

GIBRALTAR INDUSTRIES, INC.

Form DEF 14A

April 25, 2007

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

SCHEDULE 14A

(RULE 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

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

Gibraltar Industries 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.

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(3) Filing Party:

(4) Date Filed:

GIBRALTAR INDUSTRIES, INC.
3556 Lake Shore Road
PO Box 2028
Buffalo, New York 14219-0228

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 17, 2007

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Gibraltar Industries, Inc., a Delaware corporation (the Company), will be held at the Albright-Knox Art Gallery, 1285 Elmwood Avenue, Buffalo, New York, on May 17, 2007, at 9:00 a.m., local time, for the following purposes:

1. To elect two Class II Directors to hold office until the 2010 Annual Meeting and until their successors have been elected and qualified.
2. To ratify the selection of Ernst & Young LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2007.
3. To take action upon and transact such other business as may be properly brought before the meeting or any adjournment or adjournments thereof.

The Board of Directors has fixed the close of business on March 23, 2007, as the record date for the determination of stockholders entitled to receive notice of and to vote at the Annual Meeting.

Stockholders who do not expect to attend the meeting in person are urged to vote, sign and date the enclosed proxy and return it promptly in the envelope enclosed for that purpose. Returning the proxy card does not deprive you of your right to attend the Annual Meeting and to vote your shares in person for matters acted upon at the Annual Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

Timothy J. Heasley
Secretary

Dated: May 1, 2007

GIBRALTAR INDUSTRIES, INC.
3556 Lake Shore Road
PO Box 2028
Buffalo, New York 14219-0228
PROXY STATEMENT
May 1, 2007

Date, Time and Place of Annual Meeting

This Proxy Statement and the accompanying form of proxy are being furnished in connection with the solicitation by the Board of Directors of Gibraltar Industries, Inc., a Delaware corporation (the Company), of proxies to be voted at the Annual Meeting of Stockholders to be held at the Albright-Knox Art Gallery, 1285 Elmwood Avenue, Buffalo, New York, on May 17, 2007 at 9:00 a.m., local time, and at any adjournment or adjournments thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. The Board of Directors has fixed the close of business on March 23, 2007, as the record date for the determination of stockholders entitled to receive notice of and to vote at the meeting. At the close of business on March 23, 2007 the Company had outstanding and entitled to vote at the Annual Meeting 29,841,195 shares of common stock, \$.01 par value per share (Common Stock). Each share is entitled to one vote on each matter properly brought before the Annual Meeting. This Proxy Statement and the accompanying form of proxy will first be sent or given to stockholders on or about May 1, 2007.

Record Date and Related Information

The cost of solicitation of proxies in the accompanying form will be borne by the Company, including expenses in connection with preparing and mailing this Proxy Statement. In addition to the use of the mail, proxies may be solicited by personal interviews and by telephone by directors, officers and employees of the Company. Arrangements will be made with brokerage houses, banks and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of Common Stock, and the Company will reimburse them for reasonable out-of-pocket expenses incurred in connection therewith.

If the enclosed proxy is properly executed, returned and received in time for the Annual Meeting, the shares represented thereby will be voted in accordance with the specifications, if any, made on the proxy card. If no specification is made, the proxies will be voted as recommended by the Board of Directors FOR the nominees for director named in this Proxy Statement and FOR the ratification of Ernst & Young LLP as the Company's independent registered public accounting firm.

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of Common Stock entitled to vote at the Annual Meeting will constitute a quorum. Each nominee for election as a director requires a plurality of the votes cast in order to be elected. A plurality

means that the nominees with the largest number of votes are elected as director up to the maximum number of directors to be elected at the Annual Meeting. Each other proposal submitted to the stockholders requires the affirmative vote of holders of a majority of the shares present at the meeting, in person or by proxy, entitled to vote. With respect to the election of directors, only shares that are voted in favor of a particular nominee will be counted towards achievement of a plurality and where a stockholder properly withholds authority to vote for a particular nominee, such shares will not be counted towards such nominee's or any other nominee's achievement of plurality. With respect to the other proposals to be voted upon: (i) if a stockholder specifies an abstention from voting on a proposal, such shares are considered present at the meeting for such proposal but, since they are not affirmative votes for the proposal, they will have the same effect as votes against the proposal and (ii) shares registered in the names of brokers or other street name nominees for which proxies are voted on some but not all matters will be considered to be voted only as to those matters actually voted, and will not have the effect of either an affirmative or negative vote as to the matters with respect to which a beneficial holder has not provided voting instructions.

Revocability of Proxy

The execution of a proxy will not affect a stockholder's right to attend the Annual Meeting and to vote in person. A stockholder who executes a proxy may revoke it at any time before it is exercised by giving written notice to the Secretary, by appearing at the Annual Meeting and so stating, or by submitting another duly executed proxy bearing a later date.

