

GIBRALTAR INDUSTRIES, INC.

Form DEF 14A

April 02, 2013

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

**SCHEDULE 14A**  
**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**  
**(Amendment No.    )**

Filed by the Registrant

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 Rule 14a-12

**Gibraltar Industries, Inc.**

(Name of Registrant as Specified In Its Charter)

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

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No fee required

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

(3) Filing Party:

(4) Date Filed:

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April 2, 2013

To My Fellow Stockholders:

It is my pleasure to invite you to attend the 2013 Annual Meeting of Stockholders of Gibraltar Industries, Inc. to be held on Thursday, May 2, 2013 at 11:00 A.M. local time at the Gateway Building in Buffalo, New York. The meeting will begin with discussion of and voting on the matters described in the attached Notice of Annual Meeting of Stockholders and Proxy Statement, followed by my report on our Company's financial performance and operations.

The Proxy Statement is critical to our corporate governance process and to affirming the direction of our Company. The Proxy Statement provides you with important information about our Board of Directors and executive officers, and informs you of steps we are taking to fulfill our responsibilities to you as a stockholder. Over the past three years, our Company made important changes to our compensation and corporate governance policies:

Adopted a majority vote standard in the election of directors which contains a director resignation policy and a "carve-out" to provide for plurality voting in the event of a contested director election.

Appointed a Lead Independent Director who chairs all meetings of the Board in the absence of the Chairman, chairs all executive sessions of the Board's independent members, and acts as principal liaison between the independent members of the Board and the Chairman and Chief Executive Officer of the Company.

Renegotiated the change in control agreements with our Chief Executive Officer and Chief Operating Officer to remove the single trigger payment provisions and implement double trigger payment provisions.

Committed to not enter into any new or materially amend existing employment or other agreements that provide for tax gross-ups.

Amended our Executive Stock Ownership Policy to require the Chief Executive Officer to hold shares of Company common stock having a value equal to or greater than 300% of the Chief Executive Officer's base salary.

Amended our Corporate Governance Guidelines to include a Clawback Provision related to incentive based compensation for our executive officers.

Amended our By-laws to provide stockholders with the right to call special meetings.

Amended our Certificate of Incorporation to allow stockholders to act by written consent.

We also use the Proxy Statement to discuss the proposals that require your vote and to solicit your vote if you cannot attend the Annual Meeting in person. Your vote is important to us and we encourage you to vote promptly. Please note your broker cannot vote on all of the proposals without your instruction. If you do not plan to attend the Annual Meeting in person, please inform us, or your broker, as to how you would like us to vote your shares on the proposals set forth in the Proxy Statement.

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The Proxy Statement includes a description of each proposal. Our Board of Directors recommends that stockholders vote **FOR** all proposals. Please read each proposal carefully and study the recommendations of the Board of Directors and its committees.

On behalf of our management team and our Board of Directors, I want to thank you for your continued support and confidence in our company.

Sincerely,

Brian J. Lipke

Chairman of the Board and Chief Executive Officer

**YOUR VOTE IS MORE IMPORTANT THAN EVER.**

**PLEASE REVIEW THE ATTACHED MATERIALS AND SUBMIT YOUR VOTE PROMPTLY.**

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**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 2, 2013**

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Gibraltar Industries, Inc., a Delaware corporation (the Company), will be held at the Gateway Building, 3556 Lake Shore Road, Buffalo, New York, on Thursday, May 2, 2013, at 11:00 a.m., local time, for the following purposes:

1. Elect two Class II Directors to hold office until the 2016 Annual Meeting and until their successors have been elected and qualified.
2. Advisory approval of the Company's executive compensation (the Say-on-Pay vote).
3. Approval of the material terms of the Company's annual grant of Performance Share Units under the Amended and Restated Gibraltar Industries, Inc. 2005 Equity Incentive Plan to enable the Company to deduct the related compensation for federal income tax purposes without being subject to limitations.
4. 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, 2013.
5. 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 19, 2013, 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.

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting: the Definitive Proxy Statement and the Annual Report on Form 10-K are available at [www.proxyvote.com](http://www.proxyvote.com).**

BY ORDER OF THE BOARD OF DIRECTORS

Timothy F. Murphy

Secretary

Buffalo, New York

April 2, 2013



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**3556 Lake Shore Road**

**PO Box 2028**

**Buffalo, New York 14219-0228**

**DEFINITIVE PROXY STATEMENT**

**April 2, 2013**

**Date, Time, and Place of Annual Meeting**

This Definitive 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 Gateway Building, 3556 Lake Shore Road, Buffalo, New York, on May 2, 2013 at 11:00 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 19, 2013, 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 19, 2013, the Company had outstanding and entitled to vote at the Annual Meeting 30,667,149 shares of common stock, \$0.01 par value per share ("Common Stock"). Each share is entitled to one vote on each matter properly brought before the Annual Meeting. This Definitive Proxy Statement and the accompanying form of proxy will first be sent or given to stockholders on or about April 2, 2013.

**Record Date and Related Information**

The cost of the solicitation of proxies in the accompanying form will be borne by the Company, including expenses in connection with preparing and mailing this Definitive Proxy Statement. In addition to the use of the mail, proxies may be solicited by personal interviews and by telephone by directors, officers, employees, and proxy solicitors. We have retained Alliance Advisors, LLC ("Alliance") to act as a proxy solicitor in conjunction with the annual meeting. We have agreed to pay Alliance \$12,500, plus reasonable out-of-pocket expenses, for proxy solicitation services. 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 directors named in this Definitive Proxy Statement, FOR the approval, on an advisory basis, of the compensation of the Company's named executive officers as set forth in this Definitive Proxy Statement (the "Say-on-Pay" vote), FOR the approval of the material terms of the annual Performance Stock Unit grant, and FOR the ratification of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2013.

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 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 assuming a quorum is present or represented at the meeting. 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.

Your shares may be voted if they are held in the name of a brokerage firm, even if you do not provide the brokerage firm with voting instructions. Brokerage firms have the authority to vote shares on certain routine matters for which their customers do not provide voting

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instructions by the tenth day before the meeting. The ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2013 is the only stockholder proposal considered a routine matter.

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The election of directors and votes on matters that relate to executive compensation, such as the Say-on-Pay vote, are not considered routine. When a proposal is not a routine matter and the brokerage firm has not received voting instructions from the beneficial holder of the shares with respect to that proposal, the brokerage firm CANNOT vote the shares on that proposal. This is called a broker non-vote. In tabulating the voting result for any particular proposal, shares that are subject to broker non-votes with respect to that proposal will not be considered votes cast either for or against the proposal. It is very important that you cast your vote if you want your shares to be represented at the Annual Meeting.

Nominees for the election of directors must receive more for than against votes to be elected. If a director does not receive a majority of the votes cast, the director is required to tender his or her resignation to the Board of Directors. The Nominating and Corporate Governance Committee will make a recommendation to the Board of Directors on whether to accept or reject the resignation, or whether other action should be taken. The Board of Directors will act on the recommendation and publicly disclose its decision and rationale behind it within 90 days of the date election results are certified.

### **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: William J. Colombo and Gerald S. Lippes, Class II Directors whose terms expire in 2013, Brian J. Lipke, William P. Montague, and Arthur A. Russ, Jr., Class I Directors whose terms expire in 2014, and David N. Campbell and Robert E. Sadler, Jr., Class III Directors whose terms expire in 2015. At the Annual Meeting of Stockholders in 2013, two Class II Directors shall be elected to hold office for a term expiring in 2016. William J. Colombo and Gerald S. Lippes 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 by Rule 5605(a)(2) of the NASDAQ 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 William J. Colombo and Gerald S. Lippes as directors. Messrs. Colombo and Lippes have been directors of the Company since 2003 and 1993, respectively, and have been previously elected by the Company's stockholders. If Messrs. Colombo and Lippes 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. Colombo and Lippes has consented to being named in this Definitive 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:

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. ( Dick's ) from 1995 to 1998 and as President of dsports.com LLC, the Internet commerce subsidiary of Dick's from 1998 to 2000. From 2002 through February 2008, Mr. Colombo served as President, Chief Operating Officer, and a Director of Dick's. Mr. Colombo currently serves as Vice Chairman of the Board of Dick's. Mr. Colombo's qualification to serve on the Company's Board includes his ability to provide the perspective of an executive and board member of a large, public company and national retailer that is similar to some of the Company's largest customers.

Gerald S. Lippes has served as a director of the Company since 1993 and was Secretary of the Company in 2002 and 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. Mr. Lippes's qualifications to serve on the Company's Board include his more-than 45 years of legal experience representing large businesses in corporate matters, securities, and other financial transactions, which enables him to provide insights on a broad range of corporate governance, securities, transactional, and management issues the Company faces.

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The following information is provided concerning the Company's Class I and III directors who are not standing for election during the 2013 Annual Meeting of Stockholders:

Brian J. Lipke has been Chairman of the Board since 1992, 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 and member of the Compensation Committee of both Merchants Mutual Insurance Company and Moog Inc. Mr. Lipke's qualifications to serve on the Company's Board include his demonstrated leadership skills and extensive operating and executive experience acquired over his career with the Company. He has extensive experience in driving operational excellence, targeting growth opportunities, and attaining financial objectives under a variety of economic and competitive conditions. These experiences are valuable to the Company which strives for excellence, has grown historically through acquisitions, as well as internally, and regularly faces diverse and often challenging economic and competitive conditions.

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. ( "Mark IV" ), a manufacturer of engineered systems and components from 1986 to 1996, as Mark IV's President and a Director from 1996 through 2004, and as Chief Executive Officer and a Director of Mark IV from 2004 to 2008. In April 2009, subsequent to Mr. Montague's retirement, Mark IV filed for bankruptcy protection. Mr. Montague also serves on the Board of Directors of Endo Health Solutions, Inc., Allied Motion Technologies, Inc., and a private company, International Imaging Materials, Inc ( "IIMAK" ). He participates on the compensation committee of IIMAK. Mr. Montague's qualifications to serve on the Company's Board include his ability to offer the perspectives of a former chief executive officer along with his extensive financial and accounting experience acquired during his career with Mark IV. His experience as a director, chief financial officer, and chief executive officer at another public company with complex capital resource requirements and diverse geographical operations similar to the Company provides significant value to the Board.

Arthur A. Russ, Jr. has served as a director of the Company since 1993. He was engaged in the private practice of law since 1969 and was a partner in the firm of Phillips Lytle LLP, located in Buffalo, New York until his retirement in December 2010. Mr. Russ is also a director of several private companies and nonprofit entities. Mr. Russ's qualifications to serve on the Company's Board include his legal expertise in the areas of corporations, taxation, securities, and general business and finance. He is able to provide the Board insights on a broad range of general business and financial issues as a result of his diverse legal and business experience.

David N. Campbell has served as a director of the Company since the consummation of the Company's initial public offering in 1993. He is Executive Director of All Hands Volunteers, Inc., a not-for-profit volunteer-based disaster response organization. He has also 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 1999 to 2000. Prior to that he served as President of the GTE Technology Organization from 1997 to 1999 and from 1995 to 1999 he served as President of BBN Technologies, a business unit of GTE Corporation. From 1983 until 1994 he served as Chairman of the Board and Chief Executive Officer of Computer Task Group, Incorporated. During the past five years, Mr. Campbell also served on the Board of Directors of Tektronix Inc. (prior to its acquisition by Danaher Corporation). Mr. Campbell's qualifications to serve on the Company's Board include his ability to provide the perspective of a chief executive officer and director of public companies along with his leadership experience at organizations with international operations which the Company also has. In addition, he is qualified as an audit committee financial expert under the standards established by the Securities Exchange Act of 1934, as amended.

Robert E. Sadler, Jr. has served as a director of the Company since his appointment by the Board of Directors in 2004. He served as President of M&T Bank from 1996 to 2003, as Chairman of M&T Bank from 2003 to 2005, and from 2005 to 2007 as President and Chief Executive Officer of M&T Bank Corporation, one of the 20 largest banks in the U.S. Mr. Sadler continues to serve as a Director of both M&T Bank and M&T Bank Corporation. Mr. Sadler is also a director of several private companies, including Delaware North Companies, Inc. and Security Mutual Life Insurance Company of New York, serving both as a member of the compensation committee. Mr. Sadler's qualifications to serve on the Company's Board include his extensive experience as a financial services executive, particularly during his career with M&T Bank, which allows him to provide the Board with the perspective of lenders and investment bankers, which the Company deals with regularly. Other qualifications include his experience as a member of the board of directors of other large companies and his financial literacy.

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### **THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE NOMINEES FOR CLASS II DIRECTORS IN PROPOSAL 1.**

#### **CORPORATE GOVERNANCE**

The Board of Directors has adopted Corporate Governance Documents which set forth the practices the Board of Directors will follow with respect to various matters, such as director responsibilities, compensation, and access to management. The Corporate Governance Documents are posted on the corporate governance page of the Company's website at [www.gibraltar1.com](http://www.gibraltar1.com) and are available in print to stockholders and other persons who request a copy.

#### **Board of Directors Structure**

The Board of Directors was comprised of seven directors during the year ended December 31, 2012 to carry out the activities of its committees and fulfill its responsibilities effectively.

The Company's Board of Directors has the authority and flexibility to select the appropriate leadership structure for the Company. The Board of Directors does not have a written policy as to whether the roles of Chairman of the Board and Chief Executive Officer should be separate or combined. However, the Company's Corporate Governance Documents provide for the position of Lead Independent Director, who among other things, chairs all meetings of the Board in the absence of the Chairman, chairs all executive sessions of the Board's independent members, and acts as principal liaison between the independent members of the Board and the Chairman and Chief Executive Officer of the Company. William P. Montague currently serves as the Lead Independent Director.

The Company's leadership structure has combined the positions of Chairman of the Board and Chief Executive Officer. Under the Company's Bylaws, the Chairman of the Board presides over meetings of the Board of Directors and meetings of the stockholders, while the Chief Executive Officer has general authority for strategic initiatives involving the business, affairs, and property of the Company, subject to the supervision and oversight of the Board.

The Board of Directors has adopted a number of measures to provide what it views as an appropriate balance between the respective needs for dependable strategic leadership by the Chairman of the Board and Chief Executive Officer and the oversight and objectivity of independent directors. For example, only one of the seven directors is a member of management and all of the Board's key committees—the Audit Committee, Compensation Committee, and the Nominating and Corporate Governance Committee—are comprised entirely of independent directors. All directors play an active role in overseeing the Company's business and have full and free access to members of management and the authority to retain independent financial, legal, or other advisors as they deem necessary without consulting or obtaining the approval of any member of management.

The Board of Directors believes that this leadership structure—a combined Chairman of the Board and Chief Executive Officer with active and strong non-employee directors—is the most effective structure for the Company at this time. Given the challenges that the Company faces in the current market environment and the Company's diverse operations, this leadership structure provides important benefits through effective internal and external communication of critical strategies and business priorities.

