter. The Compensation and Leadership Development Committee bases qualifying levels on the value of net operating assets of the company multiplied by a rate of return on those assets. The Compensation and Leadership Development Committee bases individual percentages on job function. See Executive Compensation Compensation Discussion and Analysis. The Compensation Committee has discretion to reduce or eliminate any award under the Executive Officer Cash Profit Sharing Plan.

The Compensation and Leadership Development Committee may at any time amend the Executive Officer Cash Profit Sharing Plan, subject in some cases to the approval of our stockholders, or terminate the Executive Officer Cash Profit Sharing Plan.

Under present federal income tax law, participants realize ordinary income equal to the amount of the award received in the year of receipt. We are entitled to deduct from our taxable income the amount constituting ordinary income to the participant, as long as the Executive Officer Cash Profit Sharing Plan satisfies the requirements of Internal Revenue Code section 162(m). As described above, Internal Revenue Code section 162(m) limits the deductibility of compensation not based on performance that is paid to certain corporate executives. We intend to administer the Executive Officer Cash Profit Sharing Plan in a manner that, under Internal Revenue Code section 162(m), maximizes the deductibility of compensation that we pay.

A copy of the Executive Officer Cash Profit Sharing Plan, as amended, is attached to this Proxy Statement as Exhibit A and is incorporated herein by this reference. The foregoing description of the Executive Officer Cash Profit Sharing Plan is qualified in its entirety by reference to Exhibit A attached hereto.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR APPROVAL OF THE SIMPSON MANUFACTURING CO., INC. EXECUTIVE OFFICER CASH PROFIT SHARING PLAN, AS AMENDED AND ATTACHED AS EXHIBIT A.**

### **PROPOSAL NO. 3**

#### **RATIFICATION OF SELECTION OF INDEPENDENT**

#### **REGISTERED PUBLIC ACCOUNTING FIRM**

Our Board of Directors has selected PricewaterhouseCoopers LLP as the principal independent registered public accounting firm to audit our internal controls over financial reporting and our financial statements for 2013. You will be asked to ratify that selection.

Edgar Filing: SIMPSON MANUFACTURING CO INC /CA/ - Form DEF 14A

PricewaterhouseCoopers LLP has audited our financial statements since before our initial public offering in 1994. A PricewaterhouseCoopers LLP representative will be present at the meeting, will be given an opportunity to make a statement at the meeting if he or she desires to do so, and will be available to respond to appropriate questions.

**OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR RATIFICATION OF THE SELECTION OF PRICEWATERHOUSECOOPERS LLP.**



**PROPOSAL NO. 4**

**ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION**

At each annual meeting, we provide our stockholders with the opportunity to vote to approve, on a non-binding, advisory basis, the compensation of our Named Executive Officers as disclosed in this proxy statement in accordance with the compensation disclosure rules of the Securities and Exchange Commission. At this meeting, the stockholders will vote on the following resolution:

RESOLVED that the compensation paid to this corporation's Named Executive Officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby approved.

As described below under Executive Compensation Compensation Discussion and Analysis, we seek to closely align the interests of our Principal Executive Officer, our Principal Financial Officer and our 3 other most highly compensated executive officers (our Named Executive Officers) with the interests of our stockholders. Our compensation programs are designed to reward our Named Executive Officers for the achievement of short-term and long-term strategic and operational goals and the achievement of increased total stockholder value, while at the same time avoiding the encouragement of unnecessary or excessive risk-taking.

The vote on this resolution is not intended to address any specific element of compensation; rather, the vote relates to the overall compensation of our Named Executive Officers, as described in this proxy statement in accordance with the compensation disclosure rules of the Securities and Exchange Commission. This vote is advisory, which means that it is not binding on us, our Board of Directors or the Compensation and Leadership Development Committee of our Board of Directors. The Compensation and Leadership Development Committee and our Board or Directors value the views of our stockholders and will take into account the outcome of the vote when considering future compensation decisions for our Named Executive Officers.

**OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ABOVE RESOLUTION TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION.**

**PROPOSAL NO. 5**

**STOCKHOLDER PROPOSAL TO ADOPT A MAJORITY**

**VOTING STANDARD IN DIRECTOR ELECTIONS**

The California State Teachers Retirement System ( CalSTRS ) Investments, 100 Waterfront Place, MS-04, West Sacramento, California 95605-2807, has represented that it beneficially owns shares of our common stock having a market value in excess of \$2,000, and has informed us that it intends to submit the following proposed resolution at the Annual Meeting:

**BE IT RESOLVED:**

That the shareholders of Simpson Manufacturing Co., Inc. hereby request that the Board of Directors initiate the appropriate process to amend the Company's articles of incorporation and/or bylaws to provide that director nominees shall be elected by the affirmative vote of the majority of votes cast at an annual meeting of shareholders, with a plurality vote standard retained for contested director elections, that is, when the number of director nominees exceeds the number of board seats.

CalSTRS provided the following supporting statement:

**SUPPORTING STATEMENT:**

In order to provide shareholders a meaningful role in director elections, the Company's current director election standard should be changed from a plurality vote standard to a majority vote standard. The majority vote standard is the most appropriate voting standard for director elections where only board nominated candidates are on the ballot, and it will establish a challenging vote

standard for board nominees to improve the performance of individual directors and entire boards. Under the Company's current voting system, a nominee for the board can be elected with as little as a single affirmative vote, because withheld votes have no legal effect. A majority vote standard would require that a nominee receive a majority of the votes cast in order to be re-elected and continue to serve as a representative for the shareholders.

In response to strong shareholder support a substantial number of the nation's leading companies have adopted a majority vote standard in company bylaws or articles of incorporation. In fact, more than 80% of the companies in the S&P 500 have adopted majority voting for uncontested elections. We believe the Company needs to join the growing list of companies that have already adopted this standard.

CalSTRS is a long-term shareholder of the Company and we believe that accountability is of utmost importance. We believe the plurality vote standard currently in place at the Company completely disenfranchises shareholders and makes the shareholder's role in director elections meaningless. Majority voting in director elections will empower shareholders with the ability to remove poorly performing directors and increase the directors' accountability to the owners of the Company, its shareholders. In addition, those directors who receive the majority support from shareholders will know they have the backing of the very shareholders they represent. We therefore ask you to join us in requesting that the Board of directors promptly adopt the majority vote standard for director elections.

Please vote FOR this proposal.

#### **STATEMENT OF THE BOARD IN OPPOSITION TO THE STOCKHOLDER PROPOSAL**

Our Board of Directors is committed to sound corporate governance policies and practices and welcomes a dialog with our stockholders on corporate governance topics. After careful consideration, our Board and its Governance and Nominating Committee, consisting entirely of independent directors, believe that the above stockholder proposal to change the voting standard for our directors is unnecessary and not in the interests of the Company and its stockholders. Our directors are currently elected by plurality vote. In a plurality vote, the nominees receiving the highest number of affirmative votes of the shares entitled to be voted for them are elected. For the reasons outlined below, plurality voting should be retained for electing our directors, and we recommend that you vote **AGAINST** this proposal.

Plurality voting for directors has a long history in the U.S. and has effectively ensured decisive director elections. We are governed by Delaware corporation law, and plurality voting in director elections is the Delaware standard (unless the charter specifies otherwise). The rules governing plurality voting are well-established over many decades of experience and precedent, and we believe plurality voting is familiar to, and well understood by, stockholders. The stockholder proposal would upset this longstanding and common director election voting procedure.

We believe that changing to majority voting would shift disproportionate weight to the one-size-fits-all views of proxy advisory services and, if adopted, would not achieve its desired intent. Many institutional investors rely on proxy advisory firms for voting recommendations. Those firms often base their recommendations on single issues and apply inflexible policies. Our Board of Directors is concerned that these recommendations are made without consideration of the performance and unique circumstances of our company or the contributions of the particular director to our company. Accordingly, we believe that adoption of majority voting would be detrimental to the majority of our stockholders.

The legal community, stockholder advocates, corporate governance experts, public companies and other groups continue to evaluate and debate the benefits, disadvantages and consequences of majority voting. In 2010, for example, the U.S. Congress rejected a majority voting mandate, which had appeared in preliminary drafts of the Dodd-Frank Wall Street Reform and Consumer Protection Act but was deleted from the final legislation. We proactively monitor the ongoing debate and developments on this topic. We believe that adopting majority voting would subject the Company to the problems and ambiguities that are topics of this debate.

If this proposal were to be adopted, a director nominee who receives less than a majority of the votes cast would not be elected. Under Delaware law, however, a director serves until his or her successor is elected. As a result, an incumbent director who does not receive a majority vote for re-election would nevertheless continue to serve as a director. Thus, unlike plurality voting, majority voting can result in failed elections – an election in which a nominee does not receive a majority of the votes and therefore either continues as a hold-over director or resigns and leaves a vacancy on the Board of Directors. A failed election would inevitably be disruptive and result in additional and potentially expensive procedures to resolve the anomaly of an unelected director or for the Board of Directors to fill the vacancy. Any Board vacancy could impair our Board of Directors’ oversight functions and risk non-compliance with SEC and NYSE regulations requiring that a minimum number of our directors be independent. We do not believe such a result would further stockholder democracy. In contrast, the plurality voting standard promotes stability in our governance processes by ensuring that a full slate of directors is elected at each annual meeting and that we can remain in compliance with applicable NYSE listing standards and federal securities laws.

A change in the vote standard is unnecessary, because the current board nominee evaluation and election process has produced a highly qualified and independent Board of Directors having extensive and diverse experience, qualifications, attributes and skills. The independent Governance and Nominating Committee of our Board of Directors has consistently nominated strong, highly qualified directors. We believe our stockholders are satisfied with the composition of our Board of Directors and the Company’s financial and operational performance under the strategic direction of the Board of Directors, as each of the Committee’s nominees has consistently been elected by a large majority of the outstanding shares.

Additionally, under our policy (described below under “Governance and Nominating Committee of our Board of Directors”), a stockholder can at any time recommend to the Board a candidate for election to our Board of Directors. The Governance and Nominating Committee evaluates each candidate recommended by a stockholder with the same careful and comprehensive process it uses to evaluate candidates recommended by our officers or other directors. Stockholders are also invited to communicate concerns to our directors, and our Board of Directors has established a process for stockholders to communicate anonymously their feedback and concerns with the Board of Directors (as described below under “Communication with our Board of Directors”).

We publicly report the results of voting for directors after each annual meeting of stockholders. This report gives the public prompt notice of the numbers of votes cast for each nominee and withheld from voting for each nominee. The Board also reviews the voting results of each annual meeting.

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE AGAINST THE PROPOSAL TO ADOPT A MAJORITY VOTING STANDARD IN DIRECTOR ELECTIONS.**

#### **PROPOSAL NO. 6**

#### **STOCKHOLDER PROPOSAL TO REQUIRE A SUSTAINABILITY REPORT**

Walden Asset Management (“Walden”), a division of Boston Trust & Investment Management Company, One Beacon Street, Boston, Massachusetts 02108, has represented that it beneficially owns shares of our common stock having a market value in excess of \$2,000, and has informed us that it intends to submit the following proposed resolution at the Annual Meeting:

**RESOLVED**

Shareholders request that Simpson Manufacturing issue a sustainability report describing the company's environmental, social and governance (ESG) risks and opportunities including greenhouse gas (GHG) emissions reduction targets and goals. The report should be available by November 1, 2013, prepared at reasonable cost, omitting proprietary information.

Walden provided the following supporting statement:

## **SUPPORTING STATEMENT**

We believe tracking and reporting on ESG business practices makes a company more responsive to a transforming global business environment characterized by finite natural resources, changing legislation, and heightened public expectations for corporate accountability. Reporting also helps companies better integrate and gain strategic value from existing sustainability efforts, identify gaps and opportunities in products and processes, develop company-wide communications, publicize innovative practices, and receive feedback.

The Principles for Responsible Investment (PRI) is a United Nations initiative whose members seek the integration of ESG factors in investment decision making. Members collectively hold over \$33 trillion of assets under management and request information on ESG factors to analyze fully the risks and opportunities associated with existing and potential investments.

Carbon Disclosure Project (CDP), representing over 655 institutional investors globally with more than \$78 trillion in assets, has for years called for disclosure from companies on their climate change management programs. Over two thirds of the S&P 500 now report to CDP.

Sustainability reporting is on the rise globally. In 2011, there was a 46% increase in the number of organizations worldwide using the Global Reporting Initiative's (GRI) Guidelines for their ESG reporting according to G&A Institute. Smaller companies are proactively adopting sustainability reporting to report on progress as they grow and anticipate sustainability reporting from investors and customers.

Companies such as 3M, Apple, Intel and Microsoft, among many others, increasingly require their suppliers to track and report on key environmental and social factors. A key Simpson Manufacturing customer, Home Depot, encourages sustainability improvement reporting from suppliers through its Supplier Sustainability Program. Competitors such as Masco Corporation and United Technologies Group publish comprehensive sustainability reports.

