LENNAR CORP /NEW/
Form PRE 14A
February 16, 2011

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

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Check the appropriate box:
þ Preliminary Proxy Statement

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o Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to Rule 14a-12

LENNAR CORPORATION
(Name of Registrant as Specified In Its Charter)

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

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

700 Northwest 107th Avenue
Miami, Florida 33172
(305) 559-4000

Notice of 2011 Annual Meeting of Stockholders

To the Stockholders of Lennar Corporation:

This is to notify you that the 2011 Annual Meeting of Stockholders of Lennar Corporation will be held at our offices at 700 Northwest 107th Avenue, Second Floor, Miami, Florida 33172 on Wednesday, April 13, 2011, at 11:00 a.m. Eastern Time, for the following purposes:

1. To elect nine Directors to serve until the next Annual Meeting of Stockholders;
2. To have an advisory vote on the Company s compensation of executive officers (a non-binding say-on-pay vote);
3. To have an advisory vote on how frequently stockholders should vote on the Company s compensation of executive officers (a non-binding say-on-frequency vote);
4. To vote on proposed amendments to Sections 7.1 through 7.4 of the Company s Bylaws;
5. To vote on a proposed amendment to Article XI of the Company s Bylaws;
6. To ratify the selection of Deloitte & Touche LLP as the Company s independent registered public accounting firm for the Company s fiscal year ending November 30, 2011;
7. To act on a stockholder proposal regarding the Company s building practices; and
8. To act upon any other matters that properly come to a vote at the annual meeting.

Only stockholders of record at the close of business on February 16, 2011 will be entitled to notice of and to vote at the meeting or any adjournment of the meeting.

We cordially invite you to attend the annual meeting in person. However, whether or not you plan to attend the meeting in person, it is important that your shares are represented at the meeting. We ask that you either vote your shares or return the enclosed proxy card at your earliest convenience. If you give a proxy, you may revoke it at any time before it is used.

By Order of the Board of Directors

Mark Sustana
Secretary and General Counsel

Miami, Florida
March 3, 2011

700 Northwest 107th Avenue
Miami, Florida 33172
(305) 559-4000

2011 Annual Meeting of Stockholders

Proxy Statement

Solicitation of Proxies

Our Board of Directors is soliciting the accompanying proxy in connection with matters to be considered at our 2011 Annual Meeting of Stockholders to be held at our offices at 700 Northwest 107th Avenue, Second Floor, Miami, Florida 33172 on Wednesday, April 13, 2011 at 11:00 a.m. Eastern Time. The individuals named on the proxy card will vote all shares represented by proxies in the manner designated or, if no designation is made, they will vote as follows:

(1) FOR each of the nine nominees named in this proxy statement for election to the Board of Directors;

(2) FOR approval of the Company s compensation of executive officers;

(3) For holding a non-binding vote every ONE year regarding approval of the Company s compensation of executive officers;

(4) FOR approval of the amendments to Sections 7.1 through 7.4 of the Company s Bylaws described below;

(5) FOR approval of the amendment to Article XI of the Company s Bylaws described below;

(6) FOR the ratification of the selection of Deloitte & Touche LLP as the Company s independent registered public accounting firm for the Company s fiscal year ending November 30, 2011;

(7) AGAINST the stockholder proposal regarding the Company s building practices; and

(8) In their best judgment with respect to any other matters that properly come to a vote at the annual meeting.

The individuals who act as proxies will not vote shares that are the subject of a proxy card on a particular matter if the proxy card instructs them to abstain from voting on that matter or to the extent the proxy card is marked to show that some of the shares represented by the proxy card are not to be voted on that matter.

Record Date

Only stockholders of record at the close of business on February 16, 2011 will be entitled to notice of or to vote at this annual meeting or any adjournment of the meeting. **On or about March 3, 2011, we are mailing a Notice of Availability of Proxy Materials, which describes how to obtain copies of this proxy statement, to all stockholders of record on February 16, 2011.**

Shares Outstanding and Voting Rights

We have two classes of voting stock outstanding, Class A common stock and Class B common stock. At February 16, 2011, 155,556,845 shares of Class A common stock were outstanding and 31,296,847 shares of

Class B common stock were outstanding. Each outstanding share of Class A common stock entitles the holder to one vote. Each outstanding share of Class B common stock entitles the holder to ten votes.

Counting Votes

The inspector of election appointed for the meeting will count the votes cast by proxy or in person at the annual meeting. A majority in voting power, and not less than one-third in number, of the shares entitled to vote, represented in person or by proxy, will constitute a quorum for the transaction of business at the annual meeting. Our 401(k) plan provides that the trustee of the 401(k) plan will vote the shares of our common stock that are not directly voted by the participants. Shares as to which there are abstentions, and shares held by brokers that are not voted as to particular proposals, will nonetheless be included in determining if a quorum is present or represented at the annual meeting. *Brokers who hold shares in street name for customers will not be able to vote the shares without instructions from their customers with respect to any of the proposals, other than the proposal to ratify the selection of our auditors.* Shares for which brokers have not received instructions, and which therefore are not voted, with respect to a particular proposal are referred to as broker non-votes with respect to that proposal. Neither abstentions from voting on a proposal described in this proxy statement nor broker non-votes will affect the outcome of the vote on that proposal.

Voting Requirements

Each Director will be elected by a plurality of the votes cast with regard to the election of Directors by the holders of shares of our Class A and Class B common stock, voting together as a single class. A majority of the votes cast by the holders of shares of our Class A and Class B common stock, voting together as a single class, is required to approve any of the other proposals (including the stockholder proposal), except that with regard to the advisory vote on how frequently our stockholders should vote on the compensation of our executive officers, the number of years (1, 2 or 3) that receives the highest number of votes will be deemed to be preferred by our stockholders.

How to Vote

To vote by mail:

(1) Mark, sign and date your proxy card; and
(2) Return your proxy card in the enclosed envelope.

To vote over the Internet:

(1) Have your notice and proxy card available;
(2) Log on to the Internet and visit the website noted on your proxy card;
(3) Follow the instructions provided; and
(4) Do not mail your proxy card.

To vote by telephone:

(1) Have your notice and proxy card available;
(2) Call the toll-free number listed on your proxy card;
(3) Follow the recorded instructions; and
(4) Do not mail your proxy card.

To vote in person if you are a registered stockholder:

(1) Attend our annual meeting;
(2) Bring a valid government issued photo identification; and
(3) Deliver your completed proxy card or ballot in person.

To vote in person if your shares are held in street name (through a bank or broker):

(1) Attend our annual meeting;

(2) Bring a valid government issued photo identification; and

(3) Obtain from your bank or broker a document that authorizes you to vote the shares that are held for your benefit, attach that document to your completed proxy card or ballot and deliver it in person.

Revoking Your Proxy

You may revoke your proxy at any time before it is used:

(1) In person at the annual meeting;

(2) By a writing delivered to our offices before the proxy is used; or

(3) By a later-dated proxy delivered to our offices before the proxy is used.

Your presence at the meeting will not revoke your proxy, but if you attend the meeting and cast a ballot with regard to a matter, you will revoke your proxy as to that matter.