**PROPOSAL 1
ELECTION OF DIRECTORS**

The Certificate of Incorporation of the Company provides that the Board of Directors shall consist of not less than three nor more than fifteen Directors who shall be divided into three classes, with the term of one class expiring each year. The Board of Directors is presently comprised of seven members: Gerald S. Lippes and William J. Colombo, Class II Directors whose terms expire in 2007; Brian J. Lipke, Arthur A. Russ, Jr. and William P. Montague, Class I Directors whose terms expire in 2008 and David N. Campbell and Robert E. Sadler, Jr., Class III Directors whose terms expire in 2009. At the Annual Meeting of Stockholders in 2007, two Class II Directors shall be elected to hold office for a term expiring in 2010. Gerald S. Lippes and William J. Colombo have been nominated by the Board of Directors for election as such Class II Directors. Mr. Colombo is an independent director under the independence standards provided Rule 4200(a)(15) of the National Association of Securities Dealers, Inc. listing standards. Unless instructions to the contrary are received, it is intended that the shares represented by proxies will be voted for the election of Gerald S. Lippes and William J. Colombo as directors. Mr. Lippes has been a director of the Company since the consummation of the Company's initial public offering in 1993. Mr. Colombo has been a director of the Company since 2003. If Mr. Lippes and Mr. Colombo become unavailable for election for any reason, it is intended that the shares represented by the proxies solicited herewith will be voted for such other person or persons as the Board of Directors shall designate. Each of Messrs. Lippes and Colombo has consented to being named in this Proxy Statement and to serve if elected to office.

The following information is provided concerning the Directors and the nominees for election as Class II Directors: Brian J. Lipke has been Chairman of the Board since 1992 and Chief Executive Officer since 1987 and a Director of the Company since its formation. He also served as President of the Company through 1999. From 1972 to 1987, Mr. Lipke held various positions with the Company in production, purchasing and divisional management. He is also a director of Merchants Mutual Insurance Company, Moog Inc. and the Buffalo Branch of the Federal Reserve Bank of New York and a member of a local government agency.

Gerald S. Lippes has served as a Director of the Company since 1993 and was Secretary of the Company from December 2002 through November 2003. He has been engaged in the private practice of law since 1965 and is a partner in the firm of Lippes Mathias Wexler Friedman LLP, located in Buffalo, New York. Mr. Lippes is also a director of several private companies.

Arthur A. Russ, Jr. has served as a Director of the Company since 1993. He has been engaged in the private practice of law since 1969 and is a partner in the firm of Phillips Lytle LLP, located in Buffalo, New York. Mr. Russ is also a director of several private companies and nonprofit entities.

David N. Campbell has served as a Director of the Company since the consummation of the Company's initial public offering in 1993. He has been a Managing Director of Innovation Advisors, a strategic advisory firm focused on merger and acquisition transactions in the information technology software and services industry, since November 2001. He served as President and Chief Executive Officer of Xpedior, a provider of information technology solutions, from September 1999 to November 2000. Prior to that he served as President of the GTE Technology Organization and from July 1995 to September 1999 he served as President of BBN Technologies, a business unit of GTE Corporation. From March 1983 until September 1994 he served as Chairman of the Board and Chief Executive Officer of Computer Task Group, Incorporated. Mr. Campbell is also a director of Tektronix Corporation, and serves as Executive Director of Hands On Worldwide, a not-for-profit volunteer-based disaster response organization.

William P. Montague has served as a Director of the Company since the consummation of the Company's initial public offering in 1993. He served as Executive Vice President and Chief Financial Officer of Mark IV Industries, Inc., a manufacturer of engineered systems and components from 1986 to February 1996, President and Director from March 1996 through October 2004, and as Chief Executive Officer and Director of that company since November 2004. Mr. Montague is also a director of IIMAK (International Imaging Materials, Inc.).

William J. Colombo has served as a Director of the Company since his appointment by the Board of Directors in August 2003. He served as Chief Operating Officer and Executive Vice President of Dick's Sporting Goods, Inc. from 1995 to 1998 and as President of dsports.com LLC, the Internet commerce subsidiary of Dick's from 1998 to 2001. In 2002, Mr. Colombo became President, Chief Operating Officer and a Director of Dick's.

Robert E. Sadler, Jr. has served as a Director of the Company since his appointment by the Board of Directors in January 2004. He served as President of M&T Bank from 1996 to 2003, as Chairman of M&T Bank from July 2003 to June 2005 and, from June 2005 to January 2007 as President and Chief Executive Officer of M&T Bank Corporation, one of the 20 largest banks in the U.S. Mr. Sadler currently serves as Vice Chairman of both M&T Bank and M&T Bank Corporation. Mr. Sadler is also a director of several private companies and nonprofit entities, including Delaware North Companies, Inc. and Security Mutual Life Insurance Company of New York.

Vote Required.

The affirmative vote of a plurality of the shares of Common Stock present, in person or by proxy, is required for the election of the Directors, assuming a quorum is present or represented at the meeting.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE
NOMINEES FOR CLASS II DIRECTORS.**

THE BOARD OF DIRECTORS AND ITS COMMITTEES

Our Board of Directors has three standing committees consisting of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. Copies of the charters of these committees are available on the Company's website at: www.gibraltar1.com. During the fiscal year ending December 31, 2006, the Board of Directors held 7 meetings. Each Director attended at least 75% of the aggregate number of meetings of the Board of Directors and committees on which he served during the period, except Mr. Sadler who attended 71% of the aggregate number of such meetings.