In contrast, Simpson Manufacturing does not report on its sustainability efforts nor disclose GHG data. Climate change is one of the most financially significant environmental issues currently facing investors. Occupational safety and health, vendor and labor standards, waste and water reduction targets and product related environmental impacts are particularly important ESG considerations in Simpson Manufacturing's sector and may have the potential to pose significant regulatory, legal, reputational and financial risks.

The company recognizes on its website that the extraction and harvesting of some raw materials can have a significant social and economic impact both positive and negative and that it endeavors to identify and limit the materials in [our] supply chain that pose negative implications. However, shareholders currently have no access to substantial information on how the company is managing these business factors.

We recommend the report include a company-wide review of policies, practices and metrics related to ESG performance using the GRI index and checklist as a reference.

**STATEMENT OF THE BOARD IN OPPOSITION TO THE STOCKHOLDER PROPOSAL**

We are committed to ethical business practices and compliance with the law in all areas of our operations. We strive to be a good corporate citizen in the communities where we operate. We and our Board of Directors take environmental, social and governance issues very seriously, but believe that a special review of our practices and an additional report to stockholders on sustainability would be expensive, time-consuming and largely unhelpful. We are committed to monitoring and evaluating the most appropriate ways to manage our business, including relations with our employees, customers, suppliers, investors and regulators, as well as our impact on the environment and in the communities in which we operate. The evaluation also includes determining how best to communicate our efforts.



Our Board of Directors believes that this proposal is contrary to the interests of the Company and our stockholders. Preparing a sustainability report would involve extraordinary expense and would not be a prudent use of our resources. While we recognize the importance of environmental, social and governance considerations and always strive to conduct our business in a socially responsible manner, we do not believe that a sustainability report would provide any meaningful benefit to management or sufficiently useful information to our stockholders.

The proposal ignores the burden on human resources and the considerable expense involved in preparing a report, including the necessity to engage consultants with specialized expertise. The proposed report would require major expansion of the types and amount of information we gather, analyze and disclose, significantly exceeding any business need and existing or anticipated reporting requirements. We prefer, in the exercise of our business judgment, to prudently allocate our resources to the continued development of products that are necessary to build safer and more economical structures, to enhance our business operations and to continue to support various social initiatives, including those described below. In addition, the proponents would have us use the GRI Guidelines in preparing the report. The GRI Guidelines dictate a reporting framework that is voluminous, complex and vague and that would require an extraordinary investment of time and money. We feel that our resources are better devoted to improving our company and our role in our communities, than to reporting on such improvements.

We are already committed to conducting our business with conscientious regard for environmental and social issues. For more than 50 years, Simpson Manufacturing Co., Inc. and its subsidiaries have earned a reputation for quality, integrity, service and innovation in every area of our business, including commitments to the building materials industry, the communities in which we operate and our employees. Our mission is to help people build safer structures economically. We do this by designing, engineering and manufacturing No Equal products that meet or exceed our customers' needs and expectations. We strengthen the wellness of our community by improving the quality of life for people around the world. For example:

- We cultivate a culture of integrity and accountability we expect our employees to treat all members of their communities with respect and fairness.
- Our workforce spans a variety of cultures, and does not discriminate on any basis, including race, color, religion, sex, national origin, age, disability or sexual orientation.
- We develop engineered solutions to make connections stronger while using less material. An example of this is our line of connectors for use with engineered wood products that are sustainably harvested and engineered for consistent performance.
- We encourage our employees to participate in charitable causes through employee gift matching programs and company-sponsored programs, such as providing money and materials to Habitat for Humanity projects and disaster relief efforts.
- We have environmental, health and safety programs to monitor our compliance with applicable requirements.
- We use recyclable packaging wherever possible and encourage recycling of waste products.

We regularly monitor and review our policies to ensure their appropriate implementation and to address new and evolving standards and issues in the global marketplace.

We believe that our existing practices, including programs and activities to ensure compliance with applicable legal and regulatory requirements, our social responsibility programs, our dedication to improving the communities in which we operate, and our environmental efforts fully address the apparent purpose of the proposal. Therefore, conducting a special review and preparing a sustainability report is an unnecessary and ineffective use of company resources. The time and expense would divert personnel and resources from our business and operations and would be detrimental to the interests of our stockholders.

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE AGAINST THE PROPOSAL TO REQUIRE A SUSTAINABILITY REPORT.**

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

#### Summary

Our philosophy on compensation is to closely align the interests of our Named Executive Officers with those of our stockholders. Our compensation is also structured to give our employees, not just our Named Executive Officers, an opportunity to earn above-market compensation for outstanding performance, measured by our success. Our Named Executive Officers include our Principal Executive Officer, our Principal Financial Officer and our 3 other most highly compensated executive officers. We believe that we do this by providing a high degree of incentive to achieve both short-term and long-term goals, goals that when met, also increase our stockholders' return. Because payments to our employees depend on our first reaching financial goals, our stockholders participate in our returns before our employees. To avoid unnecessary or excessive risk-taking in our compensation programs, our goals are focused on branch or company performance, not on individual performance. Our Named Executive Officers' total compensation comprises a mix of base salary and retirement plan contributions, a quarterly cash incentive program and long-term equity incentives.

Historically, our programs have rewarded our employees with above-market compensation during highly prosperous periods and have kept a cohesive team of our most valued employees during more challenging economic times, such as we have experienced recently. Since we use a measure based on operating profit as the basis for both our non-equity incentive plan and our equity incentive plans, we believe that this is the most relevant measure to evaluate our financial performance for the purpose of making compensation decisions. The following table illustrates the correlation of the compensation of our Named Executive Officers with our financial performance.

Performance Measure (000s)	2012		2011		2010	
	Amount	Change	Amount	Change	Amount	Change
Income from Continuing Operations	\$ 61,709	(16.7)%	\$ 74,057	(5.6)%	\$ 78,424	149.0%
CEO Cash Profit Sharing	1,199	(23.3)%	1,563	27.7%	1,224	240.4%

In 2012, the amount of CEO cash profit sharing declined, consistent with the decline in our income from continuing operations in 2012. In 2011, CEO cash profit sharing increased, while our income from continuing operations decreased, as a result of:

- a gain in 2010 of \$5.2 million on our sale of real estate located in Brea, California;
- an increase in 2011 from 2010 of \$11.2 million in equity-based and non-equity-based compensation charges; and
- a gain in equity method investment in 2011 of \$4.4 million as compared to a loss in 2010 of \$0.5 million.

The first 2 items are included in income from continuing operations but excluded from the computation of the cash profit sharing payment. The third item was included in the computation of the cash profit sharing but excluded from income from continuing operations.

The other part of our incentive compensation is equity-based compensation. Before 2012, equity-based compensation consisted of grants of non-qualified stock options. Beginning in 2012 equity-based compensation consists primarily of awards of restricted stock units. Equity compensation is also awarded to participating employees, including our Named Executive Officers, based on performance-based results. Generally, equity-based compensation awards are based on achieving the same operating profit goals as our cash profit sharing plans. Once awarded, however, the value of these awards depends on our stock price performance over time. Stock options granted to our Named Executive Officers vest over 4 years at a rate of 25 percent per year. The restrictions on restricted stock units lapse 25 percent on each of the date of the award and the first, second and third anniversaries of the date of the award, except for those awarded to Karen Colonias, Phillip Terry Kingsfather and Brian J. Magstadt beginning in 2013, which will lapse 75 percent on the third anniversary of the date of the award and 25 percent on the fourth anniversary of the date of the award. For our employees to fully realize the value of the equity-based compensation, we must continually improve our operating results.

The Compensation and Leadership Development Committee made some changes to our Named Executive Officers' base salaries for 2013. Salaries for our Chairman and one of our Vice Presidents, Michael J. Herbert, were reduced by 33% and 7%, respectively, and the salary for our Chief Financial Officer was increased by 3%. Our Chief Executive Officer and the President and Chief Executive Officer of Simpson Strong-Tie Company Inc. received no increase over their 2012 salaries. In 2012, the rate of contribution to our Named Executive Officers' profit sharing trust accounts remained unchanged from 2011 at 7 percent of base salary plus the 3 percent safe-harbor contribution. See *Salary and Profit Sharing Trust Contributions* below.

We encourage you to read this Compensation Discussion and Analysis in its entirety, as well as the information in the Summary Compensation Table and other related tables and disclosures, for an understanding of our compensation programs.

### *Analysis*

The overall philosophy of our compensation program is to provide a high degree of incentive to employees by creating programs that reward achievement of specific profit goals. We have followed the same philosophy for many years and that experience has continuously reinforced our belief that it successfully drives our financial performance. We believe that our incentive programs, based on profit targets, align the interests of employees and stockholders, allow us to attract high-performing employees and help us retain the services of employees whose contributions are instrumental in achieving our goals. Historically, as a means of creating a sense of unity and cooperation among our employees, we have not had any special compensation plans exclusively for executive officers. Our Named Executive Officers are at-will employees. We do not have a written employment agreement with any of them, and we generally do not offer any severance benefits. We or the officer can terminate the employment relationship at any time, for any reason, with or without cause.

The primary objective of our overall compensation program is to motivate our Named Executive Officers and other officers and employees to increase stockholder value, and we aim to compensate them fairly relative to our achievement of that objective. To retain their services, some portion of their compensation, in the form of salary and profit sharing trust contributions, should compensate them for their own investment of time, regardless of the performance of our businesses. Each element of the compensation of our Named Executive Officers and other officers and employees possesses characteristics intended to motivate them in different ways. We believe that coordinating the compensation elements helps us to retain the services of our Named Executive Officers, other officers and other key employees and to motivate them to achieve results that increase the value of our common stock. The following is an analysis of the basic elements of our compensation program.

The Compensation and Leadership Development Committee of our Board of Directors believes that, to maintain a sense of unity and fairness, the forms of compensation for our Named Executive Officers generally should match those of all of our salaried employees. Our compensation program comprises 4 basic elements:

- salary,
- payments to our defined contribution profit sharing plan,
- cash profit sharing, and
- equity-based compensation.

*Role of Compensation Consultant*

The Compensation and Leadership Development Committee may engage independent advisers to assist in carrying out its responsibilities. In April 2010, the Compensation and Leadership Development Committee engaged Venture Pay Group as its compensation consultant, and in June 2010, Venture Pay Group issued its report. The report included 3 major elements:

- a benchmark analysis of total direct compensation for our Named Executive Officers compared to industry peers,
- recommendations for potential changes to compensation programs, at several levels, to align our programs with our strategic objectives, and
- a review of current trends and issues in executive compensation.

The Compensation and Leadership Development Committee met with Venture Pay Group, reviewed its report with our officers and considered its recommendations. Although Venture Pay Group provided advice to the Compensation and Leadership Development Committee, the decisions made by the Compensation and Leadership Development Committee reflect factors and considerations in addition to the information and recommendations provided by Venture Pay Group. As a result of the benchmarking information, the Compensation and Leadership Development Committee increased the base salary component of our Named Executive Officers' Compensation in 2011. See *Salary and Profit Sharing Trust Contributions* below. As recommended by Venture Pay Group, the Compensation and Leadership Development Committee approved the Simpson Manufacturing Co., Inc. 2011 Incentive Plan, which was approved by our stockholders at our annual meeting in April 2011. We awarded restricted stock units in 2012 and 2013 under the 2011 Incentive Plan. In 2012, the Compensation and Leadership Development Committee also implemented a long-term incentive program to give selected employees, including some of our Named Executive Officers, additional incentives if they help us achieve our strategic objectives. For 2013, as in 2012, this program includes potential additional awards of restricted stock units to Karen Colonias, Brian J. Magstadt, Phillip Terry Kingsfather and Michael J. Herbert; see *Equity-Based Compensation Awards* below.

In 2011, the Compensation and Leadership Development Committee engaged Towers Watson as its compensation consultant. The lead consultant, who changed employers from Venture Pay Group to Towers Watson in 2011, remained the same. The consulting services were requested and approved by the Compensation and Leadership Development Committee and not recommended or provided by our officers. Towers Watson was engaged for 2 primary purposes:

- to update a benchmarking analysis of total direct compensation for our Chief Executive Officer compared to the peer groups developed by Venture Pay Group in 2010; and
- to recommend potential changes to our long-term compensation program for our Chief Executive Officer, our Chief Financial Officer and Simpson Strong-Tie Company Inc.'s President and Chief Executive Officer, to align our programs with strategic objectives.

Towers Watson recommended to the Compensation and Leadership Development Committee modifying various terms of future equity-based compensation awards consistent with the operating profit goals, adding goals based on strategic objectives and adding a component reflecting total stockholder return. The Compensation and Leadership Development Committee incorporated these features into the potential equity-based compensation awards for 2012 and has continued using them for 2013. See *Equity-Based Compensation Awards* below.