Cost and Method of Solicitation

We will bear the cost of soliciting proxies. We are soliciting proxies by mail and, in addition, our Directors, officers and employees (associates) may solicit proxies personally or by telephone. We will not reimburse any Director, officer or associate for their solicitation. We will reimburse custodians, brokerage houses, nominees and other fiduciaries for the cost of sending proxy materials to beneficial owners.

Principal Stockholders

The following table shows stock ownership information as of February 16, 2011 with respect to each of our stockholders who is known by us to be a beneficial owner of more than 5% of either class of our outstanding common stock. To the best of our knowledge, and except as otherwise indicated, the persons named in this table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them.

Name and Address of Beneficial Owner	Title of Class	Amount and Nature of Beneficial Ownership	Percent of Class(7)
Stuart A. Miller 700 Northwest 107th Avenue Miami, FL 33172	Class B Common Stock	21,409,783(1)(2)	68.4%
FMR LLC 82 Devonshire Street Boston, MA 02109	Class A Common Stock	27,734,983(3)	17.8%
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	Class A Common Stock	8,595,120(4)	5.5%
Taube Hodson Stonex Partners LLP Cassini House 1st Floor 57-59 St. James s Street London, SW1A 1LD, England	Class A Common Stock	8,282,270(5)	5.3%
Moab Partners, L.P. 15 East 62nd Street New York, New York 10065	Class B Common Stock	1,566,654(6)	5.0%

(1) Mr. Miller, his brother and his sister are trustees and beneficiaries of trusts that directly or indirectly hold controlling and substantial limited partner interests in two partnerships (Mr. Miller, his brother and sister also directly own minor limited partnership interests in the two partnerships), which together own 21,204,314 of the shares of Class B common stock reflected in this table. Mr. Miller is the sole officer and the sole director of the corporation that owns the general partner interests in the partnerships and Mr. Miller has sole voting and dispositive power over these shares. Because of that, Mr. Miller is shown as the beneficial owner of the shares held by the partnerships, even though he has only a limited pecuniary interest in those shares. In addition, Mr. Miller has shared voting and investment power with respect to 104,262 of the shares of Class B common stock reflected in this table.

(2) Includes 97,730 shares of Class B common stock owned by Mr. Miller, 1,857 shares of Class B common stock allocated to Mr. Miller s account under the Company s Employee Stock Ownership Plan and options to purchase 1,620 shares of Class B common stock held by Mr. Miller, which are currently exercisable or will become exercisable within 60 days after February 16, 2011.

(3) Based on Amendment No. 5 to the stockholder s Schedule 13G, filed on February 14, 2011. Fidelity Management & Research Company, a registered investment adviser and a wholly-owned subsidiary of FMR LLC, beneficially owns 27,531,937 shares of Class A common stock as a result of acting as investment adviser to various registered investment companies (the Funds). One Fund, Fidelity Magellan Fund, owns

13,380,585 shares of Class A common stock. Edward C. Johnson 3d has effective control of FMR LLC, and therefore may be deemed to be the beneficial owner of all shares of which FMR LLC is beneficial owner. FMR LLC has sole voting power with regard to 203,046 shares and sole dispositive power as to all 27,734,983 shares.

(4) Based on the stockholder s Schedule 13G, filed on February 7, 2011.

(5) Based on the stockholder s Schedule 13G, filed on May 20, 2010.

(6) Based on the stockholder s Schedule 13G, filed on February 7, 2011. Moab Capital Partners, LLC, as investment adviser to Moab Partners, L.P., and Michael N. Rothenberg and David A. Sackler, as part owners and managing members of Moab Capital Partners, LLC, may be deemed to be beneficial owners of the shares held by Moab Partners, L.P.

(7) Percent of Class is determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, based on the total issued and outstanding shares of the class indicated as of February 16, 2011.

Stock Ownership of Our Management

The following table shows beneficial ownership information as of February 16, 2011 for (1) each of our current Directors, (2) each of the named executive officers who are listed in the Summary Compensation Table and (3) all of our current Directors and executive officers as a group. The share amounts and ownership percentages shown for each individual in the table include shares of Class A or Class B common stock that are not currently outstanding but which the individual may acquire upon exercise of options held by that individual that are currently exercisable or will become exercisable within 60 days after February 16, 2011. To the best of our knowledge, and except as otherwise indicated, the persons named in this table have sole voting and investment power with respect to all the shares of common stock shown as beneficially owned by them.

	Class of Common Stock			
	Class A Common Stock		Class B Common Stock	
Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class(10)	Amount and Nature of Beneficial Ownership	Percent of Class(10)
Rick Beckwitt	1,000,000(1)	*		*
Diane J. Bessette	213,584(2)	*	8,159(2)	*
Irving Bolotin	124,508(3)	*	15,288	*
Steven L. Gerard	20,618(3)	*	850	*
Theron I. (Tig) Gilliam	3,900(4)	*		*
Bruce E. Gross	589,187(5)	*	72,382(5)	*
Sherrill W. Hudson	23,500(3)	*	5,000	*
Jonathan M. Jaffe	1,348,618(6)	*	50,905(6)	*
R. Kirk Landon	47,300(3)	*	22,380	*
Sidney Lapidus	206,842(3)	*	39,996	*
Stuart A. Miller	2,130,047(7)	1.4%	21,409,783(8)	68.4%
Donna E. Shalala	15,000(3)	*	200	*
Jeffrey Sonnenfeld	15,604(3)	*		*
Directors and Officers as a Group (15 persons)	5,949,803(9)	3.8%	21,626,572(9)	69.1%

* less than 1%

(1) Includes options to purchase 300,000 shares of Class A common stock.

(2) Includes options to purchase 34,000 shares of Class A and 1,400 shares of Class B common stock.

(3) Includes options to purchase 7,500 shares of Class A common stock.

(4) Includes options to purchase 2,500 shares of Class A common stock.

(5) Includes options to purchase 143,000 shares of Class A and 1,800 shares of Class B common stock.

(6) Includes options to purchase 254,000 shares of Class A and 400 shares of Class B common stock.

(7) Includes options to purchase 16,202 shares of Class A common stock. In addition, Mr. Miller has shared voting and investment power with respect to 182,650 shares of Class A common stock reflected in this table.

(8) Includes options to purchase 1,620 shares of Class B common stock. Mr. Miller, his brother and his sister are trustees and beneficiaries of trusts that directly or indirectly hold controlling and substantial limited partner interests in two partnerships (Mr. Miller, his brother and sister also directly own minor limited partnership interests in the two partnerships), which together own 21,204,314 of the shares of Class B common stock reflected in this table. Mr. Miller is the sole officer and the sole director of the corporation that owns the general partner interests in the partnerships and Mr. Miller has sole voting and dispositive power over these shares. Because of that, Mr. Miller is shown as the beneficial owner of the shares held by the partnerships, even though he has only a limited pecuniary interest in those shares. In addition, Mr. Miller has shared voting and investment power with respect to 104,262 of the shares of Class B common stock reflected in this table.