Audit Committee

The Audit Committee is comprised of Messrs. Campbell, Sadler and Montague, each of whom is independent. The Audit Committee assists the Board of Directors in its oversight of matters relating to the financial reporting process, the system of internal accounting control and management of financial risks, the audit process and compliance with laws and regulations and the Company's code of business conduct. The Audit Committee held eleven meetings in 2006. The Board of Directors has made a determination that Mr. Campbell, an independent director, is an audit committee financial expert under the standards established by Item 401 (h) (2) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended. Mr. Campbell's business experience is set forth above under Election of Directors .

Compensation Committee

Prior to April 1, 2006, the members of the Compensation Committee were Messrs. Colombo and Montague, and Mr. Lippes, who served on the Committee until March 31, 2006 pursuant to an exemption from the independence requirements contained in the listing standards of the National Association of Securities Dealers, Inc. In May of 2006 Mr. Sadler became a member of the

Compensation Committee by appointment of the Board of Directors and served as a member of the Committee for the remainder of 2006.

The Compensation Committee held four meetings in 2006. The Committee makes recommendations concerning salaries and incentive compensation for executives of and consultants to the Company.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During the 2006 fiscal year, Messrs William P. Montague and William J. Colombo served as members of the Compensation Committee. In addition, for the period beginning January 1, 2006 and ending March 31, 2006, Gerald S. Lippes served as a member of the Compensation Committee pursuant to an exemption from the independence requirements contained in the listing standards of the National Association of Securities Dealers, Inc. Mr. Lippes previously served as Secretary of the Company. Effective May 17, 2006, Mr. Robert E. Sadler, Jr. became a member of the Compensation Committee and served in such capacity for the remainder of the fiscal year. None of Mr. Lippes, Mr. Montague, Mr. Colombo nor Mr. Sadler was an executive officer or employee of the Company or any of its subsidiaries during 2006 or prior thereto. In 2006, none of the executive officers of the Company or members of the Compensation Committee served on the compensation committee or on any other committee performing similar functions for any other entity's board of directors, any of whose officers or directors served on the Company's Board of Directors or Compensation Committee. However, Mr. Lippes is a partner in the firm of Lippes Mathias Wexler Friedman LLP which, in 2006, received approximately \$1,821,000 for legal services rendered to the Company.

Nominating and Corporate Governance Committee

Prior to April 1, 2006, the members of Nominating and Corporate Governance Committee were Messrs. Sadler and Colombo, and Mr. Russ who served on the Committee pursuant to an exemption from the independence requirements contained in the listing standards of the National Association of Securities Dealers, Inc. In May of 2006 Messrs. Campbell and Montague became members of the Nominating and Corporate Governance Committee by appointment of the Board of Directors, replacing Messrs. Russ and Sadler. Following their appointment, Messrs. Montague, Campbell and Colombo served as members of the Committee for the remainder of 2006. The Nominating and Corporate Governance Committee held three meetings in 2006. The current nominees for director were recommended for election to the Board at a meeting of the Nominating and Corporate Governance Committee held March 2, 2007. Mr. Colombo did not participate in his recommendation for election to the Board. The Nominating and Corporate Governance Committee identifies and nominates individuals qualified to become board and committee members.

Shareholder Recommendations of Nominees

The Company has adopted a policy regarding shareholder recommendations of nominees to the Nominating and Corporate Governance Committee. A shareholder may recommend a nominee for consideration by the Nominating and Corporate Governance Committee by sending a

recommendation, in writing, to the Secretary of the Company or any member of the Nominating and Corporate Governance Committee, together with such supporting material as the shareholder deems appropriate. Any person recommended by a shareholder in accordance with this policy will be considered by the Nominating and Corporate Governance Committee in the same manner and by the same criteria as other potential nominees.

Communication with the Board of Directors

The Board of Directors has established a policy with respect to shareholder communication with the directors. Shareholders may send communications to the Board of Directors in care of the Secretary of the Company at its headquarters located at 3556 Lake Shore Road, P.O. Box 2028, Buffalo, NY 14219-0228. All mail will be opened and logged. All communication, other than trivial communications or obscene material, will be forwarded promptly to the directors. Trivial material will be delivered at the next meeting of the Board of Directors. Mail addressed to a particular member of the Board of Directors will be forwarded to that member. Mail addressed to Outside Directors or Non-Management Directors or similar addressees shall be sent to the chairman of the Audit Committee.

The Company does not have a policy regarding director attendance at the annual meeting. Last year's annual meeting was attended by Brian J. Lipke, Arthur A. Russ, Jr., David N. Campbell, William P. Montague, Robert E. Sadler, Jr., William J. Colombo and Gerald S. Lippes constituting the entire Board of Directors.

Independent Directors

The Board of Directors has determined that each of David N. Campbell, Robert E. Sadler, Jr., William J. Colombo and William P. Montague is an independent director as defined in Rule 4200(a)(15) of the National Association of Securities Dealers, Inc. listing standards, which the Board has adopted as the standards by which it will determine independence.

DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

Directors and Executive Officers

The following table sets forth certain information regarding the Directors and executive officers of the Company:

Name	Age	Position(s) Held
Brian J. Lipke	55	Chairman of the Board and Chief Executive Officer
Henning Kornbrekke	62	President and Chief Operating Officer
David W. Kay	58	Executive Vice President, Chief Financial Officer and Treasurer
Timothy J. Heasley	53	Senior Vice President and Secretary
Paul M. Murray	54	Senior Vice President
Gerald S. Lippes	67	Director
David N. Campbell	65	Director

Name	Age	Position(s) Held
William P. Montague	60	Director
Arthur A. Russ, Jr.	64	Director
William J. Colombo	51	Director
Robert E. Sadler, Jr.	61	Director

Recent business experience of the Directors is set forth above under Election of Directors. Recent business experience of the executive officers who are not also Directors is as follows:

Henning Kornbrekke has served as Chief Operating Officer of the Company since December 2004 and President of the Company since February 2004. Mr. Kornbrekke served as Vice President of the Company and President of its Building Products Group, from January 2002 to January 2004. Prior thereto, Mr. Kornbrekke served as the Chief Executive Officer of a division of Rexam, PLC and before that as President and General Manager of the hardware division of the Stanley Works. Mr. Kornbrekke also serves as a director of a private company.

David W. Kay has been Executive Vice President, Chief Financial Officer and Treasurer since joining the Company in April 2004. Prior thereto, he was a Director, Vice President, Treasurer and Chief Financial Officer of Tecumseh Products Company, a manufacturer of compressors, engines and pumps from 1999 to March 2004, and, before that, Corporate Controller of RTI International Metals, Inc., a producer of titanium and other specialty metal products from 1984 to 1999.

Timothy J. Heasley has been Senior Vice President, Secretary and Corporate Controller of the Company since joining the Company in October 2005. Prior to joining Gibraltar, Mr. Heasley served as Chief Financial Officer for MRC Industrial Group, Inc. from 2003 to 2005, and, before that as Controller of the Engineered Products Group of SPS Technologies, Inc.

Paul M. Murray has been Senior Vice President of Human Resources and Organizational Development of the Company since May 2004 and was Vice President of Administration from 1997 to May 2004. Prior thereto, Mr. Murray held Human Resource management positions at The Sherwin Williams Company and Pratt & Lambert.

COMPENSATION OF DIRECTORS

Watson Wyatt, a nationally recognized compensation consultant, initially engaged by our Compensation Committee in 2004, provides survey information and advice to the Compensation Committee with respect to compensation related matters. In 2006, Watson Wyatt provided the Compensation Committee survey data and other publicly available information relating to non-employee director compensation for a peer group of companies. The peer group of companies used for this purpose by Watson Wyatt included Carpenter Technology, Simpson Manufacturing, Curtis Wright, Smith (A.O.), Gardner Denver, Steel Dynamics, Quanex, and Reliance Steel.

Using this information our Board of Directors approved a compensation program for non-employee directors consisting of an annual retainer of \$24,000 per year, meeting fees of \$2,000 for each meeting of the Board of Directors or committee meeting attended and an additional fee

to the Chairmen of the Compensation Committee and the Audit Committee receive fees of \$5,000 per year, respectively for serving as Chairman.

In addition, the Board, in consultation with the Compensation Committee approved annual grants of 1,000 shares of restricted stock to Directors and awards of 2,000 shares of restricted stock to new Directors upon their election to the Board. Restrictions of these shares of restricted stock will expire three years following the grant date. Pursuant to this approval, in May 2006, each non-employee director received awards of 1,000 shares of restricted stock.

Director Compensation

Name	Fees Earned Or Paid in		Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
	Cash (1)							
Gerald S. Lippes	\$ 68,000		\$ 28,989	\$	\$	\$	\$	\$ 96,989
David N. Campbell	\$ 65,000		\$ 24,404	\$	\$	\$	\$	\$ 89,404
William P. Montague	\$ 74,000		\$ 26,194	\$	\$	\$	\$	\$ 100,194
Arthur A. Russ, Jr.	\$ 66,000		\$ 26,194	\$	\$	\$	\$	\$ 92,194
William J. Colombo	\$ 79,000		\$ 54,265	\$	\$	\$	\$	\$ 133,265
Robert E. Sadler Jr.	\$ 52,000		\$ 62,320	\$	\$	\$	\$	\$ 114,320

(1) Consists of annual retainer fees of \$24,000; \$5,000 for each of Messrs. Campbell and Colombo, to reflect their respective positions as Chairman of the Audit Committee and Chairman of the Compensation Committee; and additional fees of \$2,000 for attendance at each meeting of the Board of Directors and any committee.

(2) This column represents the dollar amount recognized for

financial statement reporting purposes with respect to the 2006 fiscal year for the fair value of restricted stock granted in 2006 as well as prior years. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For restricted stock fair value is calculated using the closing price of Gibraltar Industries, Inc. common stock on the date of grant. These amounts represent the Company's accounting expense for these awards and do not correspond to the actual value that will be recognized by the named directors.

In 2006, we amended our Management Stock Purchase Plan (see *Non-Qualified Deferred Compensation* discussion in the Compensation Discussion and Analysis below) to permit non-employee Directors to elect to defer their receipt of payment of their director fees for 2007 to an account established for the director and credited with restricted stock units equal in number to the number of shares of the Company's stock which could have been purchased using the amount of director fees deferred.