#### *Comparative Market Information*

Venture Pay Group compared our Named Executive Officer compensation to 2 peer groups, including an Industry Match peer group compiled by Venture Pay Group and the peer group selected by ISS/Risk Metrics. Venture Pay Group also used a set of proprietary proxy compensation survey databases to complete the benchmarking analysis. Venture Pay Group performed benchmarking on total direct compensation from our 2009 fiscal year and on a 3-year average. The 2 peer groups were:

#### Industry Match Peer Group

Ameron International Corp.{1}	Astec Industries Inc.	Blount International Inc.
Ceradyne Inc.{2}	Chart Industries Inc.	Circor International Inc.

Colfax Corp.

Eagle Materials Corp.

Esco Technologies Inc.

Graftech International Ltd.

Kaydon Corp.

Materion Corp.

Minerals Technologies Inc.

OM Group Inc.

Quanex building Products Corp.

Robbins Myers Inc.

RTI International Metal Inc.

Titanium Metals Corp.{3}

Tredegar Corp.



ISS/Risk Metrics Peer Group

Aircastle Ltd.	American Woodmark Corp.	Ameron International Corp.{1}
Blount International Inc.	Colfax Corp.	Columbus McKinnon Corp.
Graco Inc.	Great Lakes Dredge & Dock Corp.	GT Advanced Technologies Inc.{4}
Quanex building Products Corp.	Standex International Corp.	Tennent Co.

---

{1} Acquired by National Oilwell Varco, Inc. in 2011.

{2} Acquired by 3M Company in 2012.

{3} Acquired by Precision Castparts Corp. in 2012.

{4} Formerly known as GT Solar International, Inc.

Venture Pay Group selected the Industry Match peer group based on a broad range of publicly traded companies in related industries and with characteristics similar to ours, including industry specialization, revenues, market capitalization, net income and total assets. Data gathered on the peer groups included base salary, bonus, total cash compensation, long-term incentives and total direct compensation. The peer group study has not been updated since it was compiled in 2010.

*Salary and Profit Sharing Trust Contributions*

Base salary is a guaranteed minimum amount for performing the functions of the job, but salary alone provides no additional performance opportunity or motivation to increase value over the long term. The Compensation and Leadership Development Committee determines the salaries for all of our Named Executive Officers using historical salary levels for their positions and adjustments for changes in cost of living and responsibilities. Past benchmarking studies performed by compensation consultants, most recently in 2010, confirmed that the salaries for our Chief Executive Officer and the other Named Executive Officers were substantially below the 25th percentile except in one case where the officer's salary was slightly above the 25th percentile. As a result, the Compensation and Leadership Development Committee believes that our Chief Executive Officer's and the other Named Executive Officers' salaries are fair relative to salaries of their peers, given the other elements of our compensation program, even though these salaries are generally lower than those paid by comparable companies. We consider our salary levels sufficient to motivate our Named Executive Officers to perform the basic functions of their jobs. Although our base salaries have historically been set at levels that the Compensation and Leadership Development Committee believes are below the market, a greater proportion of total compensation is based on a system that provides employees with incentives to attain our profitability goals.

We and our U.S. subsidiaries maintain defined contribution profit sharing plans for U.S.-based salaried employees, including our Named Executive Officers, and for U.S.-based non-union hourly employees. An employee is eligible for participation in a given calendar year if he or she is an employee on the first and last days of that year and completes the minimum service requirement during that year. The minimum service requirement for a salaried employee is at least 1,000 hours of service and for an hourly employee is at least 750 hours of service. As of December 31, 2012, 803 employees participated in the salaried plan and 544 employees participated in the hourly plan. Under both of these plans, our Board of Directors has exclusive discretion to authorize contributions to the plan trusts. These plans limit contributions to the plan trusts to amounts deductible for federal income tax purposes under Internal Revenue Code section 404(a). Karen Colonias, Brian J. Magstadt

and Michael J. Herbert, who are Named Executive Officers, are trustees of the plan trusts and also participate in the plan for salaried employees. Some of our foreign subsidiaries maintain similar plans for their employees.

For all years through 2008, we made contributions to the profit sharing trust for our Named Executive Officers in amounts equal to 15 percent of their base salaries, up to the amounts that we were allowed to deduct from income under Internal Revenue Code section 404(a). In addition, all employees are entitled to a proportionate share of forfeited contributions from employees who terminate their employment before fully vesting in the profit sharing plan. In February 2009, in response to reduced profitability resulting from difficult economic conditions, the Compensation and Leadership Development Committee established a contribution amount equal to 10 percent of base salaries to the profit sharing trust beginning with the contribution that was made in 2010, up to the amounts that we are allowed to deduct from income under Internal Revenue Code section 404(a) for all of our and our subsidiaries' U.S. based salaried employees. This reduced rate was also used for the contribution that was earned in

2010 and paid in 2011. During 2011, we amended the profit sharing trust plan to include a 401(k) feature that allows employees to contribute their own pre-tax earnings in addition to the amount that we contribute to their accounts. As part of this change, we changed the amount of the discretionary contribution to 7 percent, and the remaining 3 percent contribution, now made quarterly, is made to comply with the safe-harbor rules that govern the plan. The safe-harbor contribution is not forfeitable and is fully vested when the contribution is made. We expect the current contribution rate to continue indefinitely, although the Compensation and Leadership Development Committee has discretion to consider changes to this contribution at any time. The Compensation and Leadership Development Committee views compensation through contribution to employees' profit sharing plan accounts as serving a similar objective as salaries.

*Compensation and the Achievement of Operating and Strategic Goals*

The Compensation and Leadership Development Committee does not delegate its duties of determining executive officer compensation. Our officers do, however, participate in our annual budgeting process, which forms the basis for the Compensation and Leadership Development Committee's determination of operating profit goals used for determining qualifying income for our cash profit sharing plans and whether we award equity-based compensation. Our Board of Directors reviews and approves the annual budget.

Before the beginning of each year, our managers and employees propose budgets for the coming year for their respective profit centers. Our senior managers, including our Named Executive Officers, review the proposed budgets, adjust these budgets as they consider appropriate, and present the budgets to our Board of Directors. Our Board of Directors then considers and approves a budget that it considers appropriate for each profit center. Based on the approved budgets, the Compensation and Leadership Development Committee determines:

- the return on asset goals for the coming year, on which the Compensation and Leadership Development Committee bases the qualifying income levels for both our Executive Officer Cash Profit Sharing Plan and our Cash Profit Sharing Plan;
- the profitability goals for the coming year, on which the Compensation and Leadership Development Committee bases equity awards under our 2011 Incentive Plan; and
- the basis for strategic goals for the coming year, which the Compensation and Leadership Development Committee uses in determining additional equity awards under our 2011 Incentive Plan for participating employees who can help us achieve our strategic initiatives, including Named Executive Officers.

Our Named Executive Officers are subject to the same standards as our other officers and employees for purposes of equity-based compensation awards under our 2011 Incentive Plan and payments under our Executive Officer Cash Profit Sharing Plan. With the few exceptions noted below in the Summary Compensation Table, we generally do not have special programs for our Named Executive Officers. Our Board of Directors and its Compensation and Leadership Development Committee aim to design the goals to be achievable, but only with considerable effort, effort the Compensation and Leadership Development Committee believes will promote the growth and profitability of our business. Although the goals are based on the approved budgets, both the budgeting process and the setting of the goals involve subjective judgments of our Board of Directors and its Compensation and Leadership Development Committee. The Compensation and Leadership Development Committee, according to its guidelines, has discretion to increase or decrease equity-based compensation awards based on factors that it deems relevant. For example, the Compensation and Leadership Development Committee may award additional equity-based compensation to an employee who is promoted during the year, if the employee's profitability goal for that year is achieved. The Compensation and Leadership Development Committee also has discretion to award equity-based compensation when the relevant goal is not achieved, but has never done so with respect to a Named Executive Officer. Our Board of Directors also bases equity-based compensation awards for the independent members of our Board of Directors under our 2011 Incentive Plan on the Company-wide profitability goals.

*Executive Officer Cash Profit Sharing Plan*

To achieve the goal of long-term stock price appreciation, the Compensation and Leadership Development Committee believes that compensation that is based on profitability needs to incorporate both short-term and long-term elements. It also believes that consistent achievement of short-term profitability goals is likely to result in long-term growth and, with it, stock price appreciation. The short-term element is our non-equity incentive plan that provides compensation through two cash profit sharing plans, including our Executive Officer Cash Profit Sharing Plan for our Named Executive Officers and our Cash Profit Sharing Plan for other qualified employees. Under our

Executive Officer Cash Profit Sharing Plan, we pay quarterly incentive compensation out of the portion of our profits that exceeds a specified return on qualified assets. The amounts are shown in the Summary Compensation Table under the heading, Non-Equity Incentive Plan Compensation. At the beginning of each year, the Compensation and Leadership Development Committee reviews and approves the quarterly operating profit goals for the year, the rate of return on qualified assets, and the percentage participation of each of our Named Executive Officers. Again, this process involves subjective judgment and is not amenable to numerical or statistical analysis. The Compensation and Leadership Development Committee generally defines the quarterly operating profit goal as:

Income from operations for Simpson Strong-Tie Company Inc.

Plus:           Stock compensation charges  
                   Certain incentive compensation and commissions  
                   Salaried pension contributions  
                   Self-insured workers' compensation costs

Equals:        Operating profit

The adjustments to income from operations are excluded because they are not specifically within our officers' control. This formula includes items that affect profitability that our officers can influence, such as staffing levels, direct and indirect manufacturing costs, and operating expenses, and the Compensation and Leadership Development Committee believes this is likely to promote prudent allocation of resources.

The Compensation and Leadership Development Committee bases qualifying levels on the value of the net operating assets of Simpson Strong-Tie Company Inc., multiplied by a rate of return on those assets. We set the qualifying level based on average assets, net of specified liabilities, at quarterly intervals. We project the qualifying level for the coming year in the budgeting process at the beginning of the year and use it to estimate Executive Officer Cash Profit Sharing in the operating budget. We generally determine the return on assets as follows:

Average assets, net of specified liabilities, for the 3 months ended on the last day of the second month of the quarter

Less:           Cash  
                   Real estate  
                   Acquired assets (excluding cash, real estate, goodwill and indefinite lived intangible assets) based on tiered phase-in schedule\*  
                   Goodwill and indefinite lived intangible assets  
                   Self-insured workers' compensation reserves

Multiplied by:   Specified return on asset percentage for Simpson Strong-Tie Company Inc.

Equals:           Qualifying level

---

\*The phase-in period for the acquired assets into the average asset base is as follows:

Year 1	0%
Year 2	33%
Year 3	66%
Year 4	100%

We believe this formula includes items that are likely to affect the return on assets that our officers can influence, such as staffing levels, direct and indirect manufacturing costs, and operating expenses, and promotes prudent allocation of resources.

The operating profit goal is a targeted value, and the qualifying level is a threshold return on assets at which the Executive Officer Cash Profit Sharing Plan compensation levels are determined. If the operating profit of Simpson Strong-Tie Company Inc. exceeds the qualifying level, compensation is paid to the officer out of that excess. If the operating profit realized falls short of the qualifying level, no compensation is paid.

The Compensation and Leadership Development Committee bases individual percentages of participation on job function for our Named Executive Officers. Management sets the individual percentages for participants in our Cash Profit Sharing Plan. The Compensation and Leadership Development Committee generally may give higher participation percentages to those with more responsibility. For example, our Chief Executive Officer receives a higher percentage of the available pool than our other officers. The Compensation and Leadership Development Committee has discretion to increase, reduce or eliminate any award under our Executive Officer Cash Profit Sharing Plan, but the percentage of the qualifying level that each officer receives generally does not change during the year, except for minor changes when other participants enter or leave the pool during the year. We do not guarantee any minimum payments to our Named Executive Officers under our Executive Officer Cash Profit Sharing Plan. We believe that our Executive Officer Cash Profit Sharing Plan motivates our Named Executive Officers to maximize our short-term profits and rewards them when those profits are realized. With occasional adjustments that the Compensation and Leadership Development Committee felt were warranted, we have implemented this program for many years, and we believe it has contributed substantially to our success.

In 2012, the Compensation and Leadership Development Committee did not specifically target, or benchmark, the amount of short-term incentive compensation to be paid to our Named Executive Officers to any particular percentile or level within the prior benchmarking studies.

Based on our operating profit goal for each of the 4 quarters of 2013, our officers may receive a payout after our quarterly earnings are announced to the public. If the operating profit is lower or higher than the targeted operating profit, the payout will be correspondingly lower or higher, but we generally do not make any payment when the operating profit for the quarter is less than the qualifying level for the quarter.