(9) Includes options to purchase 833,902 shares of Class A and 5,640 shares of Class B common stock.

(10) Percent of Class is determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, based on the total issued and outstanding shares of the class indicated as of February 16, 2011.

Because each outstanding share of Class B common stock entitles the holder to ten votes and each outstanding share of Class A common stock entitles the holder to one vote, as of February 16, 2011, Mr. Miller had the power to cast 216,195,523 votes, which is 46.1% of the combined votes that can be cast by all the holders of Class A common stock and Class B common stock, and all of our Directors and executive officers as a group had the power to cast 221,325,269 votes, which is 47.2% of the combined votes that can be cast by all the holders of Class A common stock and Class B common stock.

Board of Directors

Our Board of Directors is responsible for overseeing the management of our business. We keep Directors informed of our business at meetings and through reports and analyses presented to the Board of Directors and committees of the Board. Regular communications between the Directors and management also occur apart from meetings of the Board of Directors and committees of the Board. Specifically, from time to time the Board schedules calls with senior management to discuss the Company s business strategies.

Our Board of Directors currently consists of nine members, each of whom has a term that ends at the time of the next Annual Meeting of Stockholders. Each of the nominees is currently a director and has been nominated for re-election to the Board.

The following table provides information about the nominees for election as Directors.

Director Nominees	**Age**	**Director Since**
Irving Bolotin	78	1974
Steven L. Gerard	65	2000
Theron I. (Tig) Gilliam	46	2010
Sherrill W. Hudson	68	2008
R. Kirk Landon	81	1999
Sidney Lapidus(1)	73	1997
Stuart A. Miller(1)	53	1990
Donna E. Shalala	70	2001
Jeffrey Sonnenfeld	56	2005

(1) Member of our Executive Committee.

At our 2011 annual meeting, the persons named in the accompanying proxy will vote FOR the election of each of the persons listed above to serve as a member of our Board of Directors until our next Annual Meeting of Stockholders, except to the extent that particular proxies contain instructions to do otherwise.

Biographical Information about Our Director Nominees

Irving Bolotin has served as a Director of our company since 1974. Mr. Bolotin is currently retired. From 1972 until his retirement in December 1998, Mr. Bolotin served as a Senior Vice President of our company. During the past five years, Mr. Bolotin has served, and he currently serves, on the Boards of Directors of Rechtien International Trucks, Inc. and WPBT Channel 2. We believe Mr. Bolotin is particularly suited to contribute as a Director because of the extensive knowledge of homebuilding he obtained during the many years he was a member of our senior management.

Steven L. Gerard has served as a Director of our company since May 2000. Since October 2000, Mr. Gerard has served as a director and Chief Executive Officer of CBIZ, Inc., a provider of professional business services to individuals and companies throughout the United States. Mr. Gerard was elected Chairman of CBIZ, Inc. in October 2002. From July 1997 to October 2000, Mr. Gerard served as Chairman and Chief Executive Officer of Great Point

Capital, Inc., an operations and financial consulting firm. From September 1992 to July 1997, Mr. Gerard served as Chairman and Chief Executive Officer of Triangle Wire & Cable, Inc., and its successor, Ocean View Capital, Inc., a manufacturer of residential, commercial and industrial wire and cable products. Prior to that, Mr. Gerard spent sixteen years in various corporate finance and banking positions at Citibank, N.A. and spent seven years at the American Stock Exchange, last serving as Vice President of its Securities Division. During the past five years, in addition to serving on the Board of CBIZ, Inc., Mr. Gerard has served on the Boards of Directors of The Fairchild Corporation, Timco Aviation Services, Inc and Joy Global, Inc. He currently is a director and a member of the Human Resources and Nominating Committee and the Audit Committee of Joy Global, Inc. We believe Mr. Gerard is particularly suited to contribute as a Director because of his experience as the chief executive officer and in other senior management positions of significant companies for many years.

Theron I. (Tig) Gilliam became a Director in June 2010. Mr. Gilliam is Regional Head of North America and a member of the Executive Committee at Addeco Group SA, a human resources, temporary staffing and recruiting firm. From 2002 until he joined Addeco in March 2007, Mr. Gilliam was with International Business Machines, serving among other things as the Global Supply Chain Management Leader for IBM Global Business Services. Mr. Gilliam was a partner with PricewaterhouseCoopers Consulting until it was acquired by IBM in October 2002. We believe Mr. Gilliam s expertise in matters related to supply chain management and human resources will enable him to make important contributions to our Board of Directors.

Sherrill W. Hudson has served as a Director of our Company since January 2008. Mr. Hudson is the Executive Chairman of TECO Energy, Inc. From 2004 until August 2010, he was the Chief Executive Officer of TECO Energy. Prior to joining TECO Energy in July 2004, Mr. Hudson spent 37 years with Deloitte & Touche LLP until he retired in 2002. Mr. Hudson is a member of the Florida Institute of Certified Public Accountants. In addition to serving on the Board of TECO Energy, Mr. Hudson currently is a director of Publix Supermarkets, Inc. During the past five years, he also served on the board of directors of The Standard Register Company. We believe Mr. Hudson is particularly suited to contribute as a Director because of his extensive knowledge of accounting and his management experience.

R. Kirk Landon has served as a Director of our company since January 1999. Since 1996, Mr. Landon has served as the President of The Kirk Foundation and President of The Kirk A. and Dorothy P. Landon Foundation. From 2001 to 2007, Mr. Landon served as Chairman of Orange Clothing Company, a clothing manufacturing company. From 1993 until 2006, Mr. Landon served as Chairman of Innovative Surveillance Technology, a provider of surveillance equipment. From 1977 to 1995 he served as president, and then chief executive officer, of American Bankers Insurance Company of Florida and American Bankers Life Assurance Company of Florida. From 1991 to 1998, he served as Chairman and a Director of the Federal Reserve Bank of Atlanta (Miami branch). From 1983 until 2004, Mr. Landon served on the Board of Trustees of Barry University and from 2005 to 2010, he served on the Board of Trustees of Florida International University. We believe Mr. Landon is particularly suited to contribute as a Director because of his background in insurance and bank regulatory matters.

Sidney Lapidus has served as a Director of our company since April 1997. Mr. Lapidus is a retired partner of Warburg Pincus LLC, a private equity investment firm, and was with Warburg Pincus from 1967 until his retirement at the end of 2007. During the past five years, Mr. Lapidus has served, and he currently serves, on the board of directors of Knoll, Inc. and The Neiman Marcus Group, Inc., as well as a number of non-profit organizations. We believe Mr. Lapidus is particularly suited to contribute as a Director because of the extensive knowledge of business enterprises (including homebuilding companies) and corporate governance he gained as a partner in a private equity investment firm and as a director of a number of publicly and privately owned companies.