#### **Board Oversight of Risk Management**

The Board of Directors is actively engaged in the oversight of strategies adopted by management for addressing risks faced by the Company. These risks may arise in many different areas, including business strategy; financial condition; competition for talent; operational efficiency; quality assurance; environmental, health, and safety; supply chain management; reputation; customer spending patterns; and intellectual property, among many others. The Board of Directors believes that, in light of the interrelated nature of the Company's risks, oversight of risk management is ultimately the responsibility of the full Board and has not divided the responsibility for oversight of risk management among its committees. In carrying out this critical responsibility, the Board of Directors also receives quarterly reports on aspects of the Company's risk management from senior representatives of the Company's independent auditors.

#### **Independence of Directors**

The Board of Directors has determined that each of David N. Campbell, William J. Colombo, William P. Montague, Arthur A. Russ, Jr., and Robert E. Sadler, Jr. is an independent director as defined in Rule 5605(a)(2) of the NASDAQ listing standards, which the Board has adopted as the standards by which it will determine independence.

**Board Committees and Other Matters**

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](http://www.gibraltar1.com). During the year ended December 31, 2012, the Board of Directors held eight 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.

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### **Audit Committee**

The Audit Committee is comprised of Messrs. Campbell, Sadler, and Montague, each of whom is independent as required by the NASDAQ rules applicable to such Committee. 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, review and approval of related party transactions, compliance with laws and regulations, and the Company's code of business conduct. The Audit Committee held four meetings in 2012. 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 407(d)(5)(ii) 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**

The Compensation Committee is composed of Messrs. Colombo, Montague, and Sadler, each of whom is independent as required by the rules of the NASDAQ as applicable to such Committee. The Compensation Committee held six meetings in 2012. The Compensation Committee acts in accordance with its charter to approve the structure and design of the compensation programs in effect for executive officers and directors of the Company. The Compensation Committee meets in executive session to determine and approve the compensation package provided to the executive officers. The Compensation Committee is responsible for ensuring the decisions regarding compensation are in line with market conditions and enhance the Company's ability to attract, retain, and motivate highly qualified individuals to serve as executive officers and directors. To fulfill its responsibilities, the Compensation Committee employs a nationally recognized compensation consultant, Towers Watson, to perform market studies of compensation programs offered by a peer group of companies. The Compensation Committee works with Towers Watson and the Company's executive management team to make final decisions regarding the design of the programs used to compensate the Company's executive officers and directors in a manner which is consistent with the Company's compensation objectives. The Compensation Committee is also responsible for the administration of the Company's cash and equity-based incentive compensation plans and authorization of grants of equity-based awards pursuant to such plans.

### **Compensation Committee Interlocks and Insider Participation**

During 2012, Messrs. Colombo, Montague, and Sadler served as members of the Compensation Committee. None of Mr. Colombo, Mr. Montague, or Mr. Sadler was an executive officer or employee of the Company or any of its subsidiaries during 2012 or prior thereto. In 2012, 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.

### **Nominating and Corporate Governance Committee**

The Nominating and Corporate Governance Committee is comprised of Messrs. Campbell, Colombo, and Montague, each of whom is independent as required by the NASDAQ rules as applicable to such Committee. The purpose of the Nominating and Corporate Governance Committee is to identify and nominate individuals qualified to become Board and committee members, to establish and implement policies and procedures relating to the nominations of qualified candidates, to develop and recommend to the Board a set of corporate governance guidelines for the Company, and to oversee, review and make periodic recommendations to the Board concerning the Company's corporate governance guidelines and policies. The Nominating and Corporate Governance Committee held two meetings in 2012. The current nominees for director were recommended for election to the Board at a meeting of the Nominating and Corporate Governance Committee held March 7, 2013. Mr. Colombo did not participate in the recommendation that he be nominated for election to the Board.

When a Board vacancy arises, the Committee seeks to identify candidates for nomination who are highly qualified, willing to serve as a member of the Company's Board, and will be able to serve the best interests of all stockholders. The Committee believes that, given the size and complexity of the Company's operations, the best interests of the Company's stockholders will be served by a Board which is composed of individuals with a wide variety of business experience. Accordingly, the Committee seeks to identify candidates for nomination who will contribute to the diversity of business perspectives present in Board deliberations. During the nomination process, the Committee considers whether the Board's composition reflects an appropriately diverse mix of skills and experience, in relation to the needs of the Company.

**Table of Contents****Stockholder Recommendations of Nominees**

The Company has adopted a policy regarding stockholder recommendations to the Nominating and Corporate Governance Committee of nominees for director. A stockholder 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 stockholder deems appropriate. Any person recommended by a stockholder 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. The Nominating and Corporate Governance Committee did not receive any nomination recommendations from stockholders during 2012.

**Communication with the Board of Directors**

The Board of Directors has established a policy with respect to stockholder communication with the directors. Stockholders 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, PO Box 2028, Buffalo, NY 14219-0228. All mail will be opened and logged. All communication, other than trivial communication 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 will 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 David N. Campbell, William J. Colombo, Brian J. Lipke, Gerald S. Lippes, William P. Montague, Arthur A. Russ, Jr., and Robert E. Sadler, Jr. constituting the entire Board of Directors.

**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 as of March 19, 2013:

<b>Name</b>	<b>Age</b>	<b>Position(s) Held</b>
Brian J. Lipke	61	Chairman of the Board and Chief Executive Officer
Henning N. Kornbrekke	68	President and Chief Operating Officer
Kenneth W. Smith	62	Senior Vice President and Chief Financial Officer
Paul M. Murray	60	Senior Vice President of Human Resources and Organizational Development
Timothy F. Murphy	49	Secretary and Vice President of Treasury, Tax, and Risk
David N. Campbell	71	Director
William J. Colombo	57	Director
Gerald S. Lippes	73	Director
William P. Montague	66	Director
Arthur A. Russ, Jr.	70	Director
Robert E. Sadler, Jr.	67	Director

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

Henning N. Kornbrekke has served as President and Chief Operating Officer of the Company since 2004. Mr. Kornbrekke served as Vice President of the Company and President of its Building Products Group from 2002 to 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.

Kenneth W. Smith has been Senior Vice President and Chief Financial Officer of the Company since joining the Company in 2008. Prior thereto, he served as Chief Financial Officer of Circo International, a global manufacturer of flow control components from 2000 through 2008, for the period from 1996 to 2000 he served as Vice President of Finance for North Safety Products, a manufacturer of personal protection equipment for employees of industrial companies, and before that as Finance Director of Digital Equipment Corporation, a manufacturer of computer hardware and software and a provider of integration services.



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

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Timothy F. Murphy was appointed Secretary and Vice President of Treasury, Tax, and Risk in March 2012. Mr. Murphy served as the Company's Vice President of Treasury Operations since 2010, as the Company's Director of Treasury Operations from 2008 to 2010 and as the Company's Director of Financial Reporting from 2004 to 2008. Prior to joining the Company, Mr. Murphy served a variety of roles at KPMG from 1996 to 2004 including Audit Senior Manager.

**COMPENSATION OF DIRECTORS**

Towers Watson, a nationally recognized compensation consultant, provides survey information and advice to the Compensation Committee with respect to compensation related matters. Towers Watson 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 Towers Watson included A.O. Smith Corporation, Actuant Corporation, Albany International, Barnes Group, Builders FirstSource, Carpenter Technology, EnPro Industries, Graco Inc., Griffon Corporation, John Bean Technologies, Quanex Building Products, Standex International, Tennant Company, and Tredegar Corporation.

Using this information, the Compensation Committee approved a compensation program for non-employee directors consisting of an annual retainer of \$30,000 per year, an additional \$5,000 retainer for the Lead Independent Director, 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, the Nominating and Corporate Governance Committee, and the Audit Committee of \$5,000 per year, respectively, for serving as Chairman. The Board increased the annual retainer from \$24,000 to \$30,000 beginning in 2012 in response to the peer study noted above.

In addition, in the Board of Directors, in consultation with the Compensation Committee, approved annual grants of restricted stock to non-employee directors in the amount of \$22,000. Restrictions on these shares of restricted stock expire three years following the grant date. Pursuant to this approval, in May 2012, each non-employee director received awards of 1,855 shares of restricted stock. The amount of restricted stock issued to our directors was changed from 1,000 shares to a number of shares equal to \$22,000 to align with best practices as noted in the peer study described above. Non-employee directors will receive restricted stock awards in the amount of \$37,000 and \$52,000 during 2013 and 2014, respectively, and will continue to receive annual stock awards equal to \$52,000 thereafter. These changes will be made to align the compensation of our directors with compensation paid to directors of our peer group.

Our Management Stock Purchase Plan ( MSPP ) permits non-employee directors to defer their receipt of payment of a portion of their retainer, chair, and meeting fees 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 (see the discussion of the MSPP under the caption *Non-Qualified Deferred Compensation* in the Compensation Discussion and Analysis below). The Company allocates additional restricted stock units to the accounts of non-employee directors who defer the receipt of retainer fees to match the amount of restricted stock units allocated to reflect deferred retainer fees of non-employee directors.

**2012 Director Compensation**

Name	Fees Earned Or Paid in Cash (1)	Stock Awards (2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (3)	Total
David N. Campbell	\$ 61,000	\$ 22,000	\$ 69,997	\$ 152,997
William J. Colombo	\$ 71,000	\$ 22,000	\$ 56,729	\$ 149,729
Gerald S. Lippes	\$ 54,000	\$ 22,000	\$ 68,280	\$ 144,280
William P. Montague	\$ 81,000	\$ 22,000	\$ 25,651	\$ 128,651
Arthur A. Russ, Jr.	\$ 54,000	\$ 22,000	\$ 66,993	\$ 142,993
Robert E. Sadler, Jr.	\$ 64,000	\$ 22,000	\$ 41,594	\$ 127,594

- (1) Consists of annual retainer fees of \$30,000; \$5,000 for each of Messrs. Campbell, Montague, and Colombo, to reflect their respective positions as Chairman of the Audit Committee, Chairman of the Nominating and Corporate Governance Committee, and Chairman of the Compensation Committee; \$5,000 for Mr. Montague to reflect his position as Lead Independent Director; and additional fees of \$2,000 for attendance at each meeting of the Board of Directors and any committee. Messrs. Campbell,

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Lippes, Russ, and Sadler deferred all of their fees into the MSPP. Mr. Colombo deferred portions of his fees into the MSPP.

- (2) This column represents the grant-date fair value of restricted stock granted in 2012. The fair value of restricted stock is calculated using the closing price of Gibraltar Industries, Inc. common stock on the date of grant.
- (3) This column represents the Company match on the deferred retainer and the earnings or losses on the deferred fees in each respective director's account under the MSPP.

**Table of Contents****Outstanding Equity Awards at Fiscal Year End**

The following chart summarizes the aggregate number of stock awards outstanding at December 31, 2012 for each director:

Name	Restricted Shares (1)	Restricted Stock Units ( RSUs ) (2)	Aggregated Number Of Stock Awards Outstanding
David N. Campbell	5,855	37,987	43,842
William J. Colombo	9,855	24,337	34,192
Gerald S. Lippes	5,855	36,247	42,102
William P. Montague	5,855	22,305	28,160
Arthur A. Russ, Jr.	5,855	35,129	40,984
Robert E. Sadler, Jr.	9,855	13,855	23,710

- (1) Restricted shares generally vest over three years. Messrs. Campbell, Lippes, Montague, and Russ hold 2,000 restricted shares and Messrs. Colombo and Sadler hold 6,000 restricted shares that will vest upon retirement from the Board.
- (2) Represents RSUs deferred in the MSPP that will be converted to cash and paid out over five years upon retirement from the Board. Includes 11,159 unvested RSUs for the benefit of Mr. Colombo that will be forfeited if his service as a member of the Company's Board of Directors is terminated prior to age sixty (60).

**PROPOSAL TWO****ADVISORY VOTE ON EXECUTIVE COMPENSATION ( SAY-ON-PAY )**

We are providing our stockholders with the opportunity to cast an advisory vote to approve the compensation of our named executive officers as described in this Definitive Proxy Statement (commonly referred to as the "Say-on-Pay" vote). The Say-on-Pay vote is advisory and therefore not binding on the Company or the Board of Directors. However, the outcome of the vote will provide information to the Company and the Board of Directors regarding stockholder sentiment about our compensation policies and procedures, which the Compensation Committee will carefully review and consider when making future decisions regarding the compensation of our executive officers. Stockholders are encouraged to read the section entitled "Compensation Discussion and Analysis", which describes how our compensation policies and procedures implement our compensation philosophy.

We believe the Say-on-Pay vote represents an additional means by which we may obtain important feedback from our stockholders about compensation for our executive officers, which is established by the Compensation Committee and designed to link pay with performance while enabling the Company to attract and retain qualified talent on the executive management team.

As set forth in the section entitled "Compensation Discussion and Analysis", the overall objective of our executive compensation program is 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 stockholders. To meet this objective, the Compensation Committee has designed a compensation program for our executive officers that focuses on performance and long-term incentives. A significant portion of an executive officer's overall compensation is performance-based, in that it depends on the achievement of both short and long-term financial goals and strategic objectives. Incentive compensation represented 68% and 49% of the Chief Executive Officer's and other named executive officers' target compensation opportunity, respectively. We believe that this emphasis on both short and long-term financial performance aligns executives' and stockholders' interests. The Compensation Committee believes that the executive compensation program is strongly aligned with the long-term interests of our stockholders and is effective in implementing our compensation philosophy and in achieving our strategic goals.

The Say-on-Pay vote gives you, as a stockholder, the opportunity to provide feedback on our executive compensation program by voting for or against the following resolution:

RESOLVED, that the stockholders of Gibraltar Industries, Inc. (the "Company") approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed in this Definitive Proxy Statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the summary compensation table, and other related tables and disclosure.

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The Board urges stockholders to endorse the executive compensation program by voting in favor of this resolution. As set forth in the Compensation Discussion and Analysis, the Compensation Committee is of the view that the executive compensation for 2012 was reasonable and appropriate, justified by the performance of the Company in an extremely difficult and challenging environment, and the result of a carefully considered approach.

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Although the Say-on-Pay vote is non-binding, the Board of Directors and Compensation Committee will carefully review the outcome of the vote. The Compensation Committee will consider the outcome of the Say-on-Pay vote, as well as other communication from stockholders relating to our compensation practices, and take them into account in future determinations concerning our executive compensation program.

### **THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ADVISORY APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS DEFINITIVE PROXY STATEMENT PURSUANT TO THE COMPENSATION DISCLOSURE RULES OF THE SEC IN PROPOSAL 2.**

## **COMPENSATION DISCUSSION AND ANALYSIS**

### **Executive Summary**

Our executive compensation program aims to encourage the creation of sustainable, long-term stockholder value and alignment of the interests of senior management with those of our stockholders. This section provides the Company's stockholders with information about the compensation awarded to our executive officers whose names appear in the Summary Compensation Table (NEOs) and demonstrates how the program delivers on that objective. It further illustrates the considerations the Compensation Committee has used and will use in establishing the Company's compensation philosophy, overseeing the policies that result from that philosophy, and making decisions with respect to those policies, including changes to the policies when warranted.

Our pay-for-performance compensation philosophy can only be understood in the context of the financial achievements of the Company in 2012 as outlined below. We have also highlighted several changes to our executive officers' compensation program which emphasize our commitment to our stockholders.