COMPENSATION DISCUSSION AND ANALYSIS

Overview

We have designed our compensation program to attract, retain and motivate highly qualified individuals to serve as our executive officers and to align the financial interests of our executive officers with those of our shareholders. To achieve these objectives, the Compensation Committee of our Board of Directors engaged Watson Wyatt, a nationally recognized compensation consultant to provide survey information and assistance in the development of a compensation program for our executive officers which has a strong emphasis on performance and long term incentives and which is competitive within our industry in terms of base salaries, annual incentives and long term incentives.

Our Board, on the recommendation of the Compensation Committee, has established a compensation program which compensates our executive officers through a mix of base salary, annual incentive payments and long term equity based incentives. This program sets the targeted annual incentive compensation and long term equity based incentive compensation components of each executive officer's total compensation at the following percentages of each executive officer's base salary.

Position	Targeted Annual Incentive Compensation as a Percentage of Base Salary	Long Term Equity Based Incentive Compensation as a Percentage of Base Salary
Chief Executive Officer	90%	180%
Chief Operating Officer	75%	133%
Chief Financial Officer	60%	75%
Senior Vice President	35%	35%

The Compensation Committee developed and approved the above percentages and the resulting total compensation of the executive officers using information supplied by Watson Wyatt and comparative studies of compensation practices of peer companies. The group of companies used for comparative data in establishing compensation of our executive officers for 2006 included Carpenter Technology, Simpson Manufacturing, Curtis Wright, Smith (A.O.), Gardner Denver, Steel Dynamics, Quanex and Reliance Steel.

By structuring our compensation to provide that a substantial portion of each executive officer's total compensation is based on annual incentives and equity based long term incentives, we reward our executive officers for achieving clearly defined annually established financial goals and long term appreciation in the value of our stock.

Each year comparative information provided by the Compensation Committee's compensation consultant relating to total compensation and base salaries paid to executive officers of peer companies and industries is reviewed. This information together with our own evaluation of each executive officer's performance, length of service to the Company, experience, level of

responsibility and the degree to which their efforts have contributed to the implementation of the Company's strategies and goals is provided to the Compensation Committee.

Final authority for the establishment of annual base salaries of our executive officers resides with the Board of Directors' Compensation Committee. Once base salaries are established, the formula driven components of our compensation program are applied to determine the amount of the total compensation which our executive officers will be entitled to receive provided that the annual financial performance goals of the Company are achieved.

Elements of Our Compensation Program

Our compensation program for executive officers and senior management contains the following elements:

Base Salary

Annual Management Incentive Compensation (MICP)

Equity based incentive compensation (Omnibus Plan)

Non-qualified deferred compensation plan (MSPP)

Long Term Incentive Compensation Plan(LTIP)

Chairman's Discretionary Bonus

Tax qualified retirement savings plan (401(k) Plan)

Non-qualified retirement savings plan (401(k) Restoration Plan)

Change in control benefits

Prerequisites

Generally Available Benefit Programs

With the exception of our Chief Executive Officer, who has had an employment agreement with the Company since 1993, the Company has not entered into employment agreements with executive officers.

Base Salaries. As noted above, we provide our executive officers with a base salary, approved by the Compensation Committee and recommended to our Board of Directors, which reflects the level of responsibility held by our executive officers, rewards them for the day to day performance of their duties and is competitive within our industry. Our competitive analysis includes a review of the base salaries and total compensation paid by our peer group companies to their executive officers. For our Chief Executive Officer, a base salary of \$560K was established for 2006.

Under our internal management structure, our CEO and COO work closely and collaboratively in the development of strategy, goals, objectives and execution tactics. We believe this fosters team unity and results in better strategic decision making. Due to this structure, we believe it is appropriate for the difference between the base salary of the CEO and the COO to be relatively small. As a result, the base salary for the COO for 2006 was established at \$460K. Both of these amounts are within industry targeted base salary ranges.

We establish the base salaries of our other executive officers using the same process of analyzing the level of their responsibility and contribution to the Company's overall objectives and taking into consideration the range of base salaries paid to these officers by our peer group companies.

Annual Management Incentive Compensation Plan. We developed our annual management incentive compensation plan (MICP) in conjunction with design recommendations made by the Compensation Committee's compensation consultant. Our MICP provides that our executive officers will receive the targeted annual incentive payment, as a percentage of base salary, if net sales growth and net income as a percentage of sales (net income margin) targets set by management have been achieved for the year. Our executive officers will not be entitled to any MICP payment if the threshold performance is not achieved by the Company.

For 2006, our targeted sales growth was 10% and our targeted net income margin was 3.5%. These targets were established using historical, peer group, and stretch performance criteria. The threshold performance levels for 2006 were 2% net income margin and prior year net sales.

Seventy percent (70%) of the actual annual payment which our executive officers are entitled to receive under MICP is based on our net income margin. Thirty percent (30%) of the actual annual payment which our executive officers will be entitled to receive under MICP is based on our sales growth.

MICP payments to executive officers are based on the degree to which the net income margin and sales growth targets set forth in the table above have been met or exceeded. There is no limit on the amount of annual incentive payment from net income margin. However, increases in sales in excess of 20% will not increase the annual incentive payment. Thus, while MICP rewards improvements in sales, improvements in net income margin are given greater weight.