Stuart A. Miller has served as a Director of our company since April 1990 and has served as our President and chief executive officer since April 1997. If our stockholders approve the bylaw amendments that are the subject of Proposal 4, Mr. Miller will cease to be our President, but will hold the newly created office of Chief Executive Officer and will continue to be our chief executive officer. From 1997 until 2005, Mr. Miller served as the Chairman of the Board of LNR Property Corporation, a company that invests in commercial real estate and real estate-related securities, which was a wholly-owned subsidiary of ours until it was spun-off in October 1997. We believe Mr. Miller is particularly suited to contribute as a Director because he is our chief executive officer and has extensive knowledge of our company, its operations and its strategic plans.

Donna E. Shalala has served as a Director of our company since April 2001. Since June 2001, Ms. Shalala has served as the President of the University of Miami, a private higher-education institution, as well as a Professor of Political

Science. From January 1993 until January 2001, Ms. Shalala served as the U.S. Secretary of Health and Human Services. From 1987 until 1993, Ms. Shalala served as a Professor of Political Science and Chancellor of the University of Wisconsin-Madison. Ms. Shalala also served as a

Professor of Political Science and President of Hunter College from 1980 to 1987 and as Assistant Secretary for Policy Development and Research of the Department of Housing and Urban Development during the Carter administration. A distinguished political scientist, she has served widely in the areas of education, urban housing and health policy. During the past five years, Ms. Shalala has served, and she currently is serving, on the board of directors of Gannett Co., Inc. and Mednax, Inc., and as a member of the Council on Foreign Relations. During the past five years, Ms. Shalala had served on the board of directors of UnitedHealth Group. We believe Ms. Shalala is particularly suited to contribute as a Director because of the knowledge of government she obtained as a professor of political science, an Assistant Secretary of the Department of Housing and Urban Planning and as the Secretary of Health and Human Services, as well as the knowledge of management she has gained as the President of a major university.

Jeffrey Sonnenfeld has served as a Director of our company since September 2005. Mr. Sonnenfeld has served as the Senior Associate Dean for Executive Programs and the Lester Crown Professor-in-the-Practice of Management for the Yale School of Management since 2001. In 1989, Mr. Sonnenfeld founded the Chief Executive Leadership Institute of Yale University, and he has served as its President since that time. During the past five years, Mr. Sonnenfeld had served on the board of directors of Levity HR, Inc. and TheStreet.com. We believe Mr. Sonnenfeld is particularly suited to contribute as a Director because of his business acumen and experience, as well as his exceptional work in the areas of corporate governance and leadership development as part of the Chief Executive Leadership Institute that he founded and of which he is the President.

Corporate Governance

Structure of our Board

Until 2006, we had both a Chairman of the Board and a chief executive officer. When the then Chairman of the Board died in 2006, we did not replace him. Instead, we have a Lead Director, who presides over Board meetings and presides at all meetings of our independent Directors. Our Board believes that arrangement works well for us, because all but one of our directors (our chief executive officer) is independent, and our Lead Director can cause the independent Directors to meet at any time. Therefore, the Lead Director can at any time bring to the attention of a majority of the Directors any matters he thinks should be addressed by the Board and the independent Directors can, if they wish, cause the entire Board to meet in order to address matters. On the other hand, the Lead Director does not have any functions that might impair, or appear to impair, his independence.

Meeting Attendance

Our Board of Directors normally meets quarterly, but holds additional meetings as required. Under our Corporate Governance Guidelines, each Director is required to attend substantially all meetings of the Board. During fiscal 2010, the Board of Directors met eight times. Each Director attended at least 75% of (1) the total number of meetings of the Board of Directors held while that Director was serving on our Board, and (2) the total number of meetings of each committee of the Board on which he or she was serving. It is our policy to encourage Directors and nominees for Director to attend the annual meeting of stockholders. All members of our Board attended last year s annual meeting of stockholders.

Independent Directors

Our Board of Directors has unanimously determined that eight of our nine Directors, Messrs. Bolotin, Gerard, Gilliam, Hudson, Landon, Lapidus and Sonnenfeld and Ms. Shalala, are independent Directors under the Director Qualification Standards set forth in our Corporate Governance Guidelines, which are consistent with the New York Stock Exchange Corporate Governance Standards. After considering any relevant transactions or relationships between each Director, or any of his or her family members, and the

Company, our senior management and our independent registered public accounting firm, the Board of Directors has affirmatively determined that none of the independent Directors has a material relationship with us (either directly, or as a partner, stockholder, officer or affiliate of an organization that has a relationship with us), other than as a member of our Board of Directors.

Mr. Lapidus serves as our Lead Director. In this capacity, Mr. Lapidus presides over Board meetings in the absence of a Chairman (we have not had a Chairman since our former Chairman s death in 2006) and presides at all meetings of our independent Directors. In connection with our regularly scheduled board meetings, our independent Directors regularly meet in executive sessions that exclude our non-independent Director and management. Mr. Lapidus presides over these executive sessions.

Committees of the Board of Directors

Our Board of Directors has established an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee, an Executive Committee and an Independent Directors Committee. We provide information about each of these committees below.

Audit Committee

The Audit Committee consists of Messrs. Hudson (Chairperson), Bolotin, Gerard and Landon. Our Board of Directors has determined that all the members of the Audit Committee are independent, and have all other required qualifications for service on our Audit Committee, under the New York Stock Exchange Corporate Governance Standards and the applicable rules of the Securities and Exchange Commission. Our Board of Directors has also determined that Mr. Gerard and Mr. Hudson are audit committee financial experts, as that term is defined in SEC Regulation S-K. The Audit Committee met ten times during fiscal 2010.

Our Board of Directors has adopted a charter for the Audit Committee. A copy of the Audit Committee Charter is available on our website at *www.lennar.com* and is available in print to any stockholder who requests a copy from us. Under its charter, the principal functions of the Audit Committee are:

(1) to oversee the integrity of our financial statements, our compliance with legal and regulatory requirements, our independent registered public accounting firm s qualifications, independence and performance and our internal auditors performance;

(2) to prepare the report that appears in our annual meeting proxy statement; and

(3) to provide an open line of communication among our independent registered public accounting firm, our internal auditors, our management and our Board of Directors.

The Audit Committee s responsibilities also include direct supervision of our internal auditors; selecting and determining the compensation of our independent registered public accounting firm; pre-approving all audit and non-audit services provided to us by our independent registered public accounting firm; meeting regularly with our independent registered public accounting firm, our management and our internal auditors; reviewing any issues regarding accounting or internal control over financial reporting, including any significant deficiencies or material weaknesses in our internal control over financial reporting reported to the Audit Committee by our chief executive officer or our chief financial officer; receiving and reviewing complaints regarding accounting, internal control over financial reporting or auditing matters, including anonymous submissions by associates and others regarding questionable accounting or auditing matters; and reviewing with our counsel legal compliance and legal matters that could have a significant impact on our financial statements.

Compensation Committee

The Compensation Committee consists of Messrs. Gerard (Chairperson), Hudson and Landon. Our Board of Directors has determined that all the members of the Compensation Committee are independent under the New York Stock Exchange Corporate Governance Standards. The Compensation Committee met four times during fiscal 2010.