#### *2012 Business Results*

Despite a challenging economic and industry environment, we achieved several significant business and financial results in 2012:

Increased diluted earnings per share from continuing operations by 37% to \$0.41 in 2012 compared to \$0.30 in 2011. A 3% growth in net sales and an increased operating margin to 5.1% compared to 4.7% in the previous year provided the improved earnings per share performance.

Maintained our days of working capital at 65 days during 2012 compared to 63 days at the end of 2011. Our investment in enterprise resource planning systems and commitment to restructuring the business allowed us to sustain our improved working capital management despite acquiring businesses that require greater working capital investments.

Generated \$50 million of operating cash flows from continuing operations, or 6.4% of net sales, despite historically low levels of end market demand. Housing starts in the United States were 781,000 units during 2012 compared to historical averages approximating 1.5 million housing starts. Housing starts are only one economic indicator for the markets we serve, but other end markets we serve, including residential repair and remodel, non-residential construction, and industrial, yielded similar trends in demand during 2012.

#### *Significant Executive Compensation Actions*

During 2012, our annual incentive compensation plan yielded a payout equal to 106.7% of target based on the strong financial performance highlighted above. Our Chairman and Chief Executive Officer (CEO) and President and Chief Operating Officer (COO) did not receive a base pay adjustment and the other NEOs received moderate adjustments based on the modest improvements in the business we expected to achieve during 2012. Beginning in 2012, our CEO will only receive performance-based equity awards and will no longer receive any time-based equity compensation. The net effect of these steps in improving our pay-for-performance philosophy is that our CEO's realizable pay was 59% of his targeted pay for the year. Resulting in CEO compensation at the 33<sup>rd</sup> percentile when compared to our peer group while performance on five of six key financial measures was at or above median.

Our Company continues to be committed to a strong pay-for-performance philosophy that meets the highest industry standards. During 2012, our Company took significant compensation and corporate governance actions:

Contacted a group of our largest shareholders to gain feedback regarding our executive compensation policies. These suggestions were considered when the Compensation Committee conducted its annual review of our compensation programs.

Based on stockholder feedback, amended the peer group we measure our executive compensation against. Peer companies now consist of fellow building products businesses of similar size to Gibraltar.

Amended our Corporate Governance Guidelines to include a Clawback Provision related to incentive based compensation for our executive officers.

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To increase our pay-for-performance commitment, our CEO moved from time-based restricted stock unit awards and performance-based stock awards to solely performance-based stock compensation. This new compensation structure was effective for the first time in 2012 and will continue thereafter without adding to the potential number of performance-based awards the CEO is eligible for.

Performance stock units awarded to our executive officers for 2012 were granted at target values on January 3, 2012 and vest on December 31, 2014. The actual number of shares earned was determined based on a comparison of the Company's total shareholder return against the total shareholder return of the S&P Small Cap 600 Index.

The PSU program was changed during 2012 so future grants, beginning in 2013, would be based on attaining a targeted return on invested capital ( ROIC ). We believe incentivizing our executive team to improve ROIC will lead to accelerated growth in stockholder value. This change was also suggested by our stockholders.

Perquisites or other personal benefits to our executive officers are comparable to other companies in our peer group.

### **Compensation Overview and Pay-for-Performance**

As noted above, we are committed to a strong pay-for-performance philosophy. With that in mind, 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 stockholders.

We believe it is in the best interest of our stockholders to encourage and reward the creation of sustainable, long-term stockholder value. To best encourage the practice of creating stockholder value, we developed our executive officer and senior management compensation to place a significant emphasis on pay-for-performance. We believe executive officers and senior management's interests are more directly aligned with the interests of our stockholders when compensation programs are significantly impacted by the value of our common stock, encourage ownership of our common stock, and reward both short and long-term financial performance. A significant element of our compensation program is long-term equity awards under the Long-term Incentive Plan ( LTIP ) which meet the objectives noted above and is comprised of both performance-based and time-based equity awards. Another significant element of our compensation program, the annual Management Incentive Compensation Plan ( MICP ) depends on the achievement of financial and strategic goals. We believe the other elements of our compensation program are competitive with the market and allow us to attract, retain, and motivate a highly qualified senior management team.

The significant elements of our compensation program for executive officers and senior management include base salary, the MICP, equity-based incentive compensation under the LTIP, retirement plans, other perquisites, and a non-qualified, equity-based deferred compensation plan ( MSPP ). Therefore, the compensation program includes a significant portion of performance-based compensation, including the MICP and performance-based equity awards issued under the LTIP.

Consistent with our pay-for-performance philosophy, our CEO target compensation is designed to be heavily weighted toward performance-based compensation. As depicted in the chart below, 68% of our CEO's target compensation is provided in the form of performance-based compensation. The target compensation of our NEOs is also weighted toward performance-based compensation. On average, 49% of their compensation is performance based with another 10% tied to time-vested stock awards. The long-term value of time-vested stock awards will fluctuate with our stock price, thus aligning their interests with our stockholders' interests. During 2012, in an effort to increase the amount of CEO compensation tied to performance, the Compensation Committee removed the time-based LTIP award component of the CEO's compensation program. The following charts highlight the targeted compensation mix for our CEO and the average mix for the other NEOs:



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Performance-based compensation includes annual incentive compensation and performance-based equity awards. A significant portion of the executive officers' compensation is at-risk based on the value of the Company's common stock and financial performance. The above chart includes targeted compensation generated from the deferral of salary or compensation from the MICP into our non-qualified deferred compensation plan, the MSPP, which is an important part of our compensation program. Compensation deferred into the MSPP is converted to restricted stock units and the aggregate amount deferred is also at-risk since it is based on the value of the Company's common stock. The MSPP further illustrates the level of emphasis we give pay-for-performance as it relates to our executive officers' compensation program.

The components of compensation that are performance based ensure that executive pay is aligned to performance. Our annual MICP has the following performance related criteria: (i) adjusted net income from continuing operations as a percentage of sales, (ii) net sales growth, and (iii) days of working capital. We believe the structure of the annual incentive plan has incentivized management to maintain market share and pursue growth and cost reduction opportunities during a period of unprecedented lows in macroeconomic activity in the markets we serve. The following chart shows the alignment between the MICP payout percentage and our net sales growth:

Another significant portion of the executive officers' performance based compensation is performance based equity awards (PSUs). PSUs are awarded to our executive officers and earned annually based on our total shareholder return (TSR as defined in the awards) compared to a group of peer companies (2009 through 2011) or an index of stocks (in 2012). The following compares the percentage of PSUs earned annually compared to our TSR (as defined in the award) in relation to the median TSR of the selected peer companies or the TSR of the selected index since the first PSUs were awarded in 2009:

Year	Gibraltar's TSR	Median Peer Company/ Index TSR	Gibraltar's Over/ (Under) Performance	Percentage of PSUs Earned
2009	29%	37%	-8%	34%
2010	-20%	14%	-34%	0%
2011	10%	-12%	22%	200%*
2012	7%	14%	-7%	58%

\* Maximum allowed under the award.

The other significant components of compensation for our executive officers are not performance based and consist of a competitive base salary and, for NEOs other than our CEO, long-term incentive compensation consisting of restricted stock units (RSUs). The RSUs convert to shares over a vesting period generally consisting of four years and we believe the RSU awards align the executive officers' goals with stockholders as the officers are incentivized to increase the stock price through ownership of RSUs and shares of the Company's common stock. The CEO does not receive any time-based RSUs so that the mix of compensation provided to the CEO is more significantly performance based.

**Table of Contents****Distinguishing Awarded Compensation from Realized Compensation**

It is important to distinguish the reported compensation awarded to our executive officers in 2012 from the compensation that was actually earned by our executive officers. Compensation reported within the Summary Compensation Table uses different methods depending on the type of compensation. The PSUs reported for each executive officer is the award value, or grant-date fair value, while the compensation from the MICP reported in the table is the actual amount earned and paid to the executive officers, or realized value. If both portions of performance based compensation were shown at their realized value, it would show the impact of actual performance on each executive officer's compensation. Additionally, the value of retirement benefits and the MSPP reported in the Summary Compensation Table is subject to the volatile and significant effects of changes in actuarial assumptions and stock prices.

The following summarizes the impact that performance based compensation and retirement benefits had on compensation realized by our executive officers:

Name	2012 Total Compensation Per Summary Compensation Table (1)	Reduction of Awarded PSUs to Earned PSUs (2)	Exclusion of Change in Pension and Non-qualified Deferred Compensation (3)	2012 Total Realized Compensation	2012 Total Targeted Compensation	Realized As a Percent of Targeted
Brian J. Lipke	\$ 2,093,881	\$ (359,377)	\$ (85,805)	\$ 1,648,699	\$ 2,772,277	59%
Henning N. Kornbrekke	\$ 3,113,877	\$ (314,451)	\$ (310,568)	\$ 2,488,858	\$ 2,734,823	91%
Kenneth W. Smith	\$ 1,394,457	\$ (148,860)	\$ (74,109)	\$ 1,171,488	\$ 1,337,477	88%
Paul M. Murray	\$ 690,887	\$ (83,676)	\$ (32,642)	\$ 574,569	\$ 646,418	89%
Timothy F. Murphy	\$ 364,931	\$ (41,025)	\$ (8,853)	\$ 315,053	\$ 371,298	85%

- (1) Amounts agree to the Summary Compensation Table on Page 22.
- (2) Equal to the difference between the grant date fair value presented in the Summary Compensation Table on Page 22 and the realized earnings as calculated in the footnotes to the Summary Compensation Table.
- (3) Equal to the amount reflected in the Summary Compensation Table less the company match credited to the MSPP which is considered a component of each executive officer's targeted compensation.

As shown above, the realized compensation earned by the chief executive officer and other named executive officers approximated 59% and 88% of targeted compensation, respectively. Realized compensation did not meet target compensation as a result of the net effect of delivering TSR less than the S&P Small Cap Index, which impacted PSU compensation, and not fully deferring all compensation allowable under the MSPP offset by the effect of exceeding targeted performance for profitability which impacted compensation earned under the MICP. The Compensation Committee believes realized compensation is an important metric to understand when evaluating the effectiveness of the Company's compensation program.

**Stockholder Outreach**

At the 2012 Annual Meeting of Stockholders, Gibraltar received 70% support from its stockholders on the Say-on-Pay vote. The Compensation Committee considered the 2012 Say-on-Pay vote and performed a stockholder outreach program despite the stockholders' support for the proposal. We reached out to eight non-management stockholders, who at that time beneficially owned approximately 46% of our outstanding shares, to seek our stockholders' feedback and suggestions on overall design of the executive compensation program. The primary themes that emerged from the outreach were that stockholders wanted a compensation program based on Gibraltar's performance and that, while different stockholders suggested various metrics for measuring performance, the most commonly suggested metrics were return on invested capital and total shareholder return. Additionally, the stockholders requested that we revisit the peer group used to evaluate executive officer compensation. In response to the stockholders' suggestions, we acted by, i) eliminating any time-based equity awards granted to our CEO, ii) changing the performance criteria to ROIC for performance-based equity awards granted in 2013 and thereafter, and iii) revamping our peer group as discussed below. We are appreciative of the candid and constructive advice provided by our stockholders and believe the suggested changes to the compensation program are improvements to the plan.

**Design of the Compensation Program**

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The Compensation Committee of our Board of Directors engages Towers Watson, 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 (1) base salaries, (2) annual incentives, and (3) long-term incentives. These three components of the compensation program are the key elements offered to our executive management team.

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The Company's compensation program is reviewed annually to ensure the goals of the program are met and to incorporate changes to align the program with best practices, such as the creation of performance based awards. The compensation program compensates our executive officers through a mix of base salary, annual incentive payments, and long-term equity-based incentives. The structure of this compensation program continues as the framework for compensation paid to the executive officers as reported in the Summary Compensation Table and was developed by the Compensation Committee in consultation with Towers Watson with respect to compensation practices of peer companies.

*Peer Company Analysis*

We analyzed our executive officers' 2012 compensation in relation to executives' compensation of a peer group of companies used for comparative data including A.O. Smith Corporation, Apogee Enterprises, Builders FirstSource, Griffon Corporation, Headwaters Incorporated, NCI Building Systems, Quanex Building Products, Simpson Manufacturing, and Trex Company. The Company revamped its peer group during 2012 to more accurately reflect peer companies' current size and industry affiliation since it had been several years since the Company had revised this peer group. After recognizing institutional stockholders and advisors may use a similar approach, the Company selected its peer group due to their similar size and industries. It dropped seven companies and added six to the peer group in order to provide for a more similar range of revenues and industry dynamics. The companies that were added were all building products businesses that have revenues, market capitalization, or assets equal to 50%-200% of Gibraltar's. Companies that did not meet these criteria were excluded from our peer group.

To validate the base salaries and other key elements of compensation provided to our NEOs, the compensation of similar officers of the peer group was analyzed. The following table compares the significant compensation elements for Gibraltar's executive officers to other executives from our peer group with similar responsibilities. The compensation elements below include salary, annual cash bonus, and granted equity compensation, which are represented in thousands:

Name	Base Salary			Non-Equity Incentive Compensation			Long-Term Incentives		
	Gibraltar	Peer Group Average	Ratio	Gibraltar	Peer Group Average	Ratio	Gibraltar	Peer Group Average	Ratio
Brian J. Lipke, CEO	\$ 680	\$ 682	100%	\$ 392	\$ 1,385	28%	\$ 816	\$ 1,498	54%
Henning N. Kornbrekke, COO	\$ 595	\$ 500	119%	\$ 476	\$ 476	65%	\$ 1,190	\$ 1,190	276%
Kenneth W. Smith, CFO	\$ 347	\$ 362	96%	\$ 224	\$ 357	63%	\$ 490	\$ 523	94%
Paul M. Murray, SVP	\$ 197	\$ 359	55%	\$ 75	\$ 222	34%	\$ 237	\$ 179	132%
Timothy F. Murphy, VP	\$ 159	\$ 192	83%	\$ 43	\$ 169	25%	\$ 109	\$ 211	52%
Average Ratios for all Named Executive Officers			91%			43%			122%

The Compensation Committee affirmed the executive officer base salaries based on recommendations from management and with regard to review of the data summarized above. Under our internal management structure, our CEO and COO work closely and collaborate in the development of strategy, goals, objectives, and executive tactics. Due to this structure, we believe it is appropriate for the difference between the base salary of the CEO and COO to be relatively small which explains the difference between the average COO salary and the salary established by the Company for our COO.

In general, our base salaries are competitive with the peer group with our more experienced executive officers positioned closer to the average for the peer group. As noted above, our base salaries averaged 97% of comparable salaries within our peer group. Our officers newer to their roles, like Mr. Murphy, are positioned below the average of the peer group. We noted that the peer group did not have a reliable comparisons for our Senior Vice President of Human Resources and Organizational Development, but believe Mr. Murray's salary is competitive with the market.

Additionally, our MICP, the annual cash bonus plan, is positioned significantly lower than our peer group, at 43% of the peer group's average incentive compensation. Our equity compensation is positioned near the peer group average, at 122% of the peer group's average. We believe the emphasis on long-term equity awards better aligns our executive management team's interests with our stockholders as it emphasizes stockholder value creation and return on invested capital.