Non-Qualified Deferred Compensation. In 2005 we adopted and our shareholders approved the Gibraltar Industries, Inc. 2005 Equity Incentive Plan (the Omnibus Plan). Our Omnibus Plan is an integral component of our overall compensation structure and provides the Company a vehicle through which we make awards of equity based compensation to our executive officers and other senior management employees. The forms of equity based compensation which the Company has the authority to grant under the terms of our Omnibus Plan are options, shares of restricted stock, restricted stock units (RSUs), performance shares, performance units and stock appreciation rights. One of the features of our Omnibus Plan is the Management Stock Purchase Plan (MSPP), a non-qualified deferred compensation arrangement. MSPP provides our executive officers the right to defer their receipt of up to 50% of the annual payment they are entitled to receive under MICP. Our non-employee directors are also entitled to defer their receipt of their director fees under MSPP.

If, and to the extent that an executive officer defers any portion of his MICP payment, an account is established for his benefit under MSPP and credited with RSUs equal in number to the number of shares of the Company's stock which could have been purchased using the amount of the MICP payment which was deferred. The price used to determine the number of RSUs credited to an executive officer's account is the 200 day moving average price of the Company's

stock determined as of the date annual incentive payments are made to our executive officers under MSPP.

Our use of a 200 day moving average price for valuing RSU s is intended to eliminate the effect of short term market fluctuations on RSU s awarded under our MSPP.

In addition to RSU s which are credited to the accounts of executive officers that elect to defer a portion of their MICP payment, the Company credits an additional number of RSU s (Matching RSU s) to the account of the executive officer. These Matching RSU s are forfeited if the executive officer s employment is terminated, for any reason, before the executive officer reaches age 60. The Company also credits the accounts of non-employee directors that defer their retainer fees with RSU s equal in number to the RSU s allocated to the director s account and attributable to their deferred retainer fees.

RSU s credited to the account of an executive officer to reflect amounts deferred by executive officers under MSPP are paid to the executive officer upon a termination of their employment. In addition, if the executive officer s employment is terminated after age 60, the executive officer will be entitled to receive payment for Matching RSU s.

The amount to be paid to an executive officer upon termination of his employment is equal to the number of RSU s credited to his account (including Matching RSU s, if applicable) multiplied by the 200 day moving average price per share of the Company s stock, determined as of the day immediately preceding the executive officer s termination.

Payment of the amount determined above is made to the executive officer in five (5) substantially equal annual installments beginning six months following the termination of the executive officer s employment. During the period of the installment payments, the undistributed value of the executive officer s account will earn interest at a rate of the average annualized rate of interest payable on ten (10) year US Treasury Notes plus two percent (2%).

We believe MSPP furthers our compensation objectives by providing our executive officers an opportunity to increase their equity in the Company and provide stronger alignment to shareholders.

Long Term Equity Incentive Plan. Our Omnibus Plan (described above) provides us with a vehicle to grant our executive officers equity based compensation. In 2004 our Board approved a plan to grant annual equity based incentive compensation awards to our executive officers (LTIP) each year for a period of five (5) years. These long term equity based awards have a value, at the time the award is made, equal to the percentage of the executive officer s base salary as identified in the table above.

In 2006, our executive officers received awards of RSU s having a fair market value equal to the percentages of their base salaries identified in the table above. The fair market value of the RSU s is determined using a 200 day rolling average. Under the terms of these 2006 awards, vesting occurs at a rate of 25% per year, with issuance of shares at vesting.

Chief Executive Officer s Discretionary Bonus. The Company has in the past, approved bonuses over and above those provided for by established Company incentive programs upon a review

and approval by the Compensation Committee of recommendations made by the Company's Chief Executive Officer. Those discretionary bonuses have only been approved on a limited basis and are based on the determination by Chief Executive Officer that bonus recipients had made outstanding contributions to the Company. No discretionary bonuses were awarded for services performed by our executive officers in 2006.

Retirement Plans. All of our executive officers are entitled to participate in our Gibraltar Steel Corporation 401(k) Plan. In addition, our executive officers are entitled to participate in our Gibraltar 401(k) Restoration Plan (the Restoration Plan). The purpose of the Restoration Plan is to allow those employees who are considered highly compensated under IRS regulations to defer up to the IRS limit for 401(k) contributions allowed to non-highly compensated employees, with the Company providing a match on up to 6% of compensation deferred both in the Gibraltar Steel Corporation 401(k) Plan and the Restoration Plan.

Our Restoration Plan is an unfunded plan of deferred compensation. As a result, all amounts deferred by our executive officers under the Restoration Plan are allocated to unfunded accounts for the executive officers. The amounts deferred by our executive officers under our Restoration Plan are paid in one lump sum. However, if the value of the amounts deferred by any of our executive officers under the Restoration Plan exceeds \$25,000, payment of amounts credited to their account in the Restoration Plan may be made in substantially equal annual installments over a period of not less than 5 and nor more than 10 years if the officer makes an election to receive payment in installments. All amounts allocated to the account of our executive officers in the Restoration Plan are credited with interest annually at a rate equal to the rate of the average of the rate payable on ten (10) year U.S. Treasury Notes for the first week in January, April, July and October, plus 1.5%.

When we review the targeted overall compensation of our executive officers, we factor in benefits to be received under the Gibraltar Steel Corporation 401(k) Plan.