For the full year 2013, the annual operating profit goals, qualifying levels and targeted payouts for each of the following executive officers are as follows:

	<b>Operating Profit Goal</b>	<b>Qualifying Level</b>	<b>Targeted Payout{1}</b>
Karen Colonias	\$ 95,779,000	\$ 59,880,000	\$ 895,000
Thomas J Fitzmyers	95,779,000	59,880,000	246,000
Phillip Terry Kingsfather	95,779,000	59,880,000	722,000
Michael J. Herbert	95,779,000	59,880,000	268,000
Brian J. Magstadt	95,779,000	59,880,000	245,000
Jeffrey E. Mackenzie	95,779,000	59,880,000	163,000

---

{1} Amounts expected to be paid for the full year of 2013 if operating profit goals established at the beginning of the year are met and qualifying levels are as projected at the beginning of the year.

We use these parameters only to provide incentive to our officers and employees who participate in our Executive Officer Cash Profit Sharing Plan and our Cash Profit Sharing Plan. You should not draw any inference whatsoever from these parameters about our future financial performance. You should not take these parameters as projections or guidance of any kind.





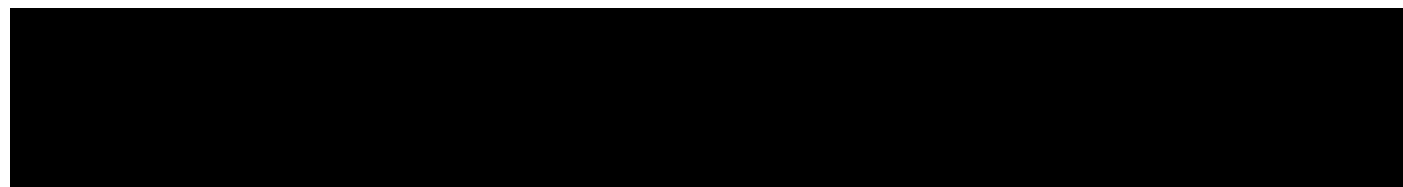
For 2012, the operating profit goals, the qualifying level and the targeted payout that we presented in our reports on Form 8-K, filed with the Securities and Exchange Commission on February 2, 2012, and June 8, 2012, are reprinted below, along with the amounts that we paid to our Named Executive Officers for the four calendar quarters of 2012.

	<b>Operating Profit Goal</b>	<b>Year Ended December 31, 2012 Qualifying Level</b>	<b>Targeted Payout{1}</b>	<b>Actual Payout</b>
Karen Colonias	\$ 86,753,000	\$ 57,671,000	\$ 950,000	\$ 1,208,049
Thomas J Fitzmyers	86,753,000	57,671,000	575,000	658,129
Phillip Terry Kingsfather	86,753,000	57,671,000	800,000	955,759
Michael J. Herbert	86,753,000	57,671,000	389,000	474,790
Brian J. Magstadt	86,753,000	57,671,000	225,000	289,280

---

{1} Amounts were expected to be paid for the full year of 2012 if operating profit goals established at the beginning of the year were met and qualifying levels were as projected at the beginning of the year.

The actual payout in the table above was the sum of the payouts for each of the quarters during the year in which payments under the Executive Officer Cash Profit Sharing Plan were made to the Named Executive Officers. The quarterly payout, if any, for each of the Named Executive Officers in 2012 was computed as follows:



First	\$ 23,145,000	\$ 13,994,000	\$ 9,151,000	\$ 722,000	\$ 217,093	\$ 146,252	\$ 176,982	\$ 88,859	\$ 51,421
Second	38,571,000	14,804,000	23,767,000	1,738,000	542,710	327,773	425,690	209,852	130,520
Third	33,272,000	14,467,000	18,805,000	1,309,000	431,700	179,517	346,514	169,580	103,377
Fourth	7,026,000	13,365,000	(6,339,000)	41,000	16,546	4,587	6,573	6,499	3,962
					\$ 1,208,049	\$ 658,129	\$ 955,759	\$ 474,790	\$ 289,280

---

{1} Included is a portion of branch level profit sharing pool shared with home office employees, including the Named Executive Officers.

We compute the Qualifying Income, if any, as the difference between the Actual Operating Profit and the Actual Qualifying Level. Qualifying Income is the basis for the computation of amounts available to be distributed under both our Cash Profit Sharing Plan and our Executive Officer Cash Profit Sharing Plan. As the result of the transition of some of our Named Executive Officers into new roles in 2012, we computed the profit sharing pool for the Named Executive Officers as 6.47 percent of the Qualifying Income for the first quarter, 6.53 percent of the Qualifying Income for the second quarter and 6.12 percent of the Qualifying Income for the third and fourth quarter of 2012.

Based on historical information about the profitability of each of the operating units, the Compensation and Leadership Development Committee of our Board of Directors approves these percentages so that they correspond to the effort put forth and the results achieved by the participants. The Compensation and Leadership Development Committee may adjust the percentages from time to time so that the program will continue to create equitable results for all participants, including our Named Executive Officers. A portion of the profit sharing pool from the branch level operating units is shared with home office employees, including the Named Executive Officers, in consideration for their contributions to the success of the branch level operating units. We add this amount to the computed Named Executive Officer profit sharing pool to determine the amount available to be paid to our Named Executive Officers. We then allocate the Named Executive Officer profit sharing pool among the Named Executive Officers that participate in percentages approved by the Compensation and Leadership Development Committee at the beginning of the year. The participation by each Named Executive Officer is based on the officer's level of responsibility and contribution to the success of the operating unit. Unless the composition or responsibilities of the Named Executive Officers change, as they did in 2012, these participation rates generally do not change substantially from year to year, although the Compensation and Leadership Development Committee has discretion to make changes that it considers appropriate.

Our Executive Officer Cash Profit Sharing Plan is intended to comply with Internal Revenue Code section 162(m) and the related regulations and interpretations. For these officers, our Executive Officer Cash Profit Sharing Plan replaced our Cash Profit Sharing Plan described below, in which all officers had participated for over 30 years. The total awards to any participating officer under the Executive Officer Cash Profit Sharing Plan earned during the 4 quarters of a calendar year may not exceed \$2,500,000. In other respects, our Executive Officer Cash Profit Sharing Plan provides incentive compensation to the participating officers on the same terms as apply to other employees under our Cash Profit Sharing Plan. Our Executive Officer Cash Profit Sharing Plan enables us to deduct fully, for federal income tax purposes, amounts we pay to participating officers under our Executive Officer Cash Profit Sharing Plan. In 2012, only the payments to our Chief Executive Officer exceeded \$1,000,000 under our Executive Officer Cash Profit Sharing Plan.

Our Board of Directors has delegated the oversight of our Executive Officer Cash Profit Sharing Plan to its Compensation and Leadership Development Committee. The Compensation and Leadership Development Committee has sole discretion and authority to administer and interpret our Executive Officer Cash Profit Sharing Plan in accordance with Internal Revenue Code section 162(m). The Compensation and Leadership Development Committee may at any time amend our Executive Officer Cash Profit Sharing Plan, subject in some cases to the approval of our stockholders, or may terminate it at any time.

The Compensation and Leadership Development Committee determines the amount of the award that each of the participating officers will be eligible to receive under the Executive Officer Cash Profit Sharing Plan each fiscal quarter. The Compensation and Leadership Development Committee bases awards on a percentage of the amount by which the operating profit, as defined by the Compensation and Leadership Development Committee, exceeds the qualifying level for the fiscal quarter.

We maintain our Cash Profit Sharing Plan for the benefit of our employees and our subsidiaries' employees, other than the officers who participate in our Executive Officer Cash Profit Sharing Plan discussed above. Because it excludes our most highly compensated employees, the Cash Profit Sharing Plan is not covered by Internal Revenue Code section 162(m), and we believe that compensation paid under it is tax deductible. We may change, amend or terminate our Cash Profit Sharing Plan at any time. Under our Cash Profit Sharing Plan, as currently in effect, the Compensation and Leadership Development Committee reviews and approves a qualifying level for the coming fiscal year for Simpson Strong-Tie



Company Inc. and its qualifying branches. The qualifying level equals the value of the net operating assets, as defined by the Compensation and Leadership Development Committee, of Simpson Strong-Tie Company Inc. or its respective branches, multiplied by a rate of return on those assets, as determined by the Compensation and Leadership Development Committee. If profits exceed the qualifying level in any fiscal quarter, we pay a portion of the excess to the eligible employees as cash compensation. Our executive officers determine, and the Compensation and Leadership Development Committee reviews and approves, the percentage of the excess that we will distribute and the rates we use to calculate the amounts that we distribute to participants. Whether or not we pay amounts in any quarter under our Cash Profit Sharing Plan does not affect an employee's ability to earn amounts in any other quarter under our Cash Profit Sharing Plan. Under our Cash Profit Sharing Plan, we paid amounts totaling \$17.3 million in 2012, \$22.0 million in 2011 and \$15.0 million in 2010.

#### *Equity-Based Compensation Awards*

The Simpson Manufacturing Co., Inc. 2011 Incentive Plan affords our Named Executive Officers and other selected employees, directors and consultants the opportunity to own shares of our common stock, by which we intend:

- to enhance our ability to attract and retain qualified individuals as officers, employees, directors and consultants, and
- to provide such individuals with incentives to continue service with us, devote their best efforts to Simpson Manufacturing Co., Inc. and improve our economic performance, thus enhancing the value of Simpson Manufacturing Co., Inc. for the benefit of its stockholders.

While the purpose of our Executive Officer Cash Profit Sharing Plan is to motivate our officers to achieve short-term profit goals, we believe that compensation through equity-based awards motivates our key employees to pursue long-term stock price appreciation. We believe this because our program requires achieving an annual profitability goal to receive an equity-based compensation award and, for participants to realize substantial value, sustained effort as the restrictions on restricted stock unit awards lapse and as stock options vest and mature. In addition, rather than making a single large award, our program generally awards equity-based compensation in smaller annual increments, only for years when we meet our profitability goals.

We established the principal terms of the equity-based compensation awards when we adopted the 2011 Incentive Plan (and its predecessor plan, the 1994 Stock Option Plan), and we have generally applied them consistently since then. We believe that they generally are below the range of comparable compensation plans identified in the Venture Pay Group Industry Match peer group. Under our 1994 Stock Option Plan, we granted non-qualified stock options, until February 2011, that have 7-year terms, except for those we granted to Barclay Simpson, which have 5-year terms. Each stock option has an exercise price equal to the market price at the time it was granted, except for options we granted to Barclay Simpson, which have exercise prices that are 110 percent of the market price at the times they were granted. Stock options granted to Named Executive Officers vest annually over the first 4 years at a rate of 25 percent per year. Under our 2011 Incentive Plan, we awarded restricted stock units, beginning in January 2012. Each restricted stock unit award is valued at the closing price on the New York Stock Exchange on the day before the Compensation and Leadership Development Committee approves the award. Restrictions on restricted stock unit awards, including those made to Named Executive Officers, generally lapse 25 percent on each of the date of the award and the first, second and third anniversaries of the date of the award. The 2011 Incentive Plan is qualified under Internal Revenue Code section 162(m).

Stock option grants for every participating employee, including a Named Executive Officer, vest fully if the employee ceases to be employed by us after reaching age 60 or in the event of a change in control. Similarly, the restrictions on restricted stock unit awards for every participating employee, including a Named Executive Officer, lapse if the employee ceases to be employed by us after reaching age 60 or in the event of a change in control. We believe that this allows employees, who have made substantial contributions during their careers, to retire without having to give up any of the value that they have earned on their stock options and restricted stock unit awards. We also believe that it is appropriate,

on a change in control, to accelerate the vesting of outstanding stock options and the lapse of restrictions on restricted stock units, because we do not afford other significant termination benefits to our employees.

We believe that equity-based compensation aligns the interests of our Named Executive Officers with the interests of our stockholders, because the Named Executive Officers realize additional value on the same basis as our stockholders. We make an annual award of equity-based compensation to a Named Executive Officer only when we meet our profitability goal for Simpson Strong-Tie Company Inc. for the preceding year, or in certain cases, when the Named Executive Officer achieves a goal based on one of our strategic initiatives as discussed below. If we achieve our operating profit goals for 2013, computed as income from operations plus stock compensation charges, certain incentive compensation and commissions, salaried pension contributions and self-insured workers' compensation costs, we anticipate awarding restricted stock units to the following executive officers for the following numbers of shares of our common stock:

	<b>Operating Profit Goal</b>	<b>Restricted Stock Unit Award</b>
Karen Colonias	\$ 95,779,000	18,300 shares
Phillip Terry Kingsfather	95,779,000	9,150 shares
Brian J. Magstadt	95,779,000	7,578 shares
Thomas J Fitzmyers	95,779,000	3,865 shares
Michael J. Herbert	95,779,000	1,720 shares
Jeffrey E. Mackenzie	95,779,000	1,720 shares

We use these parameters only for the purposes stated above. You should not draw any inference whatsoever from these parameters about our future financial performance. You should not take these parameters as projections or guidance of any kind.