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Based on the following analysis, Gibraltar has outperformed this peer group in a number of financial metrics, other than total shareholder return (TSR). The following table discloses Gibraltar's percentile ranking during the one-year and three-year periods ended December 31, 2012 compared to the peer group noted above and the relative degree of alignment of pay to performance for each of the following metrics which we believe represents financial performance:

	<b>Total Shareholder Return</b>	<b>Change in Book Value</b>	<b>EPS Growth</b>	<b>Operating Cash Flow as % of Sales</b>	<b>Return on Assets</b>	<b>Return on Equity</b>	<b>Total CEO Compensation</b>
One-year period	11th	78th	44th	44th	67th	56th	33rd
Three-year period	11th	44th	78th	78th	44th	44th	33rd
Average	11th	61st	61st	61st	56th	50th	33rd
Relative Degree of Alignment *	-22nd	28th	28th	28th	23rd	17th	

\* The relative degree of alignment was calculated by deducting the average ranking of total CEO compensation from the average ranking of each metric. We believe any score higher than -30% would indicate a reasonable alignment of pay-to-performance in accordance with the model used by International Shareholder Services, Inc.

The average percentile ranking for the six financial metrics noted above equals the 50<sup>th</sup> percentile in aggregate, which compares favorably to CEO compensation at the 33<sup>rd</sup> percentile. The only performance metric that Gibraltar did not perform at median or above was TSR which can be impacted by a number of factors outside of the control of management, including but not limited to, macroeconomic factors and current events. We believe improvement in the operating metrics noted above will eventually lead to increased profitability and cash flow. Improvements in the financial metrics noted above will further help to accelerate the creation of stockholder value and drive increasing stock prices and stockholder returns. Our performance-based compensation programs are designed to improve the metrics noted above (other than TSR) because the measures compensation is based upon would increase all of the metrics noted.

*Compensation Committee Approval Process*

Management recommendations for salary increases are made annually and are based on management's evaluation of each executive officer's performance, length of service to the Company, experience, level of responsibility, the Company's financial position, and degree to which their efforts have contributed to the implementation of the Company's strategies and goals. This information is then used by the Compensation Committee to review and approve the base salaries of executive officers.

Final authority for the establishment of annual base salaries of our executive officers resides with the 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 based upon the degree to which the Company's annual goals have been achieved.

Based on the peer group analysis described above, targeted annual incentive compensation and long-term equity-based incentive compensation components of each executive officer's total compensation were set at percentages of each executive officer's base salary. Structuring our compensation so a substantial portion of each executive officer's total compensation is based on annual incentives and equity-based long-term incentives rewards our executive officers for achieving clearly defined annual financial goals and long-term appreciation in the value of the Company's common stock. Additionally, the link between the amount of an executive officer's base salary and the annual and long-term equity incentive compensation reduces the need for the Compensation Committee to exercise discretion in the determination of the amount of an executive officer's incentive compensation. This provides the executive officers and stockholders a level of certainty as to the level of incentive compensation which executive officers will be entitled to receive upon attainment of a specified level of performance.

The following table summarizes the targeted compensation for non-equity incentive compensation and equity incentive awards (including RSUs and PSUs) established by the Compensation Committee:

<b>Position</b>	<b>Targeted Non-Equity Incentive</b>	<b>Long-term Equity Compensation as a</b>
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	<b>Compensation as a Percentage of Salary</b>	<b>Percentage of Salary</b>
Chief Executive Officer	90%	120%
Chief Operating Officer	75%	200%
Chief Financial Officer	60%	145%
Senior Vice President	35%	125%
Vice President	25%	70%

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The Compensation Committee set the targeted annual incentive compensation and long-term equity compensation levels as a percentage of salary after consulting with Towers Watson. The compensation levels were considered reasonable in comparison to the peer companies described above and tailored to the Company's leadership structure, level of responsibility, and emphasis on pay-for-performance while emphasizing stock ownership which we believe aligns management's interests with the interests of our stockholders.

The Compensation Committee, in consultation with senior management, developed a long-term equity-based incentive program which provides executive officers the ability to earn long-term equity-based incentive compensation which was based, in part, on the passage of time and, in part, on the achievement of performance objectives. This plan was responsive to the desires of both the Compensation Committee and management to develop a long-term equity-based incentive program which would be more aligned with the interests of the Company's stockholders than an equity-based incentive program that provided for payment solely on the expiration of time. The first PSUs awarded under this program were granted in 2009 and vested December 31, 2011. On January 3, 2012, a second grant of PSUs were awarded to the senior management team. PSUs vest over a three year period and are earned by executive officers based on a comparison of the Company's total shareholder return against the total shareholder return of a selected peer group or selected stock index during distinct performance periods. The PSUs convert to cash based on the trailing 90-day closing price of the Company's common stock as of the vesting date and the recipients are paid an amount equal to the converted value.

For 2012 and thereafter, the CEO voluntarily elected to waive his right to receive any equity awards that vest solely on the passage of time. The voluntary election to forfeit these grants of restricted stock units places more compensation at-risk and aligns CEO compensation to performance in a stronger manner. The only compensation received by the CEO that is not performance-based will be base salary along with some perquisites and other personal benefits. At no time in the future will the Compensation Committee grant additional awards or a cash payout to replace the surrendered compensation.

The Compensation Committee believes that the long-term equity-based incentive compensation structure described above promotes the interests of the Company's stockholders by providing an incentive to executive officers to continue their employment with the Company as well as an incentive to create stockholder value. Furthermore, executive officers are provided an incentive to improve the value of the Company's common stock over the long term because final payment of this long-term equity-based incentive compensation program is based on the price of the Company's stock at the time of payment.

### **Elements of Our Compensation Program**

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

Base Salary

Annual Management Incentive Compensation Plan (MICP)

Equity-based Incentive Compensation (Omnibus Plan)

Non-qualified Deferred Compensation Plan (MSPP)

Long-term Incentive Compensation Plan (LTIP)

Restricted Stock Units

Performance Stock Units

Retirement Plans

Change in Control Benefits

Perquisites and Other Benefits

Generally Available Benefit Programs

*Base Salaries.* As noted above, the Company provides executive officers with a base salary approved by the Compensation Committee, 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 \$680,000 was established during 2008 and has remained unchanged through 2012.

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 was established at \$577,500 during 2009. His salary increased to \$595,000 effective June 1, 2011. Both salaries are within industry targeted base salary ranges and were established based upon comparison to the peer companies and the individual's performance.



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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. The base salaries of the other executive officers were established using these criteria. During 2010, the Company suspended salary increases for all employees. Our executive officers, other than our CEO who as previously noted above has not received a base pay increase since 2008 and our COO who did not receive a salary increase in 2012, received salary increases effective June 1, 2011 and April 1, 2012. Therefore, the salaries shown in the summary compensation table for 2011 and 2012 reflect a portion of the year at their respective prior year salaries and the balance of the year at the salaries established in 2011 and 2012.

*Annual Management Incentive Compensation Plan.* Our annual Management Incentive Compensation Plan ( MICIP ) provides alignment between executive management's cash compensation and stockholder interests by rewarding management for achievement of performance targets that the Compensation Committee believes will enhance stockholder value.

MICP targets in 2012 included income from continuing operations as a percent of sales, net sales growth year-over-year, and days of working capital. The targets for 100% achievement of MICP awards were 2.5% income from continuing operations as a percentage of sales ( NI% ), 10.0% net sales growth from the preceding year ( NSG ), and 72 days of working capital ( DWC ). The MICP payout is adjusted for performance above or below targeted levels. The MICP for 2012 included minimum thresholds of 1.0% NI%, prior year net sales, and 80 days of working capital. Targeted annual incentive compensation under the MICP as a percentage of executive officer base salaries are as follows:

<b>Position</b>	<b>Targeted Annual Incentive Compensation as a Percentage of Base Salary</b>
Chief Executive Officer	90%
Chief Operating Officer	75%
Chief Financial Officer	60%
Senior Vice President	35%
Vice President	25%

The NI% and NSG targets and thresholds referred to above were established through an analysis of historic performance of the Company, analysis of its peer group, and stretch performance criteria. These targets and thresholds are reviewed on an annual basis to better align incentive compensation to the Company's goals. The targets and thresholds for NI% and NSG were developed based on the Company's historical performance and market conditions in the building and construction industries, which showed that these levels of profitability and growth would provide a strong return for our stockholders. The target and threshold developed for DWC was based on management's goal to maintain working capital levels and maximize cash flows from operations in an effort to minimize the level of debt outstanding and increase liquidity.

The Compensation Committee believes incentivizing management to deliver improved net income and sales growth will provide stockholders with value as these metrics lead to increased cash flow used to fund growth initiatives, including acquisitions. The NI% target is based upon a percentage of net sales to incentivize management to maximize profitability at any level of sales volume. The Compensation Committee also believes it is important for management to be incentivized for optimizing working capital requirements which will maximize cash flow from operations, which is used to fund the growth of the Company. The combination of the three targets, NI%, NSG, and DWC, incentivize management to maximize the return on investment for our stockholders. Based on this understanding, the Compensation Committee concluded that the metrics included in determination of the MICP payout are effectively connected to the creation of stockholder value.

For the year 2012, sixty percent (60%) of the 2012 MICP was based upon NI%, twenty percent (20%) was based upon NSG, and twenty percent (20%) was based upon DWC. These weightings are reviewed by the Compensation Committee with management on an annual basis and adjusted if deemed appropriate by the Compensation Committee. These weightings were changed for the 2012 MICP so the NI% weighting was increased from fifty percent (50%) and the DWC weighting was reduced from thirty percent (30%). The Compensation Committee determined the significant attention to DWC that was incentivized in prior years was less important to the Company as the amount of debt was reduced significantly and the Company had sufficient availability under its revolving credit facility. As a result, the Compensation Committee and senior management agreed that the executive officers should be most focused on improving the Company's profitability in 2012. The Compensation Committee reviews and alters the weightings and the targets to ensure the Company focuses on the key metrics during different periods.

Maximum achievement for NSG is two hundred percent (200%). Neither NI% nor DWC has a maximum limit because an excessive payout is not possible due to the nature of the measurement and the operating characteristics of the Company. In addition, adjustments are made to the performance levels achieved by the Company with respect to the applicable performance criteria to eliminate the effect of restructuring and impairment charges, acquisition-related costs, and other non-routine transactions.



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Due to the Company's operating performance in 2012, MICP payments were 106.7% of the targeted level as calculated below (dollar amounts in thousands):

	NI%	NSG	DWC	Total
Income from continuing operations as reported	\$ 12,650			
Intangible asset impairment, net of taxes	4,516			
Restructuring costs, net of taxes	2,563			
Acquisition related costs, net of taxes	465			
Adjusted net income	\$ 20,194			
Net sales for current year	\$ 790,058	\$ 790,058		
Net sales for prior year		\$ 766,607		
Average net working capital (1)(2)			\$ 142,094	
Average daily sales (2)			\$ 2,195	
Actual results	2.6%	3.1%	65	
MICP targets	2.5%	10.0%	72	
Payout factor minimum threshold	0.5%	0.0%	80	
Payout factor (3)	1.05	0.31	1.88	
Weighting	60%	20%	20%	
MICP payout percentage	63.0%	6.2%	37.5%	106.7%

- (1) Average net working capital was based on the 13-month average of accounts receivable and inventory less accounts payable for each month end between December 31, 2011 and December 31, 2012.
- (2) These balances were adjusted to properly reflect the impact of acquisitions on the Company's working capital.
- (3) The payout factor for NI% and NSG was calculated by comparing the difference between actual results and the minimum threshold to the difference between the target and the minimum threshold. The payout factor for DWC was calculated by dividing the difference between the targeted days of working capital and actual results by the difference between the minimum threshold and targeted days of working capital and adding this factor to 1.00.

Based on a review of Gibraltar's performance relative to the peer group disclosed above, the Compensation Committee exercised its discretion to reduce the MICP paid to the CEO by 40%. The Compensation Committee can exercise discretion when approving annual compensation under the MICP if performance metrics, such as total shareholder return, do not achieve levels experienced by similar companies.

*Non-Qualified Deferred Compensation.* We maintain an equity incentive compensation plan known as 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 stock units (PSUs), 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. The MSPP provides our executive officers the right to defer their receipt of the annual incentive compensation payment they are entitled to receive under the MICP and up to 25% of their base salary. Our non-employee directors are also entitled to defer their receipt of their director fees under the MSPP.

If, and to the extent that an executive officer defers any portion of his MICP payment or base salary, an account is established for his benefit under the 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 or base salary which was deferred. If, and to the extent a non-employee director defers his retainer, chair, or meeting fees, an account is established for his benefit under the MSPP and credited with RSUs equal to the number of shares of the Company's stock which could have been purchased using the amount of such fees deferred. The price used to determine the number of RSUs credited to an executive officer or non-employee directors' account is the 200-day closing average price per share of the Company's stock

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determined one day prior to the date in which the compensation was earned and deferred. The Company's use of a 200-day closing average price for valuing RSUs is intended to eliminate the effect of short-term market fluctuations on the number of RSUs awarded under our MSPP.

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In addition to RSUs which are credited to the accounts of executive officers that elect to defer a portion of their MICP payment or base salary, the Company credits an additional number of RSUs ( Matching RSUs ) to the account of the executive officer. These Matching RSUs are forfeited if the executive officer's employment is terminated, for any reason other than a change in control transaction, before the executive officer reaches age sixty (60). The Company also credits the accounts of non-employee directors that defer their retainer fees with Matching RSUs equal in number to the RSUs allocated to the director's account and attributable to their deferred retainer fees. The directors forfeit their Matching RSUs if they terminate Board service prior to reaching age sixty (60) for any reason other than a change in control transaction.

RSUs credited to the account of an executive officer or non-employee director to reflect amounts deferred under the MSPP are paid to the participant upon a termination of their employment or service on the Board. In addition, if the executive officer's employment is terminated, or a non-employee director's Board service is terminated, after age sixty (60), the participant will be entitled to receive payment for Matching RSUs.

The amount to be paid to a participant upon termination of his employment or service on the Board is equal to the number of RSUs credited to his account (including Matching RSUs, if applicable) multiplied by the 200-day rolling average price per share of the Company's stock, determined as of the day immediately preceding the participant's termination.

Payment of the amount determined above is made to the participant based on an election made prior to the deferral in either (a) a lump sum, (b) five substantially equal annual installments, or (c) ten substantially equal annual installments beginning the first February following six months after the date of termination. During the period of the installment payments, the undistributed value of the participant's account will earn interest at a rate equal to the average annualized rate of interest payable on ten-year US Treasury Notes plus two percent (2%).

We believe the MSPP furthers our compensation objectives of aligning the interests of our executive officers and non-employee directors with stockholder interests by providing the executive officers and non-employee directors an opportunity to increase post-termination compensation as a result of increases in the value of the Company's common stock over their careers.

*Long-term Equity Incentive Plan.* Our Omnibus Plan (described above) provides us with a vehicle to grant our executive officers equity-based compensation. The Compensation Committee has provided for grants of equity-based incentive compensation awards to our executive officers ( LTIP ) each year. These long-term equity-based awards have a value, at the time the award is made, equal to a percentage of the executive officer's base salary. Equity awards consist of time vested grants of restricted stock units ( RSUs ) and performance based grants of performance stock units ( PSUs ).