In 2004, our compensation consultant reported to our Compensation Committee that the retirement benefits provided for our Chief Executive Officer and our Chief Operating Officer were not competitive with our peers. As a result, in 2004 our Board approved a recommendation of our Compensation Committee to make a one time award of 150,000 RSUs to our Chief Executive Officer and 45,000 RSUs to our Chief Operating Officer to make the amount of the benefits they are entitled to receive at retirement more comparable to the retirement benefits provided to these executives by our peer group companies. These retirement-based RSUs were awarded in April 2005 and are reflected in the Outstanding Equity Awards at Fiscal Year End Table below. Payment under the terms of these awards is made in shares of Company stock equal in number to the RSUs contained in the Award. However, no shares of Company stock will be issued to our Chief Executive Officer pursuant to this award if he terminates his employment with the Company prior to age 60 or if his employment is terminated for cause. Similarly, no shares of Company stock will be issued to our Chief Operating Officer pursuant to this award if his employment is terminated for cause.

CEO Employment Agreement. Our Chief Executive Officer has an employment agreement which provides that the Chief Executive Officer (or his spouse if his employment is terminated due to his death) will be entitled to receive certain benefits and payments upon a termination of his

employment. The Chief Executive Officer also has a salary continuation agreement which provides for payment of certain amounts upon his retirement at or after age 60 or upon his death prior to retirement.

Change in Control. Our executive officers have been a key ingredient in building our Company into the successful enterprise that it is today. We believe that it is important to protect our executive officers in the context of a change in control transaction to allow them to focus on the transaction. Further, it is our belief that the interests of our shareholders will be best served if the interests of our executive management are aligned with them. We believe that change in control benefits should eliminate, or at least reduce, the reluctance of our executive officers to pursue potential change in control transactions that may be in the best interest of our shareholders.

Our Change in Control benefits provide for the protection of previously granted equity based incentive compensation and, in the case of our Chairman and Chief Executive Officer, our President and Chief Operating Officer and our Executive Vice President and Chief Financial Officer, provide for a cash payment upon the consummation of the Change in Control transaction. The cash components of any change in control benefits are paid lump sum.

For more information concerning amounts our executive officers would be entitled to receive upon a termination of employment or change in control, see Potential Payments Upon Termination or Change in Control below.

Perquisites and Other Benefits. We annually review the perquisites that executive management receives. The Chief Executive Officer and Chief Operating Officer receive a tax gross up for income attributable to vesting of restricted stock issued prior to 2005, in accordance with Company's policy in effect when the restricted stock was issued. The Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer receive country club memberships and the Chief Executive Officer and Chief Operating Officer also receive business club memberships. Since our compensation plan provides for equity compensation to our executives which could lead to complicated tax issues, and because we believe that good financial planning by experts reduces the amount of time and attention that senior management must spend on this topic, all of the executive officers receive a payment for financial planning. All of the executives also are eligible to receive tax gross up payments for any of the following types of perquisites that they may receive: personal use of Company auto, spousal travel and entertainment at the Company's annual strategic meeting, the taxable portion of business travel accident insurance, and the cost of executive physical examinations. The Chief Executive Officer also receives a tax gross payment for the taxable portion of life insurance premiums. The Chief Executive Officer used the Company's jet for personal use once during 2006. The executive reimbursed the Company for the cost of such trip, under the U.S. Department of Transportation's Standard Industry Fare Level (SIFL) rules pertaining to such use of company aircraft. We calculate the incremental cost to the Company of personal use of Company aircraft by adding the variable costs associated with the personal use of the aircraft on a per flight basis, including flight crew costs, fuel costs, excise taxes, landing fees and other miscellaneous incremental costs and deducting from this amount the amount paid by the executive officers for personal use of the aircraft under the SIFL rules. The incremental costs do not include depreciation or management fees. The cost to the Company of these benefits aggregated \$13,594 in 2006 for the Chief Executive Officer.

Executive and senior management also participate in Gibraltar's other generally available benefit plans on the same terms as other employees. These plans include medical and dental insurance, life insurance and a supplemental salary continuation plan providing supplemental short term disability benefits. Relocation benefits also are reimbursed but are individually negotiated when they occur.

Tax Considerations. Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for compensation in excess of \$1,000,000 paid to a company's chief executive officer and any one of the four other most highly paid executive officers during its taxable year. Qualifying performance-based compensation is not subject to the deduction limit if certain requirements are met. Based upon the compensation paid to Mr. Lipke and the Company's other executive officers in 2006, the Section 162(m) limitation resulted in a disallowance of approximately \$548,472 in compensation expense in 2006. The Compensation Committee plans to monitor this matter periodically and to take such actions as are appropriate to minimize the impact of this statute, to the extent that there is no adverse effect on the Company's ability to provide incentive compensation based on Company financial performance. Section 409A of the Internal Revenue Code generally imposes a tax on non-qualified deferred compensation arrangements which do not meet guidelines established by regulations under the Internal Revenue Code. The Company will modify the structure of its non-qualified deferred compensation arrangements to comply with Section 409A to the extent that final regulations as promulgated by the Internal Revenue Service require such modification to avoid the taxes imposed by Section 409A.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the above Compensation Discussion and Analysis section of this Proxy Statement with management. Based on such review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's annual report on Form 10-K filed March 1, 2007 and in this proxy statement.

COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS OF GIBRALTAR INDUSTRIES, INC.

William J. Colombo
Robert E. Sadler, Jr.
William P. Montague

Summary Compensation Table

Name and Principal Position	Year	Salary (1)	Bonus	Stock Awards (2)	Option Awards (3)	Incentive Plan Compensation (4)	Change in Pension Value and Non-Equity Nonquali- fied Deferred	All Other Compensation (6)	Total
							Compensation Earnings (5)		
Brian J. Lipke Chairman of the Board, and Chief Executive Officer Principal Executive Officer	2006	\$ 560,000		\$987,851		\$ 858,060	\$ 44,443	\$ 200,424	\$2,650,778
David W. Kay Executive Vice President, Chief Financial Officer, and Treasurer Principal Financial Officer	2006	\$ 305,000		\$ 85,417		\$ 311,558	\$ 60,656	\$ 42,172	\$ 804,803
Henning Kornbrekke President and Chief Operating Officer	2006	\$ 460,000		\$605,777		\$ 587,362	\$ 260,250	\$ 101,994	\$2,015,383
Timothy J. Heasley Senior Vice President and Corporate Controller	2006	\$ 178,500		\$ 13,137		\$ 106,364		\$ 25,761	\$ 323,762
Paul M. Murray Senior Vice President Human Resources and Organizational Development	2006	\$ 150,000		\$ 18,702	\$ 1,151	\$ 89,382	\$ 2,171	\$ 39,640	\$ 301,046

- (1) Messrs. Lipke, Kay, Kornbrekke and Murray deferred a portion of their salaries under the Gibraltar Steel 401(k) Restoration Plan, and also contributed a portion of their salary to the Company's 401(k) plan.
- (2) This column represents the dollar amount recognized for financial statement reporting purposes with respect to the 2006 fiscal year for the fair value of restricted stock and restricted stock units granted in 2006 as well as prior years. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For restricted stock and restricted stock units, fair value is calculated using

the closing price of Gibraltar Industries, Inc. common stock on the date of grant. These amounts represent the Company's accounting expense for these awards and do not correspond to the actual value that will be recognized by the named executives.

- (3) This column represents the dollar amount recognized for financial statement reporting purposes with respect to the 2006 fiscal year for the fair value of stock options granted to the named executive in 2005. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. No named executive received stock options during 2006 and, other

than
Mr. Murray, no
named
executive had
unvested
options
outstanding
during 2006.
These amounts
represent the
Company's
accounting
expense for
these awards
and do not
correspond to
the actual value
that will be
recognized by
the named
executives.

- (4) This column represents the amounts earned under the Management Incentive Compensation Plan for 2006. Messrs. Kay, Kornbrekke and Murray deferred a portion of their earnings from this plan into the Management Stock Purchase Plan.
- (5) This column represents the change in pension value for Mr. Lipke, which is included in the Pension Benefits Table and the

Company contributions to, and earnings from, the nonqualified deferred compensation plans for each of the named executives, which is included in the Nonqualified Deferred Compensation Table.

- (6) Includes tax gross up payments to Messrs. Lipke and Kornbrekke related to restricted shares issued under the Restricted Stock Plan of \$125,145 and \$47,755, respectively; the incremental cost of personal use of the Company plane and life insurance premiums for Mr. Lipke; club dues for Messrs. Lipke, Kay, and Kornbrekke; payments for tax planning and pay in lieu of time-off for Messrs. Lipke, Kay, Kornbrekke, Heasley and Murray; payment to

Mr. Murray for an executive physical and for tax gross up on his perquisites; payment to Mr. Heasley for incidental moving expenses, and other payments to the named executives for personal use of Company autos, life insurance premiums, supplemental health insurance premiums, travel accident insurance, spousal travel and entertainment at the Company's strategic meeting, none of which individually exceed \$25,000 or 10% of the amount of total perquisites and tax gross ups to Messrs. Lipke, Kay, Kornbrekke, Heasley, and Murray of \$5,941, \$1,440, \$2,581, \$698, and \$4,691, respectively, related to the payments for personal use of Company auto, spousal travel and entertainment at

the Company's annual strategic meeting, the taxable portion of business travel accident insurance, and the cost of executive physical examinations. The tax gross up payment for Mr. Lipke also includes an amount for the taxable portion of premiums on a life insurance policy.

Grants of Plan-Based Awards

	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Underlying Options	Ex or Pri Aw
		Threshold	Target	Maximum	Threshold	Target	Maximum			
J. Lipke man of the Board, Chief Executive r pal Executive Officer	Mar 01, 2006 (2)	\$88,200	\$504,000	N/A	\$	\$	\$	36,671		
W. Kay ative Vice President, Financial Officer, reasurer pal Financial Officer	Mar 01, 2006 (2) Mar 01, 2006 (3)	\$32,025	\$183,000	N/A	\$	\$	\$	8,322 11,944		
ng Kornbrekke ent and Operating Officer	Mar 01, 2006 (2) Mar 01, 2006 (3)	\$60,375	\$345,000	N/A	\$	\$	\$	22,257 21,444		
hy J. Heasley Vice President and rate Controller	Jan 03, 2006 (2)	\$10,933	\$ 62,475	N/A	\$	\$	\$	1,910		