Our Board of Directors has adopted a charter for the Compensation Committee. A copy of the Compensation Committee Charter is available on our website at *www.lennar.com* and is available in print to any stockholder who requests a copy from us. The Compensation Committee s principal functions are:

(1) to recommend to the full Board of Directors the compensation of our principal executive officer;

(2) to set compensation policies and programs and review management decisions regarding compensation of our senior executives, other than our principal executive officer;

(3) to review the performance of our principal executive officer and our other executive officers;

(4) to review with management the Compensation Discussion and Analysis that is prepared for inclusion in our proxy statement and to recommend whether that Compensation Discussion and Analysis should be included in the proxy statement; and

(5) to prepare the Compensation Committee Report that appears in our proxy statement.

In addition, the Compensation Committee makes recommendations to the Board of Directors regarding incentive-compensation plans and equity-based plans that will apply to our senior management. The Compensation Committee has the authority to engage compensation consultants. The Compensation Committee has not sought a expected for the full year. Due to the seasonal nature of Huttig s business, operating profitability is usually lower in the Company s first and fourth quarters than in the second and third quarters.

Certain items in the 2012 financial statements have been reclassified to conform with the current year presentation.

2. COMPREHENSIVE INCOME

Comprehensive income refers to net income adjusted by gains and losses that in conformity with U.S. GAAP are excluded from net income. Other comprehensive items are amounts that are included in stockholders equity in the condensed consolidated balance sheets. The Company has no comprehensive income (loss) items and therefore the comprehensive net income (loss) is equal to net income (loss) for all periods presented.

3. DEBT

Debt consisted of the following (in millions):

	March 31, 2013	December 31, 2012	March 31, 2012
Revolving credit facility	$ 72.0	$ 59.1	$ 67.2
Other obligations	0.5	0.7	0.5
Total debt	72.5	59.8	67.7

Less current portion	0.4	0.6	0.3
Long-term debt	$ 72.1	$ 59.2	$ 67.4

Credit Agreement The Company has a $120.0 million asset based senior secured revolving credit facility (credit facility). Borrowing availability under the credit facility is based on eligible accounts receivable, inventory and real estate. The real estate component of the borrowing base amortizes monthly over 12.5 years on a straight-line basis. Borrowings under the credit facility are collateralized by substantially all of the Company s assets and are subject to certain operating limitations applicable to a loan of this type, which, among other things, place limitations on indebtedness, liens, investments, mergers and acquisitions, dispositions of assets, cash dividends and transactions with affiliates. The entire unpaid balance under the credit facility is due and payable on December 21, 2017, the maturity date of the credit agreement.

At March 31, 2013, under the credit facility, the Company had revolving credit borrowings of $72.0 million outstanding at a weighted average interest rate of 2.85%, letters of credit outstanding totaling $4.3 million, primarily for health and workers compensation insurance, and $36.5 million of additional committed borrowing capacity. The Company pays an unused commitment fee in the range of 0.30% to 0.375% per annum. In addition, the Company had $0.5 million of capital lease and other obligations outstanding at March 31, 2013.

The sole financial covenant in the credit facility is the fixed charge coverage ratio (FCCR) that must be tested by the Company if the excess borrowing availability falls below a range of $10.0 million to $15.0 million depending on the Company s borrowing base and must also be tested on a pro forma basis prior to consummation of certain significant business transactions outside the Company s ordinary course of business, as defined in the credit agreement governing the credit facility. The FCCR is 1.25:1.00. At March 31, 2013, the FCCR testing threshold was $13.6 million, compared to $36.5 million of excess availability.

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The Company believes that cash generated from its operations and funds available under the credit facility will provide sufficient funds to meet the operating needs of the Company for at least the next twelve months. In the first three months of 2013, the minimum FCCR was not required to be tested as excess borrowing availability was greater than the minimum threshold. However, if availability would have fallen below that threshold, the Company would not have met the minimum FCCR. If the Company was unable to maintain excess borrowing availability of more than the applicable amount in the range of $10.0 million to $15.0 million and were also unable to comply with this financial covenant, its lenders would have the right, but not the obligation, to terminate the loan commitments and accelerate the repayment of the entire amount outstanding under the credit facility. The lenders could also foreclose on the Company s assets that secure the credit facility. In that event, the Company would be forced to seek alternative sources of financing, which may not be available on terms acceptable to it, or at all.

4. CONTINGENCIES

The Company carries insurance policies on insurable risks with coverage and other terms that it believes to be appropriate. The Company generally has self-insured retention limits and has obtained fully insured layers of coverage above such self-insured retention limits. Accruals for self-insurance losses are made based on claims experience. Liabilities for existing and unreported claims are accrued for when it is probable that future costs will be incurred and can be reasonably estimated.

In 1995, Huttig was identified as a potentially responsible party in connection with the clean up of contamination at a formerly owned property in Montana that was used for the manufacture of wood windows. Huttig is voluntarily remediating this property under the oversight of and in cooperation with the Montana Department of Environmental Quality (Montana DEQ) and is complying with a 1995 unilateral administrative order of the Montana DEQ to complete a remedial investigation and feasibility study. The remedial investigation was completed and approved in 1998 by the Montana DEQ, which has issued its final risk assessment of this property. In March 2003, the Montana DEQ approved Huttig s work plan for conducting a feasibility study to evaluate alternatives for cleanup. In July 2004, the Company submitted the feasibility study report, which evaluated several potential remedies, including continuation and enhancement of remedial measures already in place and operating. Huttig also submitted plans for testing a newer technology that could effectively remediate the site. The Montana DEQ approved these plans and a pilot test of the remediation technology was completed in July 2007. In conjunction with the Montana DEQ, the Company is performing additional testing at this site. After evaluating the results of the additional testing, the Montana DEQ will provide additional comments on the feasibility study report and its recommended remedy, and then will select a final remedy, publish a record of decision and negotiate with Huttig for an administrative order of consent on the implementation of the final remedy. Further, additional testing may be performed from time to time by the Montana DEQ. Huttig spent less than $0.1 million on remediation costs at this site in each of the three month periods ended March 31, 2013 and 2012. The annual level of future remediation expenditures is difficult to estimate because of the uncertainty relating to the final remedy to be selected by the Montana DEQ. As of March 31, 2013, the Company has accrued $0.7 million in Other non-current liabilities for future costs of remediating this site, which management believes represents a reasonable estimate, based on current facts and circumstances, of the currently expected costs of remediation. Until the Montana DEQ selects a final remedy, however, management cannot estimate the top of the range of loss or cost to Huttig of the final remediation order.

In addition, some of the Company s current and former distribution centers are located in areas of current or former industrial activity where environmental contamination may have occurred, and for which it, among others, could be held responsible. The Company currently believes that there are no material environmental liabilities at any of its distribution center locations.

The Company accrues expenses for contingencies when it is probable that an asset has been impaired or a liability has been incurred and management can reasonably estimate the expense. Contingencies for which the Company has made accruals include environmental, product liability and other legal matters. It is possible, however, that future results of operations for any particular quarter or annual period and the Company s financial condition could be materially affected by changes in assumptions or other circumstances related to these matters.