Under the terms of the 2012 RSU awards, vesting occurs at a rate of 25% per year for the Chief Financial Officer, Senior Vice President of Human Resources and Organization Development, and Vice President of Treasury, Tax and Risk. For the Chief Operating Officer RSUs vest at the time of the grant. As noted above, the Chief Executive Officer waived his right to receive time vested RSU awards.

The vesting conditions which apply to restricted stock units granted to the named executive officers under the Company's long-term incentive plan are designed to reward executives for continuing their employment with the Company and for implementing policies and practices which increase the value of the Company's common stock over a significant period of time. The Company and Mr. Kornbrekke entered into an employment agreement which, among many other features, permitted Mr. Kornbrekke to retire from employment at age sixty-five. Mr. Kornbrekke reached the age of sixty-five in November 2009. Since Mr. Kornbrekke's employment agreement with the Company permits him to retire at or after he attains age sixty-five, it was determined that the portion of his long-term incentive compensation that vests solely on the passage of time should not be conditioned on the employment of Mr. Kornbrekke beyond the date he was contractually permitted to retire. It was further determined that it would not be appropriate to reduce Mr. Kornbrekke's compensation for the sole reason that Mr. Kornbrekke was nearing his retirement age. Thus, in the case of Mr. Kornbrekke, who is the only named executive officer near his retirement age, the vesting requirement has been eliminated to ensure all awards are vested when he retires. Although the vesting requirement has been eliminated for Mr. Kornbrekke, the award of RSUs serves substantially the same function as the compensation provided to the other named executive officers because Mr. Kornbrekke is incentivized to increase the price of the Company's common stock.

Due to the challenges facing the Company and the markets it serves, our Chief Executive Officer voluntarily surrendered 75% of his 2010 RSU grant on March 24, 2011. Further, during 2012 the Compensation Committee agreed to modify the CEO compensation program to eliminate time based RSUs. At no time in the future will there be a grant of awards or cash payout to substitute for these voluntarily surrendered awards.

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The Company issued a three-year PSU award in 2009 which measured the total shareholder return (TSR) achieved by the Company to the total shareholder return of a peer group of companies. In 2012, the Company issued another grant of PSUs which measure the Company's TSR compared to the TSR of the S&P SmallCap 600 Index. Total shareholder return of the Company, each company in the peer group, and the S&P SmallCap 600 for any annual performance period is defined in each award as a fraction, where the numerator is equal to the sum of the trailing 20-day average closing price per share of one share of common stock ending with December 31 plus the aggregate amount of the dividends paid on each share during the calendar year ending December 31 and the denominator is equal to the trailing 20-day average closing price per share of one share of common stock beginning with January 1 of the calendar year.

The ultimate number of PSUs earned by the executive officers in 2012 varied based on the Company's TSR performance as compared to the S&P SmallCap 600. Due to the Company's TSR in 2012, executive officers earned 58.3% of the targeted awards as calculated below:

	20-Day Average Stock Price		Total Shareholder Return	Payout Percentage Calculation
	12/31/2011	12/31/2012		
Gibraltar	\$ 13.99	\$ 14.98	7.08%	
S&P SmallCap 600	\$ 410.53	\$ 468.10	14.02%	
Under performance compared to Index			-6.96%	-6.94%
Under performance multiplier				x 6
Adjustment to target				-41.7%
Targeted payout				100.0%
<b>2012 PSU Payout Percentage</b>				<b>58.3%</b>

Although the number of PSUs earned is determined during the first year of the award, payment under the award is deferred an additional two years. The earned PSUs are converted to cash based on the trailing 90-day closing price of the Company's common stock as of the last day of the three-year vesting period. The Compensation Committee believes this compensation program more closely aligns executive officer compensation with the interest of the Company's stockholders by emphasizing total shareholder return compared to a group of similar sized companies and retention of the Company's executive management team.

*Retirement Plans.* All of our executive officers are entitled to participate in our Gibraltar 401(k) Plan. When we review the targeted overall compensation of our executive officers, we factor in benefits to be received under the Gibraltar 401(k) Plan. In addition, our Chief Executive Officer (CEO) participates in a Salary Continuation Plan that has been frozen to new participants since 1996. The Plan provides for a \$100,000 annual payment for ten years after his retirement from the Company. Our CEO and Chief Operating Officer (COO) are also entitled to lifetime benefits for medical insurance coverage. These retirement benefits provide our executives with benefits offered at comparable public companies.

In 2004, our compensation consultant reported to our Compensation Committee that the retirement benefits provided for our CEO and our COO were not fully competitive with the market. As a result, in 2005 we made a one-time award of 150,000 RSUs to our CEO and 45,000 RSUs to our COO 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 similar companies. The retirement RSUs issued to our CEO and COO contain a tax gross-up provision in accordance with our policy in 2005.

During 2011, the Compensation Committee, after consultation with Towers Watson, approved a management recommendation to provide retirement stock units to the other executive officers and key employees of the Company, approximating 15 members of the management team. As a result, a one-time award of 20,000, 15,000, and 10,000 RSUs to our Chief Financial Officer, Senior Vice President of Human Resources and Organizational Development, and Vice President of Treasury, Tax, and Risk, respectively, was made in August 2011. The retirement-based RSUs provided to the executive officers other than the CEO and COO do not contain tax gross-ups, in accordance with our current policy.

These retirement-based RSUs 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 executive officers pursuant to this award if they terminate employment with the Company prior to age sixty (60) unless such termination is caused by death, disability, or termination by the Company for other purposes than cause .

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*Perquisites and Other Benefits.* We annually review the perquisites that executive management receives. The CEO received a tax gross up for income attributable to vesting of restricted stock issued in 2002, in accordance with the Company's policy in effect when the restricted stock was issued. This restricted stock award fully vested in 2012 when the last tax gross-up payment was provided to the CEO. The Company has not awarded any additional restricted stock or restricted stock units, other than retirement shares issued to our CEO and COO in 2004 as described above, that carry a tax gross-up. The Company will not provide grants of equity awards that include tax gross-up provisions in the future.

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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 and tax planning by experts reduces the amount of time and attention that senior management must spend on this topic, the executive officers are eligible to receive a payment for financial and tax planning. All of the executives also receive tax gross up payments for any of the following types of perquisites that they may receive: personal use of Company auto, the taxable portion of life insurance and business travel accident insurance, and the cost of executive physical examinations.

*Change in Control Benefits.* 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 stockholders 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 stockholders.

Our Change in Control benefits provide for the protection of previously granted equity-based incentive compensation and provide for a cash payment upon the consummation of the Change in Control transaction and termination of employment for each of our executive officers, except the Vice President of Treasury, Tax, and Risk. These Change in Control benefits were renegotiated during 2011, with respect to the CEO and COO, to remove single trigger provisions and move to double trigger provisions without providing the executive officers with any additional compensation. The cash components of any change in control benefits are paid in one lump sum.

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

*Generally Available Benefit Programs.* The executive officers also participate in the Company's other generally available benefit plans on the same terms as other employees at the Company's headquarters. These plans include the pay in lieu of time off, medical and dental insurance, life insurance, a supplemental salary continuation plan providing supplemental short-term disability benefits, and the Company's matching contribution to the Gibraltar 401(k) Plan. Relocation benefits also are reimbursed but are individually negotiated when they occur.

## **What Comes Next**

As noted above, the performance based equity award granted to the Company's executive officers in 2013 was redesigned to use ROIC as the performance measure to determine the number of share units earned by the executive officers. This change better aligns management pay with stockholder value creation. It also removes the significant impact on compensation of stock price volatility, which is beyond the control of management. A description of the redesigned long-term performance based equity awards is contained in Proposal 3.

The compensation programs established for 2013 and thereafter closely resemble the executive officer compensation practices described above for 2012 compensation. We will continue to provide our executive officers with the same elements of compensation including a base salary, MICP, MSPP, LTIP, retirement plans, change in control benefits, perquisites and other benefits, and our generally available benefit programs. The LTIP will continue to provide our executive officers, other than our Chief Executive Officer, with time-based and performance-based awards.

The Compensation Committee believes that the redesigned compensation program for 2013 and thereafter aligns the Company's executive compensation with other peer companies, properly incentivizes management by ensuring a significant portion of their compensation is performance based, and continues to align management's interests with the interests of our stockholders.

## **Employment Agreements**

*CEO Employment Agreement.* The Company and its CEO entered into an Amended and Restated Employment Agreement in 2007, which provides for the following: (1) the term of the CEO's employment will be one year with automatic annual renewals on January 1 of each year unless the CEO is provided with notice from the Company that it is electing not to renew his employment on or before the preceding September 1; (2) set the CEO's annual base salary which will be adjusted from time to time, by the Compensation Committee; (3) the CEO will be eligible to receive an annual bonus under the MICP and long-term incentive compensation as determined under the LTIP; (4) the CEO will be entitled to participate in all other employee benefit plans and programs in effect for salaried employees employed at the Company's headquarters; (5) upon a termination of the CEO's employment by the Company, without cause, or by the CEO for a good reason, the CEO will be entitled to a severance benefit paid in one lump sum in an amount equal to two and one half times the sum of his base salary and bonuses paid during the preceding twelve months; and (6) the CEO's right to receive shares of common stock of the Company pursuant to RSU awards made under the terms of the Omnibus Plan cannot be forfeited after the CEO's right to receive such shares has become vested.





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*COO Employment Agreement.* The Company also entered into an employment agreement with the Company's President and COO in 2007, which provides for the following: (1) the term of the COO's employment will be three years with automatic annual renewals beginning on January 1, 2011 unless the Company provides the COO notice that it is electing not to renew the COO's employment on or before the preceding September 1; (2) set the COO's annual base salary which will be adjusted from time to time, by the Compensation Committee; (3) the COO will be eligible to receive an annual bonus under the MICP and long-term incentive compensation as determined under the LTIP; (4) the COO will be entitled to participate in all other employee benefit plans and programs in effect for salaried employees employed at the Company's headquarters; (5) upon a termination of the COO's employment by the Company, without cause, or by the COO for a good reason, the COO will be entitled to a severance benefit paid in one lump sum in an amount equal to two and one half times the sum of the COO's base salary and bonuses paid during the preceding twelve months; and (6) the COO's right to receive shares of common stock of the Company pursuant to RSU awards made under the terms of the Omnibus Plan cannot be forfeited after the COO's right to receive such shares has become vested.

**Clawback Policy**

In March 2012, we adopted a Clawback policy which requires reimbursement of any incentive payments to an executive officer if the Board determines that the executive engaged in intentional misconduct that caused or substantially caused the need for a substantial restatement of financial results and a lower payment would have been made to the executive based on the restated financial results. This policy is contained in our Corporate Governance Principles, which are available on our website at [www.gibraltar1.com](http://www.gibraltar1.com).

**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 Messrs. Lipke and Kornbrekke, the Section 162(m) limitation resulted in a disallowed tax deduction of approximately \$1,044,000 of compensation expense in 2012. Pursuant to approval by the stockholders of the MICP and PSU grant at the past two Annual Meeting of Stockholders, the amount of disallowed tax deductions was reduced significantly from \$2,102,000 in 2010. The Compensation Committee continues to monitor this matter periodically, and in an effort to further minimize the impact of the Section 162(m) limitation, the Board of Directors has recommended the stockholders vote FOR Proposal 3 included in this Definitive Proxy Statement. Stockholder approval of the material terms of our annual grant of PSUs will continue to limit the negative impact of Section 162(m) on the Company's tax deductions in future periods.

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's non-qualified deferred compensation arrangements comply with Section 409A.

**COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed the contents of the above Compensation Discussion and Analysis section of this Definitive 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 February 22, 2013 and in this Definitive Proxy Statement.

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

William J. Colombo

William P. Montague

Robert E. Sadler, Jr.

**Table of Contents****COMPENSATION OF EXECUTIVE OFFICERS****Summary Compensation Table**

Name	Year	Salary (2)	Stock Awards		Non-Equity Incentive Plan Compensation (5)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (6)	All Other Compensation (7)	Total
			Restricted Stock Unit Awards (3)	Performance Stock Unit Awards (4)				
Brian J. Lipke	2012	\$ 680,000	\$	\$ 816,006	\$ 391,802	\$ 85,802	\$ 120,271	\$ 2,093,881
	2011	\$ 680,000	\$ 860,018	\$	\$ 818,550	\$ 142,683	\$ 188,968	\$ 2,690,219
	2010	\$ 680,000	\$ 1,180,165	\$	\$ 520,200	\$ 82,559	\$ 108,783	\$ 2,571,707
Henning N. Kornbrekke	2012	\$ 595,000	\$ 476,005	\$ 713,997	\$ 476,149	\$ 758,212	\$ 94,514	\$ 3,113,877
	2011	\$ 587,596	\$ 584,310	\$	\$ 596,859	\$ 346,565	\$ 92,032	\$ 2,207,362
	2010	\$ 577,500	\$ 801,818	\$	\$ 368,156	\$ 208,509	\$ 61,504	\$ 2,017,487
Kenneth W. Smith	2012	\$ 346,769	\$ 152,101	\$ 338,004	\$ 224,070	\$ 253,078	\$ 80,435	\$ 1,394,457
	2011	\$ 332,500	\$ 343,363	\$	\$ 271,245	\$ 95,898	\$ 64,958	\$ 1,107,964
	2010	\$ 325,000	\$ 225,620	\$	\$ 165,750	\$ 83,468	\$ 70,108	\$ 869,946
Paul M. Murray	2012	\$ 197,308	\$ 47,503	\$ 189,996	\$ 74,690	\$ 124,425	\$ 56,965	\$ 690,887
	2011	\$ 185,769	\$ 175,716	\$	\$ 88,944	\$ 32,548	\$ 64,973	\$ 547,950
	2010	\$ 180,000	\$ 62,479	\$	\$ 53,550	\$ 28,096	\$ 53,220	\$ 377,345
Timothy F. Murphy (1)	2012	\$ 159,178	\$ 15,523	\$ 93,153	\$ 42,680	\$ 28,320	\$ 26,077	\$ 364,931

- (1) Mr. Murphy was promoted to an executive officer position in 2012 and therefore compensation data prior to that year is excluded from the table.
- (2) Includes amounts, if any, deferred at the direction of the executive officer.
- (3) This column represents the grant date fair value of restricted stock units granted that year. For restricted stock units, fair value was calculated using the closing price of Gibraltar Industries, Inc. common stock on the date of grant. The Company issued retirement restricted stock units to Messrs. Smith and Murray of 20,000 and 15,000, respectively, in 2011 as described in the Compensation Discussion and Analysis above. During 2011, Mr. Lipke surrendered 75% of the restricted stock units granted to him in 2010, or \$885,124 of the compensation reported.
- (4) This column represents the grant date fair value of performance stock units ( PSUs ) granted in that year. For PSUs, fair value was estimated using an equity basket model using a forward Monte Carlo simulation. PSUs were granted to the executive officers as a part of the long-term equity incentive compensation plan as discussed above.