We believe our formula for computing the operating profit goals includes items that are likely to affect profitability and that our officers can influence, such as staffing levels, direct and indirect manufacturing costs, and operating expenses, and promotes prudent allocation of resources.

In addition, for 2013, the Compensation and Leadership Development Committee approved additional restricted stock unit awards and goals for Karen Colonias, Phillip Terry Kingsfather and Brian J. Magstadt. These awards will be based on performance against estimated sales of the products from our recent strategic acquisitions of S&P Clever Reinforcement Company AG, S&P Clever Reinforcement International AG, Fox Industries, Inc., Automatic Stamping, LLC and Automatic Stamping Auxiliary Services, LLC (collectively, the Recently Acquired Businesses). The number of restricted stock units may be increased or decreased based on the percentage above or below estimated sales, but at least 75 percent of the sales goal must be reached for an award to be earned. The number of potential restricted stock units earned and the goals for these individuals are (subject to adjustment as further described below) as follows:

Recently Acquired Businesses	Potential Restricted Stock Unit Award		
	Karen Colonias	Phillip Terry Kingsfather	Brian J. Magstadt
75% of sales goal \$31,789,000	6,100 shares	3,050 shares	2,526 shares
100% of sales goal \$42,385,000	12,200 shares	6,100 shares	5,052 shares
150% of sales goal \$63,578,000	24,400 shares	12,200 shares	10,104 shares

We use these parameters only for the purposes stated above. You should not draw any inference whatsoever from these parameters about our future financial performance. You should not take these parameters as projections or guidance of any kind.

The total number of restricted stock units that may be earned by achieving both the operating profit goal and the sales goal of the Recently Acquired Businesses may be modified up or down by 10 percent based on a peer group comparison of total stockholder return, including stock price appreciation and dividends paid. The peer group consists of the following companies:

Illinois Tool Works	Fastenal Company
Gibraltar Industries	Eagle Materials Inc.
Masco Corporation	Trex Co. Inc.
USG Corporation	Stanley Black & Decker, Inc.

If our total stockholder return is below the peer group average, we will award 90 percent of the restricted stock units; if it is at the peer group average, we will award 100 percent of the restricted stock units; and if it is above the peer group average, we will award 110 percent of the restricted stock units. Therefore, the maximum potential restricted stock units awards will be 46,970 shares for Karen Colonias, 23,485 shares for Phillip Terry Kingsfather and 19,450 shares for Brian J. Magstadt. Restrictions on all of the restricted stock unit awards earned by Karen Colonias, Phillip Terry Kingsfather and Brian J. Magstadt will lapse 75 percent on the third anniversary of the date of the award and 25 percent on the fourth anniversary of the date of the award (subject to provisions discussed above relating to retirement after age 60 or a change in control).

The Compensation and Leadership Development Committee of our Board of Directors also approved the additional grant of at least 1,250 restricted stock units to Michael J. Herbert if we exceed our 2013 budgeted goal for sales in the Asia/Pacific segment by 10 percent, to increase to a maximum of 2,500 restricted stock units if we exceed our 2013 budgeted goal for sales in the Asia/Pacific segment by 15 percent, as follows:

Asia/Pacific	Potential Restricted Stock Unit Award
110% of sales goal \$17,898,000	1,250 shares
115% of sales goal \$18,712,000	2,500 shares

We use these parameters only for the purposes stated above. You should not draw any inference whatsoever from these parameters about our future financial performance. You should not take these parameters as projections or guidance of any kind.



In 2011, our Board of Directors adopted our 2011 Incentive Plan and our stockholders approved it at their 2011 annual meeting. We may not sell more than 16.32 million shares of common stock (including shares already sold) pursuant to all awards granted under our 2011 Incentive Plan or its predecessor plans, the 1994 Stock Option Plan and the 1995 Independent Director Stock Option Plan. Common stock sold on conversion of restricted stock units or on the exercise of stock options granted under the 2011 Incentive Plan, or its predecessor plans, may be previously unissued shares or reacquired shares, bought on the market or otherwise.

The Compensation and Leadership Development Committee targets equity-based compensation awards to all employees, including our Named Executive Officers, to total less than 1.0 percent of the outstanding shares of our outstanding common stock each year. This range is a general guideline that the Compensation and Leadership Development Committee believes should avoid undue dilution of our stockholders' investment. In 2013, we awarded 349,396 restricted stock units, excluding 9,975 restricted stock units awarded to our independent directors, out of a possible 448,044 restricted stock units that the Compensation and Leadership Development Committee had approved for operating profit performance and strategic goals during 2012. This represents about 0.7 percent of our outstanding shares of common stock. Our Chief Executive Officer and the other Named Executive Officers all met their operating profit goals for 2012, and we therefore granted to them 54,390 restricted stock units in 2013. Michael J. Herbert did not achieve the minimum goal for international sales in 2012 but did complete the introduction of products from the Recently Acquired Businesses into Asia or the Middle East and identified a potential acquisition target in the Asia/Middle East region; he was awarded a total of 2,500 additional restricted stock units. Karen Colonias, Phillip Terry Kingsfather and Brian J. Magstadt achieved 75 percent of the sales goal for the Recently Acquired Businesses and were awarded 4,575, 2,287 and 1,145 restricted stock units, respectively. The total stockholder return was below the peer group average, so the restricted stock units awards for Karen Colonias, Phillip Terry Kingsfather and Brian J. Magstadt were reduced by 2,592, 1,296 and 648 restricted stock units, respectively. For 2013, the Compensation and Leadership Development Committee approved a number of shares equal to approximately 0.9 percent of the outstanding shares of our common stock for possible restricted stock unit awards in 2014. If we meet all of our operating profit and strategic goals and total stockholder return is above average for 2013, we anticipate awarding 436,450 restricted stock units under our 2011 Incentive Plan, 99,710 of which would be granted to Named Executive Officers.

The Compensation and Leadership Development Committee determines the number of restricted stock units that we may award to each of our officers based on several factors, including position, length of service, prior equity-based compensation awards and shares of our stock owned. The Compensation and Leadership Development Committee uses these and other factors that it considers relevant in particular cases, in an effort to make each employee's award commensurate with the employee's contribution. These judgments are largely subjective, and the factors are not weighted in any particular way. See *Wealth Accumulation* below. For example, when an employee becomes an officer, the Compensation and Leadership Development Committee may approve an equity-based compensation award to the officer that the Compensation and Leadership Development Committee believes will afford the officer enough of an investment in our common stock to align the officer's interests with the interests of our stockholders. After the officer achieves that level of investment, the Compensation and Leadership Development Committee generally reduces the equity-based awards to the officer. The intent of the 2011 Incentive Plan is to reward performance achievements with future value. The Compensation and Leadership Development Committee believes that our long-term incentives are lower than competitive practice, based on the 2010 report from Venture Pay Group.

#### *Timing of Stock Option Grants and Restricted Stock Unit Awards*

The Compensation and Leadership Development Committee approves the number of shares to be awarded under our 2011 Incentive Plan and the general terms of the awards on achieving the profitability and strategic goals set at the beginning of the year. The only variable that remains after the end of the year is the determination whether we have achieved our goals. The Compensation and Leadership Development Committee cannot make this determination until the financial statements are prepared and the financial statement audit by our independent registered public accounting firm is substantially complete. The Compensation and Leadership Development Committee ordinarily meets to finalize the equity incentive awards within a few days of announcing our financial results for the year. The Compensation and Leadership Development Committee values such awards according to the closing price of our common stock reported by the New York Stock Exchange at the close of trading on the day before the meeting, which may or may not be the day of the announcement. In 2013, the Compensation and Leadership Development Committee awarded a total of 359,371 restricted stock units, including 9,975 restricted stock units awarded to our independent directors, and established the value of these awards according to the closing price on February 5, 2013, which was 2 business days before the announcement of our fourth

quarter 2012 earnings on February 7, 2013. We have followed this practice for all equity-based compensation awards under our 2011 Incentive Plan (or its predecessor plan, the 1994 Stock Option Plan), not just for awards made to our officers. We generally award equity-based compensation only once each year and do not ordinarily make awards at other times, such as when employees are newly hired or promoted, although the Compensation and Leadership Development Committee has the discretion to do so.

#### *Wealth Accumulation*

Our compensation programs for our Named Executive Officers, as well as other high-performing employees, are predominately based on quarterly and annual operating results. We believe that we should award above-average compensation for above-average performance and that we should closely tie the reward to that performance. As a result, we believe our compensation structure allows high-performing employees the opportunity to accumulate wealth for themselves, while creating value for our stockholders. A feature of our 2011 Incentive Plan, however, allows us to limit excess equity-based compensation awards to certain individuals. When an employee is promoted into a key role, such as an officer of Simpson Manufacturing Co., Inc. or a senior officer of Simpson Strong-Tie Company Inc. or one of its subsidiaries, we may give the employee an opportunity to earn an equity-based compensation award for a substantial number of shares if the employee meets his or her operating goals. The Compensation and Leadership Development Committee sets limits for these employees that, when reached, are removed from their annual award targets. The Compensation and Leadership Development Committee believes that this approach balances appropriate incentive for selected key employees to continue to perform at a high level, against avoiding excessive accumulation of equity-based compensation awards by reducing the number of shares available for awards after the employee reaches an amount that the Compensation and Leadership Development Committee judges to be appropriate.

#### *Employee Stock Bonus Plan*

Under our 1994 Employee Stock Bonus Plan, we award shares of our common stock, based on years of service, to employees who do not participate in our 2011 Incentive Plan. The Compensation and Leadership Development Committee reviews and approves the number of shares we award, as well as the period of service. The Compensation and Leadership Development Committee has tried to balance the amount of the stock bonus awards over the years as the stock price has fluctuated, by increasing or reducing the number of shares that we award in a given year. We also award cash bonuses to these employees to compensate for their income taxes payable as a result of these bonuses. We have generally issued the shares to an employee in the year following the year in which the employee reached a tenth anniversary. The Compensation and Leadership Development Committee must approve the awards each year and may terminate the plan at any time. None of our Named Executive Officers participates in our 1994 Employee Stock Bonus Plan.

#### *2012 Results of Advisory Vote to Approve Named Executive Officer Compensation*

At the annual meeting in April 2012, a substantial majority of our stockholders, more than 97 percent of the votes cast, approved the compensation of our named executives officers. After consideration of this high level of support, the Compensation and Leadership Development Committee decided that we did not need to make substantial changes to our compensation programs. Nevertheless, the Compensation and Leadership Development Committee continually monitors and evaluates our compensation policies and considers changes that could more closely align the interests of our employees and stockholders.

Our Board of Directors has determined that an annual advisory vote on the compensation of our Named Executive Officers allows our stockholders to provide timely, direct input on our compensation philosophy, policies and practices as disclosed in our proxy statement each year. Our Board of Directors continues to believe that an annual vote is therefore consistent with our efforts to engage in an ongoing dialogue

with our stockholders on the compensation of our Named Executive Officers and other corporate governance matters.

### **Material Risk Considerations of Compensation Policies**

We face various types of risk daily, including market risk, credit risk and currency risk, as well as general business risk. Our compensation programs look at longer time frames from one quarter to one year and beyond one year. Therefore, we do not feel that they expose us to undue risk-taking. To compete in and expand our markets, however, some risk is unavoidable and in some cases desirable and appropriate.

While our compensation programs reward our employees for time spent at work and for the achievement of specific performance objectives, we also consider how and to what extent these programs encourage risk-taking. We believe that our cash profit sharing and equity-based incentive plans promote a measured approach to areas of risk that we face as an organization. While the objectives of the plans are to achieve and increase our profitability, we believe they also encourage sound financial management and the safeguarding of our assets. In addition, we believe our compensation programs promote a sense of unity and cooperation among all of our employees, not just our executive officers, affording less opportunity and incentive for an individual employee to take undue risk in an attempt to increase his or her own compensation at the expense of the long-term health of Simpson Manufacturing Co., Inc.

Through our cash profit sharing incentive plans, employees are encouraged to maximize quarterly profits by increasing revenues and reducing costs. Compensation under these plans is paid on a quarterly basis, regardless of our performance in a later quarter. While the quarterly time horizon could potentially create opportunities for employees to maximize income in one quarter at the expense of a future quarter, we feel that this risk is balanced in the longer-term aspects of the cash profit sharing plan, as it is an ongoing program and income shifted from one quarter to another would not likely increase total bonus payments over time. It is also mitigated in the use of the qualifying level component of the program which rewards prudent stewardship of assets and sound allocation of resources. This effect is further balanced by our equity-based incentive plan, which requires profitability goals to be met for a full year before we award equity-based compensation, and then the stock options or restricted stock units generally vest over a period of years thereafter. The value of an equity-based compensation award also is affected by appreciation of the market price of our common stock over time. Any attempt to maximize short-term profits at the expense of long-term financial health would work against our employees' incentive to maximize their compensation.