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5. EARNINGS PER SHARE

The following table sets forth the computation of net loss per basic and diluted share (net loss amounts in millions, share amounts in thousands, per share amounts in dollars):

	March 31, 2013	March 31, 2012
Net loss available to common shareholders (numerator)		
Net loss from continuing operations	$ (2.0)	$ (2.8)
Net loss from discontinued operations		(0.1)
Net loss	$ (2.0)	$ (2.9)
Weighted average shares outstanding (denominator)		
Basic and diluted shares - continuing operations and discontinued operations	22,617	22,725
Non-vested restricted shares and restricted stock units impacting- income from discontinued operations		
Diluted shares - continued and discontinued operations	22,617	22,725
Net loss per share Basic and Diluted		
Net loss from continuing operations	$ (0.09)	$ (0.12)
Net loss from discontinued operations		(0.01)
Net loss	$ (0.09)	$ (0.13)

At March 31, 2013 and 2012, all outstanding stock options, all restricted shares, and all non-vested restricted stock units were anti-dilutive. Anti-dilutive shares were not included in the computations of diluted loss per share amounts in 2013 and 2012 for continuing operations. At March 31, 2013, the Company had 205,125 outstanding stock options and 66,912 non-vested restricted stock units.

The restricted stockholders do not have a contractual obligation to participate in the losses and the inclusion of such unvested shares in our basic and dilutive per share calculations would be anti-dilutive. The Company has not included these amounts in our weighted average number of common shares outstanding for periods in which it reported a net loss. The Company has not included 1,675,644 shares and 2,112,565 shares of unvested restricted stock that had a right to participate in dividends in our basic and dilutive calculations for the periods ended March 31, 2013 and 2012, respectively.

6. INCOME TAXES

Huttig recognized no income tax expense or benefit in the first three months of 2013 or 2012. At March 31, 2013, the Company had gross deferred tax assets of $41.5 million and a valuation allowance of $33.2 million for net deferred tax assets of $8.3 million. The Company had deferred tax liabilities of $8.3 million at March 31, 2013. After classifying $0.9 million of short-term deferred tax assets with short-term deferred tax liabilities, the Company had current net deferred tax liabilities of $7.4 million, as well as long term deferred tax assets of $7.4 million at March 31, 2013. The Company expects its deferred tax liabilities to be settled with utilization of its deferred tax assets. The deferred tax liabilities enable the Company to partially utilize the deferred tax assets at March 31, 2013 and the balance of the deferred tax assets are covered by the Company s valuation allowance. The Company is not relying on future pre-tax income at March 31, 2013 to support the utilization of the deferred tax assets.

7. STOCK-BASED EMPLOYEE COMPENSATION

The Company recognized $0.2 million in non-cash stock-based compensation expense in both of the three month periods ended March 31, 2013 and March 31, 2012. During the first three months of 2013, the Company granted an aggregate of 563,930 shares of restricted stock at a fair market value of $2.34 per share under its 2005 Executive Incentive Compensation Plan. The restricted shares vest in three equal installments on the first, second and third anniversaries of the grant date. The unearned compensation expense is being amortized into expense on a straight-line basis over the requisite service period for the entire award. As of March 31, 2013 and 2012, the total compensation expense not yet recognized related to all outstanding restricted stock/unit awards was approximately $2.0 million and $1.5 million, respectively.

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ITEM 2 MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Huttig is a distributor of a broad array of building material products used principally in new residential construction, home improvement, and remodeling and repair projects. We distribute our products through 27 distribution centers serving 41 states and sell primarily to building materials dealers, national buying groups, home centers and industrial users, including makers of manufactured homes.

The following table sets forth our sales from continuing operations, by product classification as a percentage of total sales:

	Three Months Ended March 31,	
	2013	2012
Millwork(1)	49%	47%
General Building Products(2)	38%	42%
Wood Products(3)	13%	11%
Total Net Product Sales	100%	100%

(1) Millwork includes exterior and interior doors, pre-hung door units, windows, patio doors, mouldings, frames, stair parts and columns.
(2) General building products include composite decking, connectors, fasteners, housewrap, roofing products, insulation and other miscellaneous building products.
(3) Wood products include engineered wood products and other wood products, such as lumber and panels.

Industry Conditions

The downturn in the residential construction market has been one of the most severe housing downturns in U.S. history. Our sales depend heavily on the strength of local and national new residential construction, home improvement and remodeling markets. During the past several years, our results of operations have been adversely affected by the severe downturn in new housing activity in the United States. While we expect the downturn in new residential construction to continue to adversely affect our operating results throughout 2013, and while housing starts remain well below long-term historical levels, the decline in annualized housing starts appears to have leveled off since 2008 with modest levels of improvement recognized in 2011, 2012 and continuing into the first quarter of 2013. Through March 2013, based on the most recent data provided by the United States Census Bureau, total housing starts are running approximately 36% above 2012 levels.

In reaction to the housing downturn, the Company began restructuring its operations in the second quarter of 2006. Since then, the Company has closed, consolidated or sold 20 distribution centers. Additionally, the Company reduced its workforce by approximately 1,300, and had over 900 employees at March 31, 2013. We continue to review our operating expenses and implement cost savings actions. We believe that through our aggressive restructuring and ongoing cost control activities, we are able to mitigate the impact of the severe downturn in the housing market while providing a more scalable cost structure to support future growth opportunities.

Various factors historically have caused our results of operations to fluctuate from period to period. These factors include levels of construction, home improvement and remodeling activity, weather, prices of commodity wood and steel products, interest rates, competitive pressures, availability of credit and other local, regional, and national economic conditions. Many of these factors are cyclical or seasonal in nature. We anticipate that further fluctuations in operating results from period to period will continue in the future. Our first quarter and fourth quarter are generally adversely affected by winter weather patterns in the Midwest, Northeast and Northwest, which typically result in seasonal decreases in levels of construction activity in these areas. Because much of our overhead and expenses remain relatively fixed throughout the year, our operating profits tend to be lower during the first and fourth quarters.

We believe we have the product offerings, distribution channel, personnel, systems infrastructure and financial and competitive resources necessary for continued operations. Our future revenues, costs and profitability, however, are all likely to be influenced by a number of risks and uncertainties, including those discussed under Cautionary Statement below.

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Critical Accounting Policies

We prepare our condensed consolidated financial statements in accordance with U.S. generally accepted accounting principles, which require management to make estimates and assumptions. Management bases these estimates and assumptions on historical results and known trends as well as management forecasts. Actual results could differ from these estimates and assumptions. For a discussion of our significant accounting policies and estimates, see our Annual Report on Form 10-K for the year ended December 31, 2012 in Part II, Item 7 - Management s Discussion and Analysis of Financial Condition and Results of Operations-Critical Accounting Policies. There were no material changes to the critical accounting policies and estimates discussed in our Annual Report on Form 10-K for the year ended December 31, 2012.

Results of Operations

Three Months Ended March 31, 2013 Compared to Three Months Ended March 31, 2012

Net sales were $124.5 million in 2013, which is $7.9 million, or approximately 6.8%, higher than in 2012. The increase is due to higher levels of construction activity partially offset by the impact from more extreme winter weather patterns in certain geographical areas, as well as lower volume in other parts of our business, such as storm driven roofing sales, which are not directly tied to construction activity.