The actual number of units earned under the 2012 PSU awards differed based on the performance of the Company as measured by its total shareholder return (as defined in the award) compared to the S&P Small Cap 600 Index. In addition, the number of PSUs earned will be converted to cash and paid to the executive officers based upon the trailing 90-day average stock price as of December 31, 2014. As a result, the actual compensation that will be paid under the PSU awards may vary significantly from the grant date fair value disclosed above. The same was noted by the Company for the 2009 grant of PSUs that were earned over a three year period ended December 31, 2011. The Company believes that PSUs continue to incentivize the executive officers to create shareholder value.

The following table provides a summary of the compensation earned using the actual number of performance stock units earned during the 2012 performance year and the associated trailing 90-day closing price of the Company's common stock:

Name	PSUs Awarded	PSU Payout Percentage	PSUs Earned	Rolling 90-Day Stock Price	Fair Value of Compensation Realized in 2012
Brian J. Lipke	57,955	58.32%	33,799	\$ 13.51	456,629

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Henning N. Kornbrekke	50,710	58.32%	29,574	\$	13.51	399,546
Kenneth W. Smith	24,006	58.32%	14,000	\$	13.51	189,144
Paul M. Murray	13,494	58.32%	7,870	\$	13.51	106,320
Timothy F. Murphy	6,616	58.32%	3,858	\$	13.51	52,128

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Beginning in 2010 and continuing thereafter, the executive officers received a reduced number of restricted stock units that vest upon the passage of time to counterbalance the creation of the performance stock unit award program. The reduction of awards that vest upon the passage of time in favor of performance stock unit awards along with the Company's non-equity Management Incentive Compensation Plan which is also performance driven, places a substantial portion of the executive officers' compensation at risk which further aligns management's interests with stockholders' interests.

- (5) This column represents the amounts earned under the Management Incentive Compensation Plan for the respective years. Messrs. Kornbrekke, Smith, Murray, and Murphy deferred a portion of their earnings from this plan into the Management Stock Purchase Plan (MSPP) for all years they received compensation under this plan.
- (6) This column represents the aggregate change in the actuarial present value of accrued pension and healthcare benefits for Messrs. Lipke and Kornbrekke, which are included in the Pension Benefits Table and the Company contributions to, and earnings or (losses) from, the nonqualified deferred compensation plans for each of the named executives, which is included in the Nonqualified Deferred Compensation Table.
- (7) This column represents the following 2012 other compensation:

	Brian J. Lipke	Henning N. Kornbrekke	Kenneth W. Smith	Paul M. Murray	Timothy F. Murphy
Tax gross-up for 2002 restricted stock award	\$ 52,627	\$	\$	\$	\$
Club dues	19,679	20,590		5,159	
Financial and tax planning	13,946	13,946	7,838	10,892	4,196
401(k) match	10,000	10,000	10,000	10,000	10,000
Healthcare benefits	4,785	10,000	9,992	9,180	3,015
Personal use of Company autos	3,158	3,586	14,319	3,268	3,509
Pay in lieu of time off		20,596	3,900	7,308	1,194
Incidental moving expenses			9,630		
Tax gross-ups	9,424	11,606	20,708	8,434	3,681
Other	6,652	4,190	4,048	2,724	482
<b>Total</b>	<b>\$ 120,271</b>	<b>\$ 94,514</b>	<b>\$ 80,435</b>	<b>\$ 56,965</b>	<b>\$ 26,077</b>

Other payments noted above included life insurance premiums and travel accident insurance, none of which exceeded \$25,000 or 10% of the amount of total perquisites.

**Grants of Plan-Based Awards**

Name	Grant Date	Estimated Future Payouts			Estimated Future Payouts			All Other Stock Awards: Number Of Shares Or Units	All Other Option Awards: Securities Underlying Options	Exercise or Base Price of Option Awards
		Under Non-Equity Incentive Plan Awards (1)			Under Equity Incentive Plan Awards (2)					
		Threshold	Target	Maximum	Threshold	Target	Maximum			
Brian J. Lipke	MICP	\$	\$ 612,000	N/A						\$
	Jan. 3, 2012				\$	\$ 816,006	N/A			\$
								33,148		\$
Henning N. Kornbrekke	MICP	\$	\$ 446,250	N/A						\$
	Jan. 3, 2012				\$	\$ 713,997	N/A			\$
	Jan. 3, 2012 (3)							88,293		\$
	Feb. 24, 2012 (4)									\$
Kenneth W. Smith	MICP	\$	\$ 210,000	N/A						\$
	Jan. 3, 2012				\$	\$ 338,004	N/A			\$

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	Jan. 3, 2012 (3)						10,592	\$
	Feb. 24, 2012 (4)						22,929	\$
	Mar. 31, 2012 (4)						2,816	\$
	Jun. 30, 2012 (4)						2,780	\$
	Sep. 30, 2012 (4)						2,376	\$
	Dec. 31, 2012 (4)						2,462	\$
Paul M. Murray	MICP	\$	\$ 70,000	N/A				\$
	Jan. 3, 2012				\$	\$ 189,996	N/A	\$
	Jan. 3, 2012 (3)						3,308	\$
	Feb. 24, 2012 (4)						13,157	\$
	Mar. 31, 2012 (4)						1,583	\$
	Jun. 30, 2012 (4)						1,589	\$
	Sep. 30, 2012 (4)						1,357	\$
	Dec. 31, 2012 (4)						1,407	\$
Timothy F. Murphy	MICP	\$	\$ 40,000	N/A				\$
	Jan. 3, 2012				\$	\$ 93,153	N/A	\$
	Jan. 3, 2012 (3)						1,081	\$
	Feb. 24, 2012 (4)						6,034	\$

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- (1) Estimated future payouts represent the amount that was payable under the annual Management Incentive Compensation Plan ( MICEP ) for performance in 2012. There is no maximum amount of payment under this plan although the Compensation Committee and Board of Directors have the authority to use discretion and change the amount of the award if compensation under the plan results in unintended consequences.
- (2) Estimated future payouts represent the targeted amount payable under the long-term equity compensation plan due to the award of performance stock units ( PSUs ). Messrs. Lipke, Kornbrekke, Smith, Murray, and Murphy received 57,955, 50,710, 24,006, 13,494, and 6,616 PSUs, respectively, with an estimated grant date fair value of \$14.08 per unit. The number of units that will actually form the basis of the final award is based upon a comparison of the total shareholder return ( TSR ) generated by the Company during 2012 compared to the TSR of the S&P Small Cap 600 Index. The final award will be settled in cash based upon the 90-day rolling average of the Company's stock price at the end of the awards three year vesting period. There was no maximum amount of payment under this plan, other than limiting the number of PSUs earned to 200% of the targeted awards granted. However, the Compensation Committee is authorized to change the amount of the award if compensation under the plan results in unintended consequences. Refer to footnote 4 of the Summary Compensation Table for the actual number of units earned under the PSU award.
- (3) Consists of restricted stock units issued under the Company's Long-term Incentive Plan that convert to shares upon vesting.
- (4) Consists of restricted stock units issued under the Management Stock Purchase Plan ( MSPP ). Of the restricted stock units issued in 2012, 50,453, 18,420, 11,476, and 4,388 units issued to Messrs. Kornbrekke, Smith, Murray, and Murphy, respectively, represent units purchased through deferral of bonus and salary and 37,840, 14,942, 7,618, and 1,646 units issued to Messrs. Kornbrekke, Smith, Murray, and Murphy, respectively, represent the Company's match. These restricted stock units convert to a hypothetical cash account upon vesting, which occurs upon both the attainment of age sixty (60) and termination of employment. If employment is terminated prior to the executive officer attaining sixty (60) years of age, matching units are forfeited. Upon termination of employment the balance in the hypothetical cash account is paid out over five years. The CEO, Mr. Lipke, does not participate in the MSPP Plan.

**Outstanding Equity Awards at Fiscal Year End**

Name	Option Awards			Stock Awards			Equity Incentive Plan Awards:
	Number of Securities Underlying Unexercised Options	Number of Securities Underlying Unexercised Options	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Market Value of Shares or Units of Stock that Have Not Vested (1)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights that Have not Vested (2)
Brian J. Lipke				\$		212,690	\$ 456,629
Henning N. Kornbrekke				\$		45,000	\$ 399,546
Kenneth W. Smith				\$		51,349	\$ 189,144
Paul M. Murray	536			\$ 21.75	4/6/2015	24,075	\$ 106,320
Timothy F. Murphy	2,242			\$ 20.52	9/14/2015	13,877	\$ 52,128
	3,000			\$ 23.54	9/14/2016		
	3,000			\$ 18.78	9/14/2017		
	3,000			\$ 22.16	9/9/2018		

- (1) Restricted stock units vest as follows: Mr. Lipke 150,000 units that vest upon retirement from the Company, 16,452 units that vest on January 5, 2013 and 46,238 units vesting at a rate of 33% a year beginning January 3, 2013; Mr. Kornbrekke 45,000 units that vest upon retirement from the Company; Mr. Smith 4,096 units that vest on January 5, 2013, 6,716 units vesting at a rate of 50% a year beginning January 4, 2013, 9,945 units vesting at a rate of 33% a year beginning January 3, 2013, 10,592 units vesting at a rate of 25% a year beginning January 3, 2013, and 20,000 units that vest upon his retirement from the Company; Mr. Murray 847 units that vest on

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- January 5, 2013, 1,860 units vesting at a rate of 50% a year beginning January 4, 2013, 3,060 units vesting at a rate of 33% a year beginning January 3, 2013, 3,308 units vesting at a rate of 25% a year beginning January 3, 2013, and 15,000 units that vest upon his retirement from the Company; and Mr. Murphy 1,000 units that vest on January 5, 2013, 776 units vesting at a rate of 50% a year beginning January 4, 2013, 1,020 units vesting at a rate of 33% a year beginning January 3, 2013, 1,081 units vesting at a rate of 25% a year beginning January 3, 2013, and 10,000 units that vest on October 7, 2023 and upon his retirement from the Company.
- (2) Represents the performance stock units ( PSUs ) awarded January 3, 2012 under the Long-Term Incentive Plan. The PSUs vest over a three year period. The number of units that formed the basis of the final award was based upon a comparison of the total shareholder return ( TSR ) generated by the Company during 2012 and the TSR of the S&P Small Cap 600 Index. The targeted award is achieved upon the Company generating a TSR equal to the TSR of the index during a performance period. The final award will be settled in cash based upon the 90-day rolling average of the Company's stock price at the end of the three-year vesting period. Refer to footnote 4 of the Summary Compensation Table for the actual number of units earned and calculation of the value disclosed above.



**Table of Contents****Option Exercises and Stock Vested**

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting (1)	Value Realized on Vesting
Brian J. Lipke		\$	50,665	\$ 700,448
Henning N. Kornbrekke		\$	66,481	\$ 959,000
Kenneth W. Smith		\$	14,743	\$ 198,064
Paul M. Murray		\$	3,448	\$ 49,214
Timothy F. Murphy		\$	2,102	\$ 28,227

- (1) Reflects vesting of 6,000 restricted shares for Mr. Lipke and vesting of 44,665 restricted stock units for Mr. Lipke of which 15,344 were returned to the Company to satisfy statutory minimum income tax withholdings; 66,481 restricted stock units for Mr. Kornbrekke of which 22,727 were returned to the Company to satisfy statutory minimum income tax withholdings; 14,743 restricted stock units for Mr. Smith of which 5,365 were returned to the Company to satisfy statutory minimum income tax withholdings; 3,448 restricted stock units for Mr. Murray of which 1,312 were returned to the Company to satisfy statutory minimum income tax withholdings; and 2,102 restricted stock units for Mr. Murphy. Mr. Murphy satisfied his statutory minimum tax withholdings with a cash payment.

**Pension Benefits**

Name	Plan Name	Number of Years Credited Service	Present Value	
			of Accumulated Benefit	Payments During Last Fiscal Year
Brian J. Lipke	Salary Continuation Agreement	20	\$ 847,340(1)	\$
	Medical Insurance Continuation	N/A	\$ 252,210(2)	\$
Henning N. Kornbrekke	Medical Insurance Continuation	N/A	\$ 248,579(2)	\$
Kenneth W. Smith			\$	\$
Paul M. Murray			\$	\$
Timothy F. Murphy			\$	\$

- (1) Reflects the present value of benefits payable under the terms of the Salary Continuation Agreement between the Company and Mr. Lipke dated March 1, 1996. This Agreement provides for payment of \$100,000 per year for a period of ten years upon Mr. Lipke's retirement at or after age sixty (60). Payments are to be made in equal monthly installments. In the event of the death of Mr. Lipke, payments are to be made to Mr. Lipke's spouse in one lump sum payment.
- (2) Reflects the present value of benefits payable under the employment agreements between the Company and Messrs. Lipke and Kornbrekke dated August 21, 2007. These agreements provide for payment of the employer contribution portion of medical insurance benefits provided to other employees to Messrs. Lipke and Kornbrekke and their spouses throughout their lifetimes.

**Nonqualified Deferred Compensation**

Name	Executive Contributions in Last FY	Registrant Contributions in Last FY (3)	Aggregate Earnings (Losses) in Last FY (3)	Aggregate Withdrawals/Distributions	Aggregate Balance at Last FYE
Brian J. Lipke	\$	\$	\$ 2(1)	\$	\$ 16,003
Henning N. Kornbrekke	\$	\$	\$ 2,353(1)	\$	\$ 26,963
	\$ 596,859(2)	\$ 447,644(2)	\$ 265,557	\$	\$ 3,482,460
Kenneth W. Smith	\$ 222,315(2)	\$ 178,969(2)	\$ 74,109	\$	\$ 1,105,943
Paul M. Murray	\$	\$	\$ 3,028(1)	\$	\$ 32,261

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	\$	138,271(2)	\$	91,783(2)	\$	29,614	\$	500,307
Timothy F. Murphy	\$	51,912(2)	\$	19,467(2)	\$	8,853	\$	138,568(4)

- (1) Represents the associated earnings on the balance of each participating executive officer's account under the Gibraltar 401(k) Restoration Plan during 2012.
- (2) Represents the deferred amount of the annual incentive compensation award earned under the Management Incentive Compensation Plan during 2011 and salary deferrals in 2012 together with related matching contributions from the Company.
- (3) Amounts reported are included as compensation in the Summary Compensation Table above.
- (4) Amount includes \$39,468 attributable to matching RSUs for Mr. Murphy that will vest on his sixtieth (60<sup>th</sup>) birthday if he continues his employment through such date.

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**POTENTIAL PAYMENTS ON TERMINATION OR CHANGE IN CONTROL**

Our Chief Executive Officer and Chief Operating Officer employment agreements provide that they will receive a lump sum severance payment equal to 2.5 times the sum of their respective base salary and all bonuses they received in the twelve (12) months preceding their termination under certain circumstances. Our Chief Executive Officer also has a salary continuation agreement with the Company which provides for payment to the Chief Executive Officer of \$100,000 per year for a period of ten years upon his retirement. This salary continuation agreement was made in 1996. The employment agreements for our Chief Executive Officer and Chief Operating Officer also provide for lifetime medical insurance benefits for them and their spouses.