**Summary Compensation Table**

The table below provides information on compensation for the year ended December 31, 2012, for our Named Executive Officers our Principal Executive Officer, our Principal Financial Officer and our 3 other most highly compensated executive officers. Thomas J Fitzmyers was our Principal Executive Officer and Karen Colonias was our Principal Financial Officer until December 2011. The amounts shown include all compensation for services to us and our subsidiaries in all capacities.

Name and Principal Position	Year	Salary(\$)	Restricted Stock Unit Awards (\$){1}	Option Awards (\$){2}	Non-Equity Incentive Plan Compensation (\$){3}	All Other Compensation (\$){4}	Total(\$)
Karen Colonias, Our President and Chief Executive Officer	2012	350,000	209,183		1,199,491	26,272	1,784,946
	2011	283,089		516,500	642,193	32,148	1,473,930
	2010	262,119			474,023	24,969	761,111
Brian J. Magstadt, Our Chief Financial Officer and Secretary	2012	225,000	114,311		286,474	15,630{5}	641,415
Thomas J Fitzmyers, Our Chairman	2012	222,814	171,135		672,988	43,044{6}	1,109,981
	2011	346,118		185,940	1,563,311	62,831{6}	2,158,200
	2010	336,036			1,224,419	56,015{6}	1,616,470
Phillip T. Kingsfather, President and Chief Executive Officer of Simpson Strong-Tie Company Inc.	2012	305,910	531,846		957,676	101,275{7}	1,896,707
	2011	297,000		1,094,980	682,703	163,469{7}	2,238,152
	2010	275,000			529,055	156,667{7}	960,722
Michael J. Herbert, Our Vice President	2012	291,582	114,145		476,278	26,734{8}	908,739
	2011	283,089		413,200	642,233	33,148{8}	1,371,670
	2010	262,119			474,023	26,667{8}	762,809

{1} We determined the value of restricted stock unit awards by multiplying the number of restricted stock units by the fair value per share as of the award date. The restricted stock was valued using the market price of the shares on the award date in accordance with Accounting Standards Codification Topic 718 Compensation Stock Compensation. The restricted stock units were awarded on January 30, 2012, and were valued at \$33.23, the closing stock price on January 27, 2012.

Vesting of all unvested restricted stock units is accelerated in the event of a change in control. See Grants of Plan-Based Awards below.

{2} We determined the value of stock option awards by multiplying the number of shares subject to the stock option by the fair value per share as of the grant date. We applied the Black-Scholes stock option pricing model to determine fair value in accordance Accounting Standards Codification Topic 718 Compensation Stock Compensation, using the following assumptions:



Grant Date	Risk Free Interest Rate	Dividend Yield	Expected Life	Volatility	Exercise Price	Weighted Average Fair Value
02/03/11	2.62%	1.75%	6.2 years	39.0%	\$ 29.66	\$ 10.33

In January 2005, our Board of Directors resolved to accelerate the vesting of all unvested stock options in the event of a change in control. See Grants of Plan-Based Awards below.

{3} Awards earned under our Executive Officer Cash Profit Sharing Plan are earned in 1 quarter and paid in the following quarter. The amount in this column represents all cash paid during the specified years under our Executive Officer Cash Profit Sharing Plan. No amounts are deferred or payable by their terms at a later date. See Executive Compensation Compensation Discussion and Analysis *Executive Officer Cash Profit Sharing Plan* above.

{4} For 2012, each amount includes a contribution to the officer's profit sharing trust account of an amount equal to 7 percent of the officer's salary earned in the preceding year, up to the annual qualified contribution limits of \$17,150, per account, plus a share of funds forfeited by other employees who terminated from the profit sharing trust with an unvested balance. Each amount also includes a contribution equal to 3 percent of the officer's salary made quarterly in 2012 after the close of the quarter in which it is earned. This contribution is made to comply with the safe-harbor rules that govern the plan. The contribution earned in the last quarter of 2011 and the first 3 quarters in 2012 is included in each amount shown. For 2011 and 2010, each amount includes a contribution of an amount equal to 10 percent of the officer's salary, earned in the preceding year, for each of the specified years to the officer's profit sharing trust account, up to the annual qualified contribution limit of \$24,500 per account, plus a share of funds forfeited by other employees who terminated from the profit sharing trust with an unvested balance. Another 3 percent contribution, made quarterly in 2011 after the close of the quarter in which it is earned, was made to comply with the safe-harbor rules that govern the plan. The contribution earned in the first 3 quarters of 2011 is included in the amount shown for 2011.

{5} Includes:

**2012**

Profit sharing trust contribution and forfeitures	\$ 15,130
Charitable gift matching contributions	500

{6} Includes:

	2012	2011	2010
Profit sharing trust contribution and forfeitures	\$ 23,139	\$ 33,129	\$ 25,667
Hire of aircraft	17,986	19,031	19,385
Reimbursement of personal income taxes related to hire of aircraft	1,919	10,671	10,963



The amount related to Mr. Fitzmyers' use of an aircraft included travel between his home and our offices and travel on business. The total cost to us for chartering aircraft, including Mr. Fitzmyers' compensation, approximated \$462,000 in 2012, \$508,000 in 2011 and \$532,000 in 2010. In computing the compensation cost of airplane use, we applied the Standard Industrial Fare Level tables prescribed by applicable Internal Revenue Service regulations. The independent members of our Board of Directors unanimously approved this arrangement.

{7} Includes:

	2012		2011		2010
Profit sharing trust contribution and forfeitures	\$ 25,342	\$	32,461	\$	25,667
Housing allowance	75,833		130,000		130,000
Personal electronics purchase			854		
Reimbursement of personal income taxes related to personal electronics purchase			154		
Charitable gift matching contributions	100				1,000

The amount related to Mr. Kingsfather's housing allowance included incremental financing and transaction costs. The arrangement terminated in July 2012.

{8} Includes:

	2012		2011		2010
Profit sharing trust contribution and forfeitures	\$ 25,332	\$	32,148	\$	25,667
Personal electronics purchase	402				
Charitable gift matching contributions	1,000		1,000		1,000

#### Compensation and Leadership Development Committee Interlocks and Insider Participation

The Compensation and Leadership Development Committee of our Board of Directors currently comprises Jennifer A. Chatman, Chair, Peter N. Louras, Jr. and Barry Lawson Williams, all of whom are independent directors. Ms. Chatman, Mr. Louras and Mr. Williams have no relationships with us or any of our subsidiaries, other than as members of our Board of Directors and its committees.

#### Transactions with Related Persons, Promoters and Certain Control Persons

In 2003, Thomas J Fitzmyers, then our Chief Executive Officer and a member of our Board of Directors, leased an airplane that a third-party charter company managed. He sold this airplane in 2009. We paid the charter company standard hourly rates when Mr. Fitzmyers used this airplane to travel between his home and our offices or to travel on business. Mr. Fitzmyers was responsible for maintaining the airplane, and he received a portion of the payments that were made to the charter company for its use, whether by us or others. Since the sale of this airplane, we continued to pay a charter service for Mr. Fitzmyers' travel between his home and our offices and to travel on business under a similar arrangement. This arrangement ended at the end of 2012. In 2012, we paid approximately \$462,000 for Mr. Fitzmyers' use of this and other airplanes, including \$19,905 that we paid to Mr. Fitzmyers as compensation (see Summary Compensation Table above). The members of our Board of Directors who are not employees or officers unanimously approved this arrangement. Beginning in 2013, we will no longer hire an airplane for Mr. Fitzmyers, but will reimburse him for the cost of his travel based on commercial flight rates to and from our offices or when he travels on Company business.



**Grants of Plan-Based Awards**

The following table summarizes the awards under our 2011 Incentive Plan of restricted stock units to our Named Executive Officers during 2012. The Compensation and Leadership Development Committee awarded these restricted stock units because we achieved our 2011 operating goals that the Compensation and Leadership Development Committee had approved at the beginning of 2011.

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards (\$/Share)
Karen Colonias	01/30/12	6,295	33.23
Brian J. Magstadt	01/30/12	3,440	33.23
Thomas J Fitzmyers	01/30/12	5,150	33.23
Phillip Terry Kingsfather	01/30/12	16,005	33.23
Michael J. Herbert	01/30/12	3,435	33.23

The restrictions on the restricted stock units lapse (vest) as follows:

Name	Vesting Term{1}	Vesting Increments
Karen Colonias	3 years	annually
Brian J. Magstadt	3 years	annually
Thomas J Fitzmyers	3 years	annually
Phillip Terry Kingsfather	3 years	annually
Michael J. Herbert	3 years	annually

{1} Restricted stock units vest one fourth on each of the award date and the first, second and third anniversaries of the award date. As discussed below, vesting of restricted stock units will accelerate on a change in control or on the participant ceasing to be employed by us after reaching age 60.

We generally award restricted stock units or grant stock options under our 2011 Incentive Plan once each year, in January or February, on the day that the Compensation and Leadership Development Committee meets to approve the awards and grants that employees earned by meeting our goals for the preceding fiscal year. In 2012, we awarded 352,511 restricted stock units, excluding 8,550 restricted stock units awarded to our independent directors, under our 2011 Incentive Plan. In 2011, we granted stock options under our 1994 Stock Option Plan to purchase 1,362,000 shares of our common stock pursuant to commitments related to the preceding fiscal years. The exercise price per share of the options equaled or exceeded the closing market price per share of our common stock as reported by the New York Stock Exchange for the day preceding the date of the Compensation and Leadership Development Committee meeting granting the options.

Generally, restrictions on restricted stock units that the Compensation and Leadership Development Committee has awarded under our 2011 Incentive Plan lapse (vest) in increments over 3 years and stock options that were granted under our 1994 Stock Option Plan (now part of our

2011 Incentive Plan) vest (become exercisable) in increments over 4 years. Our Board of Directors has, however, resolved to accelerate the vesting of restricted stock units and stock options in two situations. First, when an employee ceases employment with us after reaching age 60, all of the employee's unvested restricted stock units and stock options vest fully. Second, all outstanding restricted stock units vest and all stock options will fully vest, and must be exercised, on a change in control of Simpson Manufacturing Co., Inc., which we define as any of the following transactions, in which the holders of our common stock

immediately before the transaction do not continue to have substantially the same proportionate ownership in an entity that owns all or substantially all of the assets of Simpson Manufacturing Co., Inc. immediately thereafter:

- a consolidation or merger of Simpson Manufacturing Co., Inc. in which it is not the surviving corporation;
- a reverse merger in which Simpson Manufacturing Co., Inc. is the surviving corporation but the shares of our common stock outstanding immediately before the reverse merger are converted by virtue of the reverse merger into other property; or
- the approval by our stockholders of a plan or proposal for the dissolution and liquidation of Simpson Manufacturing Co., Inc.

These acceleration provisions apply to all participants in our 2011 Incentive Plan (including our 1994 Stock Option Plan, now part of our 2011 Incentive Plan), including our Named Executive Officers.

In 2013, we awarded restricted stock units under our 2011 Incentive Plan for 359,371 shares, including those awarded to our independent directors, of our common stock pursuant to commitments related to the preceding fiscal year. These restricted stock units are valued according to the closing market price per share of our common stock as reported by the New York Stock Exchange for the day preceding the date of the Compensation and Leadership Development Committee meeting awarding these restricted stock units. Restrictions on these restricted stock units generally lapse 25 percent on each of the date of the award and the first, second and third anniversaries of the date of the award except for those awarded to Karen Colonias, Phillip Terry Kingsfather and Brian J. Magstadt, which will lapse 75 percent on the third anniversary of the date of the award and 25 percent on the fourth anniversary of the date of the award. Restrictions on the restricted stock units also lapse when an employee ceases employment with us after reaching age 60 or on a change in control of Simpson Manufacturing Co., Inc.

**Outstanding Equity Awards at Fiscal Year End**

As of December 31, 2012, our Named Executive Officers held the following stock options that had been granted under our 1994 Stock Option Plan (now part of our 2011 Incentive Plan) and restricted stock units that had been awarded under our 2011 Incentive Plan:

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable {1}	Option Exercise Price(\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$){1}
Karen Colonias	3,000		40.72	01/25/13		
	2,000		33.62	02/01/14	4,722{4}	154,834
	12,500	37,500{2}	29.66	02/02/18		
Brian J. Magstadt	5,500	6,500{3}	29.66	02/02/18	2,580{4}	84,598
Thomas J Fitzmyers	9,000		40.72	01/25/13		
	4,500	13,500{2}	29.66	02/02/18	3,863{4}	126,668
Phillip Terry Kingsfather	33,000		40.72	01/25/13		
	2,000		33.62	02/01/14	12,004{4}	393,611
		79,500{2}	29.66	02/02/18		
Michael J. Herbert	4,000		40.72	01/25/13		
		30,000{2}	29.66	02/02/18	2,577{4}	84,500

{1} As discussed above see Grants of Plan-Based Awards vesting of stock options and restricted stock units will accelerate on a change in control or on the employee ceasing employment with us after reaching age 60.