Sales increased in both the millwork and wood product categories, but declined in the building products category in 2013 from 2012. Millwork sales increased approximately 12% in 2013 to $60.9 million. Wood products sales increased approximately 29% to $16.2 million in 2013 primarily due to an increase in demand of engineered wood and panel products. Building product sales decreased approximately 4% in 2013 to $47.4 million, principally due to a decline in storm driven roofing sales.

Gross margin increased approximately 8% to $23.1 million, or 18.6% of sales, in 2013 as compared to $21.4 million, or 18.4% of sales, in 2012. The increase in gross margin percentage is partially due to product mix as well as improvement recognized through our gross margin initiatives.

Operating expenses increased $1.0 million to $24.5 million, or 19.7% of sales, in 2013, compared to $23.5 million, or 20.2% of sales, in 2012. The increase is due to higher personnel costs as a result of general widespread wage increases implemented in January 2013 as well as higher variable compensation associated with increased sales.

Net interest expense was $0.6 million in 2013, compared to $0.7 million in 2012, primarily due to lower interest rates in 2013.

No income tax expense or benefit was recognized in the 2013 or 2012 first quarter. The tax expense or benefit was offset by the change in our valuation allowance in each period.

As a result of the foregoing factors, we incurred a loss from continuing operations of $2.0 million in 2013 as compared to a loss of $2.8 million in 2012.

Discontinued Operations

We recorded no after tax income or loss from discontinued operations in the first three months of 2013 compared to a $0.1 million after tax loss in the first three months of 2012.

Liquidity and Capital Resources

We depend on cash flow from operations and funds available under our revolving credit facility to finance our operations, including seasonal working capital needs, capital expenditures and any acquisitions that we may undertake. Our working capital requirements are generally greatest in the second and third quarters, which reflect the seasonal nature of our business. The second and third quarters are also typically our strongest operating quarters, largely due to more favorable weather throughout many of our markets compared to the first and fourth quarters. We typically generate cash from working capital reductions in the fourth quarter of the year and build working capital during the first quarter in preparation for our second and third quarters. We also maintain significant inventories to meet the rapid delivery requirements of our customers and to enable us to obtain favorable pricing, delivery and service terms with our suppliers. Accounts receivable also typically increase during peak periods commensurate with the sales increase. At March 31, 2013, December 31, 2012 and March 31, 2012, inventories and accounts receivable constituted approximately 74%, 70% and 72% of our total assets, respectively. We also closely monitor operating expenses and inventory levels during seasonally affected periods and, to the extent possible, manage variable operating costs to minimize seasonal effects on our profitability.

Operations. Cash used in operating activities decreased by $1.1 million to $12.5 million in the first three months of 2013, compared to a usage of $13.6 million in the first three months of 2012. In 2013, our net loss of $2.0 million was an improvement of $0.9 million over the loss of $2.9 million in 2012. Accounts receivable increased by $12.5 million during 2013, compared to an increase of $14.8 million a year ago. The increase in accounts receivable is commensurate with the seasonality of our sales. Days sales outstanding decreased to 39.7 days at March 31, 2013 as compared to 42.4 days at March 31, 2012 based on annualized first quarter sales and quarter end accounts receivable balances for the respective periods. Inventory increased by $9.1 million in 2013 compared to an increase of $10.9 million in 2012. The increase in inventories represents normal seasonal build. Our inventory turns decreased to 6.8 turns in 2013 from 7.6 turns in 2012 based on annualized first quarter costs of goods sold and average inventory balances for the respective quarters. Accounts payable increased by $12.1 million during the first quarter of 2013, compared to a $14.6 million increase in the year ago period. The increase is primarily a result of our seasonal inventory build. Days payable outstanding decreased to 39.0 days at March 31, 2013 from 41.1 days at March 31, 2012 based on annualized first quarter costs of goods sold and quarter end accounts payable balances for the respective periods.

Investing. In 2013, net cash used in investing activities was $0.8 million, which compares to net cash used in investing activities of $0.5 million in 2012. The Company invested $0.8 million and $0.5 million in machinery and equipment at various locations in 2013 and 2012, respectively.

Financing. Cash provided from financing activities of $12.2 million in 2013 reflects net borrowings of $12.6 million offset by the Company s repurchase of 0.2 million shares of its common stock for $0.4 million, which were retired. Cash provided from financing activities of $15.0 million in 2012 reflects net borrowings from our credit facility.

Credit Agreement. We have a $120.0 million asset based senior secured revolving credit facility (credit facility). Borrowing availability under the credit facility is based on eligible accounts receivable, inventory and real estate. The real estate component of the borrowing base amortizes monthly over 12.5 years on a straight-line basis. Borrowings under the credit facility are collateralized by substantially all of our assets and are subject to certain operating limitations applicable to a loan of this type, which, among other things, place limitations on indebtedness, liens, investments, mergers and acquisitions, dispositions of assets, cash dividends and transactions with affiliates. The entire unpaid balance under the credit facility is due and payable on December 21, 2017, the maturity date of the credit facility.

At March 31, 2013, under the credit facility, we had revolving credit borrowings of $72.0 million outstanding at a weighted average interest rate of 2.85%, letters of credit outstanding totaling $4.3 million, primarily for health and workers compensation insurance, and $36.5 million of additional committed borrowing capacity. We pay an unused commitment fee in the range of 0.30% to 0.375% per annum. In addition, we had $0.5 million of capital lease and other obligations outstanding at March 31, 2013.

The sole financial covenant in the credit facility is the fixed charge coverage ratio (FCCR) that must be tested by us if the excess borrowing availability falls below a range of $10.0 million to $15.0 million depending on our borrowing base and must also be tested on a pro forma basis prior to consummation of certain significant business transactions outside our ordinary course of business, as defined in the credit agreement governing the credit facility. The FCCR is 1.25:1.00. At March 31, 2013, the FCCR testing threshold was $13.6 million, compared to $36.5 million of excess availability.

We believe that cash generated from our operations and funds available under the credit facility will provide sufficient funds to meet the operating needs of the business for at least the next twelve months. In the first three months of 2013, the minimum FCCR was not required to be tested as excess borrowing availability was greater than the minimum threshold. However, if availability would have fallen below that threshold, we would not have met the minimum FCCR. If we are unable to maintain excess borrowing availability of more than the applicable amount in the range of $10.0 million to $15.0 million and were also unable to comply with this financial covenant, our lenders would have the right, but not the obligation, to terminate the loan commitments and accelerate the repayment of the entire amount outstanding under the credit facility. The lenders could also foreclose on our assets that secure the credit facility. In that event, we would be forced to seek alternative sources of financing, which may not be available on terms acceptable to us, or at all.

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Off-Balance Sheet Arrangements

In addition to funds available from operating cash flows and the credit facility as described above, we use operating leases as a principal off-balance sheet financing technique. Operating leases are employed as an alternative to purchasing certain property, plant and equipment. For a discussion of our off-balance sheet arrangements, see our Annual Report on Form 10-K for the year ended December 31, 2012 in Part II, Item 7 - Management s Discussion and Analysis of Financial Condition and Results of Operations-Commitments and Contingencies. There were no material changes to our off-balance sheet arrangements discussed in our Annual Report on Form 10-K for the year ended December 31, 2012.