The awards of restricted stock units ( RSUs ) which the Company has made to its executive officers under the Long-term Equity Incentive Plan (see Compensation Discussion and Analysis above) provide that the RSUs will be paid in shares of the Company s stock if the employment of the executive officer is terminated by the Company without cause or by the Chief Executive Officer or Chief Operating Officer for good reason . Similarly, the RSUs awarded to the executive officers to make their retirement benefits more competitive (see Compensation Discussion and Analysis above) provide that their RSUs will be paid in shares of the Company s stock if their employment is terminated by the Company without cause. In each case, a termination without cause will be considered to have occurred if the executive officer is terminated for any reason other than a determination by the Compensation Committee that the executive officer has engaged in egregious acts or omissions which have resulted in material injury to the Company and its business.

The awards of performance stock units ( PSUs ) which the Company has made to its executive officers under the Long-term Equity Incentive Plan (see Compensation Discussion and Analysis above) provide that if employment of an executive officer is terminated after the executive officer has attained age 62 and completed at least seven years of service to the Company, the executive officer will be entitled to payment for the PSUs earned prior to termination. Additionally, the awards of PSUs provide that if a change in control of the Company occurs, the executive officers will be entitled to payment for PSUs earned prior to the change in control together with payment, at the targeted performance level, for performance periods ending after the date the change in control occurs.

The Company has also entered into change in control agreements (the Change in Control Agreements ) with the Chairman and Chief Executive Officer and the President and Chief Operating Officer. The Change in Control Agreements were renegotiated during 2011 to remove single trigger payment provisions and implement double trigger payment provisions. Accordingly, upon the occurrence of a change in control and termination of employment, the Chairman and Chief Executive Office is entitled to receive a lump sum severance payment equal to 350% of his annual cash compensation and the President and Chief Operating Officer is entitled to receive a lump sum severance payment equal to 300% of his annual cash compensation.

During 2009, the Company entered into Change in Control Agreements with the Senior Vice President and Chief Financial Officer and Senior Vice President of Human Resources and Organizational Development. These Change in Control Agreements provide for a cash payment upon the consummation of a change in control transaction and termination of employment for these executive officers. The Senior Vice President and Chief Financial Officer and the Senior Vice President of Human Resources and Organizational Development are entitled to receive a lump sum severance payment equal to 200% and 100% of their annual cash compensation, respectively.

The Change in Control Agreements define annual cash compensation as the sum of (i) the executive s annual base salary, including any deferred cash compensation, during the calendar year preceding the year when the change of control occurred and (ii) the highest annual bonus paid to him during the three years immediately preceding the year in which the change in control occurs. The payments and benefits payable in the event of a change in control are not subject to any limitations that would prevent them from being considered excess parachute payments subject to excise or corporate tax deduction disallowance under the Internal Revenue Code. Therefore, the lump sum payments could require excise tax payments on the part of the executive, and result in a deduction disallowance on the part of our Company. The Company would reimburse the excise tax payments made by the executive regarding compensation received as a result of the Change in Control Agreements, including taxes the executive would incur on the reimbursement itself.

In all Change in Control Agreements, a change in control will be deemed to occur if: (i) any person or group, other than members of the Lipke family, acquires 35% or more of the common stock of our Company without approval of the Board of Directors; (ii) there is a change in a majority of the members of the Board of Directors in any twelve-month period and the new directors were not endorsed by the majority of the old directors; (iii) we enter into certain merger or consolidation transactions; or (iv) we enter into a contract in which we agree to merge or consolidate, and the executive s employment is terminated without cause or the executive resigns for good reason.

The following tables set forth the amount of compensation which would be payable to the executive officers upon a termination of their employment under the circumstances described. Except for retirement, the amounts payable have been determined as if the employment of the executive officer was terminated on December 31, 2012, on which date, the closing price per share of the Company s stock was \$15.95. With respect to amounts payable at retirement, we have assumed that the executive officer retired on December 31, 2012 and that, at the time of such

retirement, he satisfied the applicable age and service requirements for payment of a retirement benefit under the applicable benefit program.

**Table of Contents****Payments upon Termination of Employment**

Brian J. Lipke

Source of Payment	Voluntary Termination	Voluntary Termination for Good Reason	Retirement	Termination Without Cause	Termination for Cause	Death	Disability
Employment Agreement (1)	\$ 252,210	\$ 3,998,585	\$ 252,210	\$ 3,998,585	\$ 252,210	\$ 1,102,930	\$ 878,737
Salary Continuation Agreement (2)	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Long-term Incentive Plan (3)	\$ 2,849,129	\$ 3,849,034	\$ 2,849,129	\$ 3,849,034	\$ 2,392,500	\$ 3,849,034	\$ 3,849,034
Non-equity Incentive Compensation (4)	\$	\$	\$ 391,802	\$	\$	\$ 391,802	\$ 391,802
401(k) Restoration Plan (5)	\$ 16,003	\$ 16,003	\$ 16,003	\$ 16,003	\$ 16,003	\$ 16,003	\$ 16,003
Tax Gross Up Payment (6)	\$ 2,259,454	\$ 2,259,454	\$ 2,259,454	\$ 2,259,454	\$ 2,259,454	\$ 2,259,454	\$ 2,259,454
<b>Total</b>	<b>\$ 6,376,796</b>	<b>\$ 11,123,076</b>	<b>\$ 6,768,598</b>	<b>\$ 11,123,076</b>	<b>\$ 5,920,167</b>	<b>\$ 8,619,223</b>	<b>\$ 8,395,030</b>

- (1) The amount shown under the voluntary termination for good reason and the termination without cause columns represent the sum of the one-time payment of \$3,746,375 that would be made upon Mr. Lipke's termination for those reasons and the present value of the annual health insurance premiums that are provided for by his employment agreement. The amount shown under the death column represents the one-time payment that would be made in the event of his death plus the present value of health insurance premiums for his spouse. The amount shown under the disability column represents the current value of the annual payment and present value of annual health insurance benefits provided for by Mr. Lipke's employment agreement. The disability payment of \$626,527, calculated as defined in his employment agreement, is payable annually for the remainder of Mr. Lipke's life, and is reduced by amounts he would receive from the federal and state governments and insurance, pension, or profit sharing plans maintained by the Company. Annual payment of health insurance premiums would continue for Mr. Lipke and his spouse if he voluntarily terminates, voluntarily terminates for good reason, retires, was terminated without cause, or becomes disabled, and for his spouse in the event of his death.
- (2) The amounts shown in this row are payable in ten equal annual installments of \$100,000. This benefit is fully vested.
- (3) The amounts shown in this row represent the market value of restricted stock units and performance stock units that vested or would vest upon the occurrence of the events in each column as of December 31, 2012. The actual payment occurs six months after the event occurs, except for death, in which case payment is immediate.
- (4) The amounts shown in this row represent the amount earned under the Management Incentive Compensation Program for 2012.
- (5) The amounts shown in this row represent the balance of Mr. Lipke's 401(k) Restoration Plan account as of December 31, 2012, which may be paid six months after the event in either a lump sum as the balance is below \$25,000, or in annual installments over a period of five to ten years, except in the event of Mr. Lipke's death, in which case the amount would be paid immediately.
- (6) The amounts shown in this row represent the tax gross up payable with respect to outstanding retirement based restricted stock units.

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Henning N. Kornbrekke

Source of Payment	Voluntary		Termination				
	Voluntary Termination	Termination for Good Reason	Retirement	Without Cause	Termination for Cause	Death	Disability
Employment Agreement (1)	\$ 248,579	\$ 3,228,227	\$ 248,579	\$ 3,228,227	\$ 248,579	\$ 1,247,903	\$ 718,476
Management Stock Purchase Plan (2)	\$ 3,482,460	\$ 3,482,460	\$ 3,482,460	\$ 3,482,460	\$ 3,482,460	\$ 3,482,460	\$ 3,482,460
Long-term Incentive Plan (3)	\$ 1,117,296	\$ 1,117,296	\$ 1,117,296	\$ 1,117,296	\$ 717,750	\$ 1,117,296	\$ 1,117,296
Non-equity Incentive Compensation (4)	\$	\$	\$ 833,261	\$	\$	\$ 833,261	\$ 833,261
401(k) Restoration Plan (5)	\$ 26,963	\$ 26,963	\$ 26,963	\$ 26,963	\$ 26,963	\$ 26,963	\$ 26,963
Tax Gross Up Payment (6)	\$ 677,836	\$ 677,836	\$ 677,836	\$ 677,836	\$ 677,836	\$ 677,836	\$ 677,836
Total	\$ 5,553,134	\$ 8,532,782	\$ 6,386,395	\$ 8,532,782	\$ 5,153,588	\$ 7,385,719	\$ 6,856,292

- (1) The amount shown under the voluntary termination for good reason and the termination without cause columns represent the sum of the one-time payment of \$2,979,648 that would be made upon Mr. Kornbrekke's termination for those reasons and the present value of the annual health insurance premiums that are provided for by his employment agreement. The amount shown under the death column represents the one-time payment that would be made in the event of his death plus the present value of health insurance premiums for his spouse. The amount shown under the disability column represents the current value of the annual payment and present value of annual health insurance benefits provided for by Mr. Kornbrekke's employment agreement. The disability payment of \$469,897, calculated as defined in his employment agreement, is payable annually for the remainder of Mr. Kornbrekke's life, and is reduced by amounts he would receive from the federal and state governments and insurance, pension or profit sharing plans maintained by the Company. Annual payment of health insurance premiums would continue for Mr. Kornbrekke and spouse if he voluntarily terminates, voluntarily terminates for good reason, retires, was terminated without cause, or becomes disabled, and for his spouse in the event of his death.
- (2) The amounts shown in this row represent the market value of restricted stock units that would vest and convert to a cash balance upon the occurrence of the events in each column. The amount is payable in accordance with his deferral election, with interest compounding at the average of quarterly ten year treasury rates plus two percent (2%) on the undistributed balance of his deferral. Mr. Kornbrekke is over sixty (60) years old, and therefore will vest in the Company's matching contributions upon the occurrence of the events shown in each column.
- (3) The amounts shown in this row represent the market value of restricted stock units and performance stock units that vested or would vest upon the occurrence of the events in each column as of December 31, 2012. The actual payment occurs six months after the event occurs, except for death, in which case payment is immediate.
- (4) The amount shown in this row represents the amount earned under the Management Incentive Compensation Program for 2012 which was deferred into the Management Stock Purchase Plan by Mr. Kornbrekke on February 22, 2013 and therefore includes the vested Company match as Mr. Kornbrekke is over sixty (60).
- (5) The amounts shown in this row represent the balance of Mr. Kornbrekke's 401(k) Restoration Plan account as of December 31, 2012, which may be paid six months after the event in annual installments over a period of five to ten years, except in the event of Mr. Kornbrekke's death, in which case the amount would be paid immediately.
- (6) The amounts shown in this row represent the tax gross up payable with respect to outstanding retirement based restricted stock units.

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Kenneth W. Smith

Source of Payment	Voluntary Termination	Retirement	Termination Without Cause	Termination for Cause	Death	Disability
Supplemental Salary Continuation Plan (1)	\$	\$	\$	\$	\$	\$ 26,923
Management Stock Purchase Plan (2)	\$ 1,105,943	\$ 1,105,943	\$ 1,105,943	\$ 1,105,943	\$ 1,105,943	\$ 1,105,943
Long-term Incentive Plan (3)	\$ 508,144	\$ 508,144	\$ 1,008,160	\$ 319,000	\$ 1,008,160	\$ 1,008,160
Non-equity Incentive Compensation (4)	\$	\$ 336,105	\$ 336,105	\$	\$ 336,105	\$ 336,105
Total	\$ 1,614,087	\$ 1,950,192	\$ 2,450,208	\$ 1,424,943	\$ 2,450,208	\$ 2,477,131

- (1) The amount shown in the disability column represents payments Mr. Smith would receive under the Supplemental Salary Continuation Plan. This plan, a supplement to our short-term disability coverage, covers all full-time employees in our corporate offices. Mr. Smith qualifies for four weeks of salary continuation under this plan based on years of service.
- (2) The amounts shown in this row represent the market value of restricted stock units that would vest and convert to a cash balance upon the occurrence of the events in each column. The amount is payable in accordance with his deferral election, with interest compounding at the average of quarterly ten year treasury rates plus two percent (2%) on the undistributed balance of his deferral. Mr. Smith is over sixty (60) years old, and therefore will vest in the Company's matching contributions upon the occurrence of the events shown in each column.
- (3) The amounts shown in this row represent the market value of restricted stock units and performance stock units that vested or would vest upon the occurrence of the events in each column as of December 31, 2012. The actual payment occurs six months after the event occurs, except for death, in which case payment is immediate.
- (4) The amounts shown in this row represent the amount earned under the Management Incentive Compensation Program for 2012 which was deferred into the Management Stock Purchase Plan by Mr. Smith on February 22, 2013 and therefore includes the vested Company match as Mr. Smith is over sixty (60). It is the Company's policy to pay amounts due under the Management Incentive Compensation Program to participants on a prorated basis when their employment is terminated without cause.

Paul M. Murray

Source of Payment	Voluntary Termination	Retirement	Termination Without Cause	Termination for Cause	Death	Disability
Supplemental Salary Continuation Plan (1)	\$	\$	\$	\$	\$	\$ 61,538
Management Stock Purchase Plan (2)	\$ 500,307	\$ 500,307	\$ 500,307	\$ 500,307	\$ 500,307	\$ 500,307
Long-term Incentive Plan (3)	\$ 345,570	\$ 345,570	\$ 490,317	\$ 239,250	\$ 490,317	\$ 490,317
Non-equity Incentive Compensation (4)	\$	\$ 130,708	\$ 130,708	\$	\$ 130,708	\$ 130,708
401(k) Restoration Plan (5)	\$ 32,261	\$ 32,261	\$ 32,261	\$ 32,261	\$ 32,261	\$ 32,261
Total	\$ 878,138	\$ 1,008,846	\$ 1,153,593	\$ 771,818	\$ 1,153,593	\$ 1,215,131

- (1) The amount shown in the disability column represents payments Mr. Murray would receive under the Supplemental Salary Continuation Plan. This plan, a supplement to our short-term disability coverage, covers all full-time employees in our corporate offices. Mr. Murray qualifies for sixteen weeks of salary continuation under this plan based on years of service.
- (2) The amounts shown in this row represent the market value of restricted stock units that would vest and convert to a cash balance upon the occurrence of the events in each column. The amount is payable in accordance with his deferral election, with interest compounding at the average of quarterly ten year treasury rates plus two percent (2%) on the undistributed balance of his deferral. Mr. Murray is over sixty (60) years old, and therefore will vest in the Company's matching contributions upon the occurrence of the events shown in each column.
- (3) The amounts shown in this row represent the market value of restricted stock units and performance stock units that vested or would vest upon the occurrence of the events in each column as of December 31, 2012. The actual payment occurs six months after the event occurs, except for death, in which case payment is immediate.
- (4) The amounts shown in this row represent the amount earned under the Management Incentive Compensation Program for 2012 which was deferred into the Management Stock Purchase Plan by Mr. Murray on February 22, 2013 and therefore includes the vested Company match as Mr. Murray is over sixty (60). It is the Company's policy to pay amounts due under the Management Incentive Compensation Program to participants on a prorated basis when their employment is terminated without cause.
- (5) The amounts represent the balance of Mr. Murray's 401(k) Restoration Plan account as of December 31, 2012, which may be paid six months after the event in annual installments over a period of five to ten years, except in the event of Mr. Murray's death, in which case the

amount would be paid immediately.