{2} Unless vesting accelerates as discussed above, options vest at the rate of 25 percent per year on the anniversary of the date of grant.

{3} Unless vesting accelerates as discussed above, options vest at the rate of 1/48th per month each month beginning with the first month after the month of grant.

{4} Restricted stock units vest 25 percent on the award date and 25 percent on each of the 1st, 2nd and 3rd anniversary of the award date.

**Stock Option Exercises and Stock Vested**

The following table provides information for the year ended December 31, 2012, on the exercise of stock options granted to our Named Executive Officers under our 1994 Stock Option Plan (now part of our 2011 Incentive Plan) and on the vesting of restricted stock unit awards:

Name	Stock Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Karen Colonias			1,573	52,271
Brian J. Magstadt			860	28,578
Thomas J Fitzmyers			1,287	42,767
Phillip Terry Kingsfather	26,500	81,827	4,001	132,953
Michael J. Herbert	10,000	31,336	858	28,511

**Potential Payments on Termination or Change in Control**

We do not currently have or plan to adopt any deferred compensation programs or, except for a small number of employees in our recently acquired Swiss subsidiary, any defined benefit pension plans and generally do not pay benefits after termination of employment. We may, however, compensate a former employee after terminating employment with us, by way of the acceleration of vesting of stock options and restricted stock units on voluntary termination after reaching the age of 60 or on a change in control. These circumstances, in addition to those applicable to salaried employees generally, and the potential payments for our Named Executive Officers are as follows as of December 31, 2012:

Benefits and Payments on Termination	Voluntary Termination(1)	Change in Control{1}
Accelerated vesting of stock options and restricted stock units:		
Karen Colonias	\$	\$ 272,209
Brian J. Magstadt		104,943
Thomas J Fitzmyers	168,923	168,923
Phillip Terry Kingsfather	642,446	642,446
Michael J. Herbert		178,400

{1} As discussed above under Grants of Plan-Based Awards, vesting of stock options and the lapsing of restrictions on restricted stock units will accelerate on the employee ceasing employment with us after reaching age 60 or on a change in control.

Assumes a market value of \$32.79 per share of our common stock, the closing stock price on December 31, 2012, at voluntary termination or change in control. No material conditions or obligations apply to the receipt of payment on voluntary termination.





**Director Compensation**

The following table provides information on compensation for the year ended December 31, 2012, that we paid to our directors who are not also our employees or officers. The amounts shown include all compensation for services to us.

Name	Fees Earned or Paid in Cash(\$)	Stock Awards (\$){1}	All Other Compensation (\$){2}	Total (\$)
James S. Andrasick	73,000			73,000
Jennifer A. Chatman	94,500	47,353		141,853
Earl F. Cheit	101,000	47,353	1,000	149,353
Gary M. Cusumano	94,000	47,353		141,353
Peter N. Louras, Jr.	107,000	47,353		154,353
Robin G. MacGillivray	98,000	47,353	1,000	146,353
Barry Lawson Williams	94,500	47,353	1,000	142,853

{1} We determined the value of restricted stock unit awards by multiplying the number of restricted stock units by the fair value per share as of the award date. The restricted stock was valued using the market price of the shares on the award date in accordance Accounting Standards Codification Topic 718 Compensation Stock Compensation. The restricted stock units were awarded on January 30, 2012, and were valued at \$33.23, the closing stock price on January 27, 2012. Vesting of all unvested restricted stock units is accelerated on a change in control; see Grants of Plan-Based Awards above.

The outstanding stock option and restricted stock awards as of December 31, 2012, for these directors were as follows:

Name	Stock Options	Restricted Stock Units
Jennifer A. Chatman	6,000	1,425
Earl F. Cheit	6,000	1,425
Gary M. Cusumano	5,000	1,425
Peter N. Louras, Jr.	6,000	1,425
Robin G. MacGillivray	6,000	1,425
Barry Lawson Williams	6,000	1,425

{2} Represents matching contributions made by us for charitable gifts made by the director.

We pay each of our directors whom we do not compensate as an officer or employee

- an annual retainer of \$40,000,

Edgar Filing: SIMPSON MANUFACTURING CO INC /CA/ - Form DEF 14A

- a fee of \$2,000 for attending in person each meeting of our Board of Directors or attending by telephone a meeting that is scheduled to be held by telephone conference,
- a fee of \$2,000 for attending in person each committee meeting held on a day when our Board of Directors does not meet, whether or not he or she is a member of the committee,
- a fee of \$1,000 for each committee meeting he or she attends in person on the same day as a meeting of our Board of Directors or another committee, whether or not he or she is a member of the committee, and
- a fee of half the normal fee for each Board of Directors or committee meeting he or she attends by telephone, unless it is scheduled to be held by telephone conference.

We pay the Lead Independent Director an additional annual fee of \$10,000. We pay the Chair of the Audit Committee an additional annual fee of \$8,000. We pay the Chair of each of the Compensation and Leadership Development Committee, the Acquisition and Strategy Committee and the Governance and Nominating Committee an additional annual fee of \$4,000. The annual retainer and the additional annual fees for the Lead Independent Director and the Committee Chairs are not prorated in the year that a director is appointed to the Board of Directors. We reimburse outside directors for expenses that they incur in attending Board of Directors and committee meetings and educational programs. We pay each outside director \$3,000 per day and reimburse his or her expenses when he or she visits our facilities to observe operations.

#### *Equity-Based Compensation Awards for Independent Directors*

Each of our independent directors, whether newly appointed or continuing his or her service, is eligible to receive 1,425 restricted stock units under our 2011 Incentive Plan for each year that we meet our annual operating profit goal. A newly appointed director is eligible to receive the entire restricted stock unit award as long as he or she served on the Board of Directors during the year and the operating profit goal for that year was achieved. The operating profit goal for awards for our independent directors is the same as the operating profit goal for awards to our Named Executive Officers. In 2013, because Simpson Strong-Tie Company Inc. achieved its 2012 operating profit goals, we awarded 1,425 restricted stock units under our 2011 Incentive Plan to each of our independent directors. If we meet the Simpson Strong-Tie Company Inc. operating profit goal for 2013, we anticipate awarding in 2014 to each of our independent directors 1,425 restricted stock units under our 2011 Incentive Plan.

No stock options granted to our directors under our 1995 Independent Director Stock Option Plan (now part of our 2011 Incentive Plan) were exercised during 2012.

#### *Potential Payments on Resignation or Change in Control for Independent Directors*

We do not currently have or plan to adopt any deferred compensation programs or defined benefit pension plans and generally do not pay benefits after resignation from the Board of Directors. We may, however, compensate a former director who resigns from the Board of Directors by accelerating the lapse of restrictions on the directors' restricted stock units if the director is over age 60 or a change in control occurs, as follows as of December 31, 2012:

<b>Benefits and Payments on Termination</b>	<b>Resignation{1}</b>	<b>Change in Control{1}</b>
<b>Accelerated lapse of restrictions on restricted stock units:</b>		
Jennifer A. Chatman	\$	\$ 35,053
Earl F. Cheit	35,053	35,053
Gary M. Cusumano	35,053	35,053
Peter N. Louras, Jr.	35,053	35,053
Robin G. MacGillivray		35,053
Barry Lawson Williams	35,053	35,053

{1} Assumes a market value of \$32.79 per share of our common stock, the closing stock price on December 31, 2012, on resignation or change in control. No material conditions or obligations apply to the receipt of payment on resignation.



## Compensation Consultants

In 2011, the Compensation and Leadership Development Committee engaged Towers Watson as its compensation consultant. The Lead Consultant, who changed employers from Venture Pay Group to Towers Watson in 2011, remained the same. Towers Watson's services were requested and approved by the Compensation and Leadership Development Committee and not recommended or provided by our officers. Towers Watson was engaged for 2 primary purposes:

- to update a benchmarking analysis of total direct compensation for our Chief Executive Officer compared to the peer groups developed by Venture Pay Group in 2010, although this did not include a full year over year analysis of our other Named Executive Officers compensation; and
- to recommend potential changes to our long-term compensation program for our Chief Executive Officer, our Chief Financial Officer and Simpson Strong-Tie Company Inc.'s President and Chief Executive Officer, to align our programs with strategic objectives.

Towers Watson made recommendations to the Compensation and Leadership Development Committee to modify the terms of future equity-based compensation awards to keep the operating profit goals, to add strategic goals and to add a total stockholder return component. The Compensation and Leadership Development Committee incorporated these features into the potential equity-based compensation awards beginning in 2012. See *Equity-Based Compensation Awards* above. We paid Towers Watson total fees of \$45,300 for these services in 2011. In 2012, we paid an additional \$13,403 to finalize the billing on this engagement.

## Compensation and Leadership Development Committee

The Compensation and Leadership Development Committee of our Board of Directors is responsible for the development and review of our compensation policy for all of our salaried employees, including equity-based compensation, and is responsible for reviewing and approving the compensation discussion and analysis for inclusion in our Annual Report on Form 10-K and our proxy statement. The Compensation and Leadership Development Committee comprises 3 independent directors, as defined by the New York Stock Exchange rules; see Proposal No. 1 Election of Directors Independence above. In addition, the members of the Compensation and Leadership Development Committee are both:

- non-employee directors directors who satisfy the requirements established by the Securities and Exchange Commission for non-employee directors under Rule 16b-3 under the Securities Exchange Act of 1934; and
- outside directors directors who satisfy the requirements established under Internal Revenue Code section 162(m).

Our Board of Directors appoints the members of the Compensation and Leadership Development Committee for indefinite terms and may remove any member at any time. The Compensation and Leadership Development Committee operates under a written charter that our Board of Directors adopted, which is also available on our website at <http://www.simpsonmfg.com/financials/compensation.html>. We will provide a printed copy of the charter to any stockholder on request.



### **Compensation and Leadership Development Committee Report**

The Compensation and Leadership Development Committee of our Board of Directors reviewed the above Compensation Discussion and Analysis, discussed it with our officers and recommended its inclusion in our Annual Report on Form 10-K for the year ended December 31, 2012, and in this Proxy Statement.

#### **Compensation and Leadership Development Committee**

Jennifer A. Chatman, Chair  
Peter N. Louras, Jr.  
Barry Lawson Williams

### **Report of the Audit Committee of our Board of Directors**

The Audit Committee of our Board of Directors is responsible for financial and accounting oversight. Its policies and practices are described below.

#### *Composition*

The Audit Committee comprises 5 independent directors, as defined by the New York Stock Exchange rules. It operates under a written charter that our Board of Directors adopted, which is available on our website at <http://www.simpsonmfg.com/financials/audit.html>. We will provide a printed copy of the charter to any stockholder on request. The members of the Audit Committee are Peter N. Louras, Jr., Chair, James S. Andrasick, Jennifer A. Chatman, Earl F. Cheit and Robin G. MacGillivray. Our Board has determined that each of them meets the definitions and standards for independence and is financially literate, and that 1 of the Audit Committee members, Peter N. Louras, Jr., has financial management expertise as required by New York Stock Exchange rules and meets the Securities and Exchange Commission definition of an audit committee financial expert.

#### *Responsibilities*

The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the accounting firm that we engage as our independent registered public accounting firm. Our officers are responsible for our internal controls and financial reporting process. Subject to the Audit Committee's oversight, our independent registered public accounting firm is responsible for performing an independent audit of our internal controls over financial reporting, for performing an independent audit of our consolidated financial statements in accordance with generally accepted auditing standards, and for reporting on those audits.



*Review with Officers and the Independent Registered Public Accounting Firm*

The Audit Committee met 6 times in 2012 and has held discussions with our officers and the independent registered public accounting firm. Our officers represented to the Audit Committee that our consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States. The Audit Committee has reviewed and discussed the consolidated financial statements with our officers and PricewaterhouseCoopers LLP, our independent registered public accounting firm. The Audit Committee has discussed with PricewaterhouseCoopers LLP the matters that they were required to discuss under Statement on Auditing Standards No. 114, *The Auditor's Communications With Those Charged With Governance*, which amends Statement on Auditing Standards No. 61, *Communication with Audit Committees*.

The Audit Committee has received the written disclosures and the letter from PricewaterhouseCoopers LLP, a registered public accounting firm, required by applicable requirements of the Public Company Accounting Oversight Board affirming the registered public accounting firm's

independence in compliance with Rule 3526. The Audit Committee discussed with PricewaterhouseCoopers LLP that firm's independence. On that basis, the Audit Committee believes that PricewaterhouseCoopers LLP is independent.

*Summary*

Based on the Audit Committee's discussions with our officers and PricewaterhouseCoopers LLP, the Audit Committee's review of the representations of our officers, and the report of PricewaterhouseCoopers LLP to the Audit Committee, the Audit Committee recommended that our Board of Directors include the audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2012, as filed with the Securities and Exchange Commission. The Audit Committee believes that it has satisfied its responsibilities under its charter.