Contingencies

We carry insurance policies on insurable risks with coverage and other terms that we believe to be appropriate. We generally have self-insured retention limits and have obtained fully insured layers of coverage above such self-insured retention limits. Accruals for self-insurance losses are made based on claims experience. Liabilities for existing and unreported claims are accrued for when it is probable that future costs will be incurred and can be reasonably estimated.

In 1995, we were identified as a potentially responsible party in connection with the clean up of contamination at a formerly owned property in Montana that was used for the manufacture of wood windows. We are voluntarily remediating this property under the oversight of and in cooperation with the Montana Department of Environmental Quality (Montana DEQ) and are complying with a 1995 unilateral administrative order of the Montana DEQ to complete a remedial investigation and feasibility study. The remedial investigation was completed and approved in 1998 by the Montana DEQ, which has issued its final risk assessment of this property. In March 2003, the Montana DEQ approved Huttig s work plan for conducting a feasibility study to evaluate alternatives for cleanup. In July 2004, we submitted the feasibility study report, which evaluated several potential remedies, including continuation and enhancement of remedial measures already in place and operating. Huttig also submitted plans for testing a newer technology that could effectively remediate the site. The Montana DEQ approved these plans and a pilot test of the remediation technology was completed in July 2007. In conjunction with the Montana DEQ, we are performing additional testing at the site. After evaluating the results of the additional testing, the Montana DEQ will provide additional comments on the feasibility study report and its recommended remedy, and then will select a final remedy, publish a record of decision and negotiate with us for an administrative order of consent on the implementation of the final remedy. Further, additional testing may be performed from time to time by the Montana DEQ. We spent less than $0.1 million on remediation costs at this site in each of the three month periods ended March 31, 2013 and 2012. The annual level of future remediation expenditures is difficult to estimate because of the uncertainty relating to the final remedy to be selected by the Montana DEQ. As of March 31, 2013, the Company has accrued $0.7 million in Other non-current liabilities for future costs of remediating this site, which management believes represents a reasonable estimate, based on current facts and circumstances, of the currently expected costs of remediation. Until the Montana DEQ selects a final remedy, however, management cannot estimate the top of the range of loss or cost to Huttig of the final remediation order.

In addition, some of our current and former distribution centers are located in areas of current or former industrial activity where environmental contamination may have occurred, and for which we, among others, could be held responsible. We currently believe that there are no material environmental liabilities at any of our distribution center locations.

We accrue expenses for contingencies when it is probable that an asset has been impaired or a liability has been incurred and management can reasonably estimate the expense. Contingencies for which we have made accruals include environmental, product liability and other legal matters. It is possible, however, that future results of operations for any particular quarter or annual period and our financial condition could be materially affected by changes in assumptions or other circumstances related to these matters.

Cautionary Statement

Certain statements in this Quarterly Report on Form 10-Q contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including but not limited to statements regarding:

- our belief that there are no material environmental liabilities at any of our distribution center locations;

- our expectation that the severe downturn in new residential construction will continue to adversely affect our operating results throughout 2013;

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- our belief that cash generated from our operations and funds available under our credit facility will provide sufficient funds to meet our operating needs for at least the next twelve months;

- our belief that we have the product offerings, distribution channel, personnel, systems infrastructure and financial and competitive resources necessary for continued operations; and

- cyclical and seasonal trends.

The words or phrases will likely result, are expected to, will continue, is anticipated, estimate, project , believe or similar expressions i
forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

These statements present management s expectations, beliefs, plans and objectives regarding our future business and financial performance. These forward-looking statements are based on current projections, estimates, assumptions and judgments, and involve known and unknown risks and uncertainties. There are a number of factors that could cause our actual results to differ materially from those expressed or implied in the forward-looking statements. These factors include, but are not limited to, the following:

- the strength of the national and local new residential construction and home improvement and remodeling markets, which in turn depend on factors such as:
  - interest rates;
  - immigration patterns;
  - unemployment rates;
  - job and household formation;
  - household prices;
  - tax policy;
  - regional demographics;
  - employment levels;
  - availability of credit;
  - inventory levels of new and existing homes for sale;

- prices of wood and steel-based products;
- consumer confidence; and
- global economic influences;

- the level of competition in our industry;
- our relationships with suppliers of the products we distribute;
- our ability to comply with availability requirements and the financial covenant under our revolving credit facility;
- the financial condition and credit worthiness of our customers;
- fluctuation in prices of wood and steel-based products;
- fuel cost;
- cyclical and seasonal trends;

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- costs of complying with laws and regulations including environmental and recent healthcare reform, the effects of which on the Company remain under review;
- our exposure to product liability claims;
- our ability to attract and retain key personnel;
- risk of losses associated with accidents;
- costs of complying with federal and state transportation regulations, as well as fluctuations in the cost of fuel; and
- accuracy of our assumptions underlying our projections of future taxable income, including available tax planning strategies.

We disclaim any obligation to publicly update or revise any of these forward-looking statements.

ITEM 4 CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures The Company, under the supervision and with the participation of our Disclosure Committee and management, including our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities and Exchange Act of 1934). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective as of March 31, 2013.

Changes in Internal Control of Financial Reporting There have been no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2013, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1 LEGAL PROCEEDINGS

See Note 4 Contingencies of the Notes to Condensed Consolidated Financial Statements (unaudited) in Item 1 for information on legal proceedings in which the Company is involved. See also Part I, Item 3- Legal Proceedings in the Company s Annual Report on Form 10-K for the year ended December 31, 2012.

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ITEM 6 EXHIBITS

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of the Company (Incorporated by reference to Exhibit 3.1 to the Form 10 filed with the Securities and Exchange Commission on September 21, 1999).
3.2	Amended and Restated Bylaws of the Company (as of September 26, 2007) (Incorporated by reference to Exhibit 3.1 to the Form 8-K filed with the Securities and Exchange Commission on September 28, 2007).
31.1	Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
**101.INS	XBRL Instance Document
**101.SCH	XBRL Taxonomy Extension Scheme Document
**101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
**101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
**101.LAB	XBRL Taxonomy Extension Label Linkbase Document
**101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

** In accordance with Rule 406T of Regulation S-T, this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

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SIGNATURES

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

	HUTTIG BUILDING PRODUCTS, INC.
	/s/ *JON P. VRABELY*
Date: April 19, 2013	Jon P. Vrabely President and Chief Executive Officer (Principal Executive Officer)
	HUTTIG BUILDING PRODUCTS, INC.
	/s/ *PHILIP W. KEIPP*
Date: April 19, 2013	Philip W. Keipp Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

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EXHIBIT INDEX

Exhibit Number	Description
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**101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
**101.LAB	XBRL Taxonomy Extension Label Linkbase Document
**101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

** In accordance with Rule 406T of Regulation S-T, this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.