**Audit Committee**

Peter N. Louras, Jr., Chair  
James S. Andrasick  
Jennifer A. Chatman  
Earl F. Cheit  
Robin G. MacGillivray

**Audit and Related Fees**

*Audit Fees*

For professional services for the audit of our annual consolidated financial statements included in our annual report on Form 10-K, the audit of our internal control over financial reporting, and review of the condensed consolidated financial statements included in our quarterly reports on Form 10-Q, we paid PricewaterhouseCoopers LLP an aggregate of approximately \$2,444,000 for 2012 and \$2,204,000 for 2011, approximately 76 percent and 74 percent, respectively, of the total fees that we paid to PricewaterhouseCoopers LLP for those years.

*Audit-Related Fees*

For professional services for audit-related services, we paid PricewaterhouseCoopers LLP an aggregate of approximately \$26,000 for 2012, approximately 1 percent of the total fees that we paid to PricewaterhouseCoopers LLP for that year. We did not pay any audit-related fees to PricewaterhouseCoopers LLP for 2011.

*Tax Fees*

## Edgar Filing: SIMPSON MANUFACTURING CO INC /CA/ - Form DEF 14A

For professional services for tax compliance associated with our annual tax returns, and for tax advisory and planning services, we paid PricewaterhouseCoopers LLP an aggregate of approximately \$725,000 for 2012 and \$756,000 for 2011, approximately 23 percent and 25 percent, respectively, of the total fees that we paid to PricewaterhouseCoopers LLP for those years.

### *All Other Fees*

For all other services, we paid PricewaterhouseCoopers LLP an aggregate of approximately \$6,000 for 2012 and \$34,000 for 2011, less than 1 percent and approximately 1 percent, respectively, of the total fees that we paid to PricewaterhouseCoopers LLP for each of those years. In 2012, these other services were primarily for the preparation of a report to a subsidiary's Board of Directors on the merger of the acquired businesses in Switzerland and for consultation related to the importation of products into the European Community. In 2011, these other services were primarily for a valuation report for one of our German subsidiaries, assistance in preparing an application for a customs code related to the importation of one of our products to Denmark and for a subscription to an online accounting research tool.

The Audit Committee must pre-approve fees to be paid to PricewaterhouseCoopers LLP before PricewaterhouseCoopers LLP begins work. The Audit Committee pre-approved all fees and services for PricewaterhouseCoopers LLP's work in 2012 and 2011. The Audit Committee has determined that the fees for services rendered were compatible with maintaining PricewaterhouseCoopers LLP's independence.

#### **Governance and Nominating Committee of our Board of Directors**

Our Board of Directors has a standing Governance and Nominating Committee, which is primarily responsible for nominating candidates to our Board of Directors. Its charter and our corporate governance guidelines are available on our website at <http://www.simpsonmfg.com/financials/governance.html>. We will provide a printed copy of each to any stockholder on request. The 4 members of the Governance and Nominating Committee, Robin G. MacGillivray, Chair, Jennifer A. Chatman, Earl F. Cheit and Barry Lawson Williams, are independent and meet all applicable independence requirements.

The Governance and Nominating Committee considers all candidates identified as potential directors, including those submitted by stockholders for its consideration. Any of our stockholders can recommend a director candidate to the Governance and Nominating Committee by writing a letter to:

Simpson Manufacturing Co., Inc.

Board of Directors Governance and Nominating Committee

5956 W. Las Positas Blvd.

Pleasanton, CA 94588

For the Governance and Nominating Committee to consider a candidate for the 2014 annual meeting, we must receive the letter not later than November 9, 2013. The letter should include a description of the attributes that the stockholder believes the candidate would bring to our Board of Directors and the candidate's biography and contact information.

When evaluating a director candidate, whether or not recommended by a stockholder, the Governance and Nominating Committee uses for guidance our Governance Guidelines on Director Qualification and Key Director Responsibilities and considers the candidate's education, business experience, financial expertise, industry experience, business acumen, interpersonal skills, vision, teamwork, integrity, strategic ability and customer focus. The Governance and Nominating Committee will review and discuss potential candidates who come to its attention, whether from internal or external sources. From the review and discussion, the Governance and Nominating Committee may narrow the list of potential candidates and interview the remaining candidates. The Governance and Nominating Committee will recommend for consideration by the full Board of Directors any candidate that the Governance and Nominating Committee considers to be suitable.

Our Bylaws also permit our stockholders directly to nominate directors. To do so, a stockholder must notify our Secretary at least 75 days, but not more than 90 days, before an annual meeting, unless we do not publicly disclose the date of the meeting at least 85 days before the date that the meeting is scheduled to be held, in which case our Secretary must receive the stockholder's notice within 10 days after we publicly disclose the meeting date. A stockholder's notice nominating 1 or more director candidates must state as to each such candidate

- the candidate's name, age, business address and residence address,
- the candidate's principal occupation or employment,
- the number of shares of our common stock that the candidate beneficially owns and other information, if any, required by our Bylaws, and
- any other information relating to the candidate that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, pursuant to Regulation 14A under the Securities Exchange Act of 1934 (including without limitation the candidate's written consent to being named in the proxy statement as a nominee and to serving as a director if elected).

The stockholder's notice must also state the stockholder's name and address, as they appear on our books, and the number of shares of our common stock that the stockholder beneficially owns and other information, if any, required by our Bylaws. We will disregard a purported nomination that does not comply in all respects with our Bylaws. We did not receive such a notice from any stockholder for our 2013 annual meeting of stockholders.

#### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and officers and persons who own more than 10 percent of our common stock to file initial reports of ownership and reports of changes in ownership of our common stock with the Securities and Exchange Commission. Securities and Exchange Commission regulations require such persons to furnish us with copies of all section 16(a) reports that they file. Based solely on our review of the copies of such reports that we received and written representations from the executive officers and directors, we believe that in 2012 our directors and officers and 10 percent stockholders met all of the section 16(a) filing requirements regarding our common stock.

#### **Code of Ethics**

We have adopted a code of business conduct and ethics that applies to our Chief Executive Officer and our Chief Financial Officer, as well as all other of our and our subsidiaries' employees. This code is posted on our website at <http://www.simpsonmfg.com/about/ethics.html>. We will provide a printed copy of the code, free of charge, to any stockholder on request.

#### **OTHER BUSINESS**

Our Board of Directors does not presently intend to bring any other business before the meeting. Insofar as our Board of Directors is aware, no matters will be brought before the meeting except as specified in the notice of the meeting. The persons that you will appoint as your proxies in the enclosed form intend to vote according to their judgment on any other business that properly comes before the meeting.

**DISCLAIMER REGARDING INCORPORATION BY REFERENCE OF THE REPORTS OF  
THE AUDIT AND COMPENSATION AND LEADERSHIP DEVELOPMENT COMMITTEES**

THE INFORMATION SHOWN IN THE SECTIONS ENTITLED REPORT OF THE AUDIT COMMITTEE OF OUR BOARD OF DIRECTORS AND COMPENSATION AND LEADERSHIP DEVELOPMENT COMMITTEE REPORT SHALL NOT BE DEEMED TO BE INCORPORATED BY REFERENCE BY ANY GENERAL STATEMENT INCORPORATING BY REFERENCE THIS PROXY STATEMENT INTO ANY FILING BY SIMPSON MANUFACTURING CO., INC. WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT TO THE EXTENT THAT SIMPSON MANUFACTURING CO., INC. INCORPORATES THIS INFORMATION BY SPECIFIC REFERENCE, AND SUCH INFORMATION SHALL NOT OTHERWISE BE DEEMED FILED UNDER SUCH ACTS.

**STOCKHOLDER PROPOSALS**

We must receive stockholder proposals for inclusion in our proxy statement and form of proxy relating to our 2014 Annual Meeting of Stockholders a reasonable time before we begin our solicitation, and in any event not later than November 9, 2013.

BY ORDER OF THE BOARD

Brian J. Magstadt  
*Secretary*

**TO ASSURE THAT YOUR SHARES ARE REPRESENTED AT THE MEETING, WE URGE YOU TO COMPLETE, DATE AND SIGN THE ENCLOSED PROXY AND MAIL IT PROMPTLY IN THE POSTAGE-PAID ENVELOPE PROVIDED, OR VOTE BY TELEPHONE OR THE INTERNET AS INSTRUCTED ON THE PROXY OR THE NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING. YOU CAN REVOKE YOUR PROXY AT ANY TIME BEFORE IT IS VOTED.**

**EXHIBIT A**

**SIMPSON MANUFACTURING CO., INC.  
EXECUTIVE OFFICER CASH PROFIT SHARING PLAN**

**Adopted January 14, 2003**

**and Amended through February 25, 2008**

Purpose

The purpose of this Plan is to recognize outstanding effort and achievement by executive officers of Simpson Manufacturing Co., Inc. and its subsidiaries (together, the Company). The Plan is intended to provide qualified performance-based compensation in accordance with section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations and interpretations thereunder (the Code).

Committee

The Plan shall be administered by a Compensation Committee (the Committee) of the Board of Directors of the Company. The Committee shall consist of at least two outside directors of the Company who satisfy the requirements of Code section 162(m). The Committee shall have the sole discretion and authority to administer and interpret the Plan in accordance with Code section 162(m).

Covered Employees

Any employee of the Company treated as a covered employee pursuant to section 162(m) of the Code, as amended and as interpreted in Treasury Regulations and notices or other rulings issued by the Internal Revenue Service, and any other employee of the Company designated by the Committee.

Amount of Award

The Committee will determine the amount of the award that each covered employee will be eligible to receive under the Plan each fiscal quarter. Awards will be based on a percentage of the amount by which net profits of the Company or a branch or subsidiary of the Company for a fiscal quarter exceed a qualifying level of net profits for the Company or such branch or subsidiary, respectively, for that fiscal quarter. The results for each fiscal quarter will be determined independently of the results for any other fiscal quarter; profits or losses in one fiscal quarter will not be used to calculate net profits in any subsequent fiscal quarter.



The Committee shall set the standards for determining net profits, the qualifying levels and the percentages of excess profits that covered employees are eligible to receive with respect to a fiscal quarter, no later than the latest time permitted by the Code for that fiscal quarter. Qualifying levels will be based on the value of net operating assets of the Company, the branch or the subsidiary, multiplied by a rate of return on those assets. Individual percentages will be based on job function.

No award in excess of \$2,500,000 will be paid to any covered employee under this Plan with respect to any fiscal year. The Committee, in its sole discretion, may reduce or eliminate the award to any covered employee in any year. The reduction in the amount of an award to any covered employee shall not, however, affect the amount of the award to any other covered employee.

A-1

---

Payment of Awards

Awards will be paid quarterly, within five weeks of the last day of the fiscal quarter. No bonus shall be paid unless and until the Committee certifies in writing that the performance goals of the Plan are satisfied.

No covered employee is eligible to receive an award under the Plan until he or she works an entire fiscal quarter for the Company. Anyone who is terminated by the Company without cause, as determined by the Committee in its sole discretion, dies, is on disability or voluntarily quits the Company before the last day of a fiscal quarter, will be paid on a pro-rata basis for the days actually worked in that fiscal quarter.

Scope of the Plan

Nothing in this Plan shall be construed as precluding or prohibiting the Company from establishing or maintaining other bonus or compensation arrangements, which may be applicable to all employees and officers or applicable only to selected employees or officers; provided, however, that an individual who receives an award under this Plan with respect to a fiscal quarter shall not be permitted to participate in any other bonus arrangement or plan of the Company for that fiscal quarter that provides bonuses similarly calculated as a percentage of profits in excess of a qualifying level.

Amendment and Termination

The Company reserves the right to amend or terminate this Plan at any time with respect to future services of covered employees. Plan amendments will require stockholder approval only to the extent required by applicable law.

General

The establishment of the Plan shall not confer any legal right on any covered employee or other person to continued employment, nor shall it interfere with the right of the Company to discharge any covered employee and treat him or her without regard to the effect that such treatment might have on him or her as a participant in the Plan. The laws of the State of California will govern any legal dispute involving the Plan.

No Funding

The Company shall not be required to fund or otherwise segregate any cash or any other assets that may at any time be paid to participants under the Plan. The Plan shall constitute an unfunded plan of the Company. Neither the Company nor the Committee shall, by any provision of the Plan, be deemed to be a trustee of any property, and any obligations of the Company to any participant under the Plan shall be those of a debtor and any rights of any participant or former participant shall be limited to those of a general unsecured creditor.

Non-Transferability of Benefits and Interests

Except as expressly provided by the Committee, no benefit payable under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any such attempted action shall be void. No benefit payable under the Plan shall be in any manner liable for or subject to debts, contracts, liabilities, engagements or torts of any participant or former participant. This section shall not apply to an assignment of a contingency or payment due after the death of the covered employee to the deceased covered employee's legal representative or beneficiary.

A-2

---

© 2012 Simpson Manufacturing Co., Inc. P32387 PR13

---

