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Timothy F. Murphy

Source of Payment	Voluntary Termination	Retirement	Termination Without Cause	Termination for Cause	Death	Disability
Supplemental Salary Continuation Plan (1)	\$	\$	\$	\$	\$	\$ 24,615
Management Stock Purchase Plan (2)	\$ 99,100	\$ 138,568	\$ 99,100	\$ 99,100	\$ 99,100	\$ 99,100
Long-term Incentive Plan (3)	\$	\$ 211,628	\$ 273,466	\$	\$ 273,466	\$ 273,466
Non-equity Incentive Compensation (4)	\$	\$ 58,685	\$ 42,680	\$	\$ 42,680	\$ 42,680
Total	\$ 99,100	\$ 408,881	\$ 415,246	\$ 99,100	\$ 415,246	\$ 439,861

- (1) The amount shown in the disability column represents payments Mr. Murphy would receive under the Supplemental Salary Continuation Plan. This plan, a supplement to our short-term disability coverage, covers all full-time employees in our corporate offices. Mr. Murray qualifies for eight weeks of salary continuation under this plan based on years of service.
- (2) The amounts shown in this row represent the market value of restricted stock units that would vest and convert to a cash balance upon the occurrence of the events in each column. The amount is payable in accordance with his deferral election, with interest compounding at the average of quarterly ten year treasury rates plus two percent (2%) on the undistributed balance of his deferral. Mr. Murphy is not over sixty (60) years old, and therefore would not vest in the Company's matching contributions upon the occurrence of the events shown in each column except retirement which presumes Mr. Murphy is sixty (60) years of age.
- (3) The amounts shown in this row represent the market value of restricted stock units and performance stock units that vested or would vest upon the occurrence of the events in each column as of December 31, 2012. The actual payment occurs six months after the event occurs, except for death, in which case payment is immediate.
- (4) The amounts shown in this row represent the amount earned under the Management Incentive Compensation Program for 2012 which was deferred into the Management Stock Purchase Plan by Mr. Murphy on February 22, 2013 and therefore the amount in the retirement column includes the Company match as we assume Mr. Murphy is over sixty (60) to calculate retirement payments. It is the Company's policy to pay amounts due under the Management Incentive Compensation Program to participants on a prorated basis when their employment is terminated without cause.

**Payments upon Change in Control**

The following tables set forth the amount of compensation which would be payable to the executive officers of the Company with whom the Company has entered into Change in Control Agreements as described above. For purposes of the payments to be made upon a change in control, the tables reflect amounts which would be paid to the executive officers if the change in control occurred and the executive officers were terminated on December 31, 2012, on which date, the closing price per share of the Company's stock was \$15.95.

Brian J. Lipke

Lump Sum	Value of Retirement RSUs	Value of LTIP RSUs(1)	Value of LTIP PSUs(2)	401(k) Restoration Plan Payment	Non-equity Incentive Compensation	Tax Gross Up Payment (3)	Total
Cash Payment	\$ 2,392,500	\$ 999,906	\$ 456,629	\$ 16,003	\$ 391,802	\$ 2,259,454	\$ 11,761,219

- (1) Represents the value of LTIP RSUs currently issued.
- (2) Represents the value of LTIP PSUs that were earned in the performance period ended December 31, 2012.
- (3) Represents a tax gross up payment related to Mr. Lipke's Retirement RSUs.

Henning N. Kornbrekke

Value of	Value of	Value of	401(k) Restoration	Non-equity	Tax
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<b>Lump Sum Cash Payment</b>	<b>Retirement RSUs</b>	<b>MSPP RSUs</b>	<b>LTIP PSUs (1)</b>	<b>Plan Payment</b>	<b>Incentive Compensation</b>	<b>Gross Up Payment (2)</b>	<b>Total</b>
\$ 3,575,577	\$ 717,750	\$ 3,482,460	\$ 399,546	\$ 26,963	\$ 833,261	\$ 677,836	\$ 9,713,393

- (1) Represents the value of LTIP PSUs that were earned in the performance period ended December 31, 2012.  
(2) Represents a tax gross up payment related to Mr. Kornbrekke's Retirement RSUs.

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Kenneth W. Smith

<b>Lump Sum Cash Payment</b>	<b>Value of Retirement RSUs</b>	<b>Value of MSPP RSUs</b>	<b>Value of LTIP RSUs (1)</b>	<b>Value of LTIP PSUs (2)</b>	<b>Non-equity Incentive Compensation</b>	<b>Total</b>
\$ 1,242,490	\$ 319,000	\$ 1,105,943	\$ 500,017	\$ 189,144	\$ 336,105	\$ 3,692,699

- (1) Represents the value of LTIP RSUs currently issued.  
(2) Represents the value of LTIP PSUs that were earned in the performance period ended December 31, 2012.

Paul M. Murray

<b>Lump Sum Cash Payment</b>	<b>Value of Outstanding Options</b>	<b>Value of Retirement RSUs</b>	<b>Value of MSPP RSUs</b>	<b>Value of LTIP RSUs (1)</b>	<b>Value of LTIP PSUs (2)</b>	<b>401(k) Restoration Plan Payment</b>	<b>Non-equity Incentive Compensation</b>	<b>Total</b>
\$ 288,944	\$	\$ 239,250	\$ 500,307	\$ 144,746	\$ 106,320	\$ 32,261	\$ 130,708	\$ 1,442,536

- (1) Represents the value of LTIP RSUs currently issued.  
(2) Represents the value of LTIP PSUs that were earned in the performance period ended December 31, 2012.

Timothy F. Murphy

<b>Value of Outstanding Options</b>	<b>Value of Retirement RSUs</b>	<b>Value of MSPP RSUs</b>	<b>Value of LTIP RSUs (1)</b>	<b>Value of LTIP PSUs (2)</b>	<b>Non-equity Incentive Compensation</b>	<b>Total</b>
\$	\$ 159,500	\$ 138,568	\$ 61,838	\$ 52,128	\$ 58,685	\$ 470,709

- (1) Represents the value of LTIP RSUs currently issued.  
(2) Represents the value of LTIP PSUs that were earned in the performance period ended December 31, 2012.

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**PROPOSAL NUMBER 3**

**APPROVAL OF THE MATERIAL TERMS OF THE  
ANNUAL PERFORMANCE STOCK UNIT GRANT**

**Proposal**

We seek stockholder approval of material terms of the Company's annual grant of performance-based equity awards of Performance Stock Units (PSUs) under the Amended and Restated Gibraltar Industries, Inc. 2005 Equity Incentive Plan so that compensation payable under the performance-based equity award may qualify as performance-based compensation under Section 162(m).

Section 162(m) limits the deduction that a publicly-held corporation may claim for compensation paid to its Chief Executive Officer and certain other executive officers (Covered Employees). Section 162(m) generally provides that amounts paid to a Covered Employee in excess of \$1 million are not deductible.

The deduction limitation of Section 162(m) does not apply to performance-based compensation. Compensation can qualify as performance-based under Section 162(m) only if a number of requirements are satisfied. One requirement of Section 162(m) is that the Company's stockholders must approve the material terms of the performance criteria pursuant to which the compensation is payable. For this purpose, the material terms of the performance criteria must include (1) the employees eligible to receive performance-based compensation, (2) the business criteria on which the performance targets may be based, and (3) the maximum amount that any employee may receive for achieving the performance goals. Section 162(m) also requires that the material terms of the performance criteria be submitted to stockholders on a recurring basis.

PSU awards are intended to provide compensation that qualifies as performance-based compensation under Section 162(m). Stockholders are being asked to approve the material terms of annual PSU grants in accordance with the regulations so compensation under PSU awards can qualify as deductible performance-based compensation not subject to the limitation of Section 162(m).

**Purpose**

The objectives of PSU awards are to provide meaningful financial incentives to executive officers and other key employees of the Company and its subsidiaries consistent with interests of the Company's stockholders. The Compensation Committee seeks to accomplish this objective by providing executive officers and key employees of the Company with PSUs that may be converted into cash if the Company achieves certain targeted levels of performance. The Company believes PSU awards align management compensation with stockholder value creation.

**Description of the Performance Stock Unit Grant**

PSUs are earned by executive officers based on the Company's return on invested capital (ROIC) for the annual performance period beginning January 1 and ending December 31 against targets set by the Compensation Committee. Payment of the performance units awarded is to be made in January following a three year vesting period ending December 31 and will be set equal to an amount determined from the number of units earned for the performance period, multiplied by the average closing price of the Company's common stock during the period beginning October 1 and ending December 31 immediately preceding the payment of the awards.

If the Company's ROIC for a performance period is less than the threshold set by the Compensation Committee, the number of performance units earned for the performance period will be zero. If the Company's ROIC for a performance period is greater than the threshold, the Company's ROIC will be compared to the ROIC target. If the Company's ROIC is equal to target, the executive officers will earn performance units equal to the targeted award. If the Company's ROIC for the applicable performance period is less than target, the number of performance units earned by executive officers will be less than the targeted number of performance share units with the possibility of not earning any performance units. Conversely, if the Company's ROIC for a performance period exceeds target, the number of performance units earned by the executive officers will be increased up to a maximum of two hundred percent (200%) of the targeted performance unit award.

The Compensation Committee believes that the long-term equity based incentive compensation structure described above promotes the interests of the Company's stockholders by providing incentives to executive officers and other key employees to continue their employment with the Company and improve return on invested capital, which we believe will lead to shareholder value creation. Furthermore, executive officers are provided an incentive to increase the value of the Company's common stock over the long term because final payment of this long-term equity based incentive compensation program is based on the price of the Company's common stock at the time of payment.



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### **Eligible Employees**

The annual PSU grant is awarded to executive officers and other key management of the Company and its subsidiaries identified by senior management. Approximately 15 employees are awarded PSUs which include members of senior management that our executive officers believe have the ability to improve return on invested capital and the value of the Company.

### **Performance Goals**

The incentive compensation earned under the annual PSU grant that is intended to qualify as performance-based compensation within the meaning of Section 162(m) is subject to attainment of performance targets relating to the performance criteria identified by the Compensation Committee and senior management. As noted above, the performance targets are based on a comparison of the Company's ROIC for each annual performance period against the targeted ROIC for each performance period. Payment of the performance units awarded is to be made in January following a three year vesting period ending December 31 and is to be determined by multiplying the number of PSUs earned for the performance period by the average closing price of the Company's common stock during the period beginning October 1 and ending December 31 immediately preceding the payment of the awards.

### **Maximum Amount of Compensation that Can Be Paid to an Individual Under the Performance Goal**

Consistent with the Amended and Restated Gibraltar Industries, Inc. 2005 Equity Incentive Plan, the maximum number of PSUs that may be credited to an individual for performance that exceeds the Index's performance is limited to two hundred percent (200%) of the PSUs granted. Additionally, the maximum amount payable to an executive officer receiving a PSU award will not exceed five times the grant date fair value of the award.

**THE COMPENSATION COMMITTEE AND THE BOARD OF DIRECTORS RECOMMEND A VOTE FOR THE  
APPROVAL OF THE MATERIAL TERMS OF THE ANNUAL PERFORMANCE STOCK UNIT GRANT IN  
PROPOSAL 3.**

**AUDIT COMMITTEE REPORT**

The Audit Committee currently consists of three directors who are independent as defined in the listing standards of NASDAQ applicable to members of audit committees. A brief description of the responsibilities of the Audit Committee is set forth above under the caption "Corporate Governance".

The Audit Committee has reviewed and discussed the Company's audited financial statements for the year ended December 31, 2012 with management of the Company and Ernst & Young LLP, the Company's independent registered public accounting firm. During 2012, management evaluated the Company's internal control over financial reporting in response to the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and based on the framework in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Throughout the year, management kept the Audit Committee apprised of the progress of its evaluation of internal controls and the Audit Committee provided oversight of the evaluation process. At the end of the year, management issued a report on the effectiveness of the Company's internal control over financial reporting. The Audit Committee reviewed this report and discussed with management and Ernst & Young LLP the adequacy of the Company's internal control over financial reporting and disclosure controls. The Audit Committee also discussed with Ernst & Young LLP the matters required to be discussed by the Public Company Accounting Oversight Board's (PCAOB) auditing standard section 380, *The Auditor's Communication with Those Charged with Governance*, which relates to the conduct of the audit, including the auditor's judgment about the quality of the accounting principles applied in the Company's 2012 audited financial statements. The Audit Committee also has reviewed the written disclosures and the letter from Ernst & Young LLP required by Rule 3526 of the PCAOB, *Communication with Audit Committees Concerning Independence*, and has discussed with Ernst & Young LLP its independence.

Based on the review and the discussions referred to above, the Audit Committee recommended to the Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 for filing with the Securities and Exchange Commission.

**AUDIT COMMITTEE OF THE BOARD OF**

**DIRECTORS OF GIBRALTAR INDUSTRIES, INC.**

David N. Campbell

William P. Montague

Robert E. Sadler, Jr.

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**NOMINATING AND CORPORATE GOVERNANCE COMMITTEE REPORT**

The Nominating and Corporate Governance Committee currently consists of three directors who are independent as defined in the listing standards of the NASDAQ applicable to members of nominating committees. A brief description of the responsibilities of the Nominating and Corporate Governance Committee is set forth above under the caption The Board of Directors and its Committees.

The current nominees for director were recommended for election to the Board at a meeting of the Nominating and Corporate Governance Committee held on March 7, 2013. Mr. Colombo did not participate in his recommendation for election to the Board. No communications from stockholders regarding nominations were received by the Committee. The Nominating and Corporate Governance Committee recommended that the existing Class II Directors be nominated for a three year term as Class II Directors.

In evaluating potential nominees, the Nominating and Corporate Governance Committee considers a nominee's experience as a senior executive at a publicly traded corporation, or as a management consultant, investment banker, partner at a law firm or registered public accounting firm, professor at an accredited law or business school, experience in the management or leadership of a substantial private business enterprise, educational, religious or not-for-profit organization, or such other professional experience as the Nominating and Corporate Governance Committee determines shall qualify an individual for Board service; whether such person is independent within the meaning of such term in accordance with the applicable listing standards of the NASDAQ and the rules promulgated by the Securities and Exchange Commission; financial expertise of a potential nominee; and particular or unique needs of the Company at the time a nominee is being considered.

**NOMINATING AND CORPORATE GOVERNANCE**

**COMMITTEE OF THE BOARD OF DIRECTORS OF**

**GIBRALTAR INDUSTRIES, INC.**

William P. Montague

David N. Campbell

William J. Colombo

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's Directors and executive officers, and any persons who own more than ten percent (10%) of a registered class of the Company's equity securities, to file reports of initial ownership of Common Stock and subsequent changes in that ownership with the Securities and Exchange Commission and to furnish the Company with copies of all forms they file pursuant to Section 16(a).

On February 27, 2013, Rush Creek Investment Company, L.P. ( Rush Creek ) sold 734,500 shares of common stock of the Company. Rush Creek is owned by a trust (the Trust ) which was established by the mother of Brian J. Lipke, the Chairman and Chief Executive Officer, for the benefit of Mr. Lipke and each of his four siblings. In connection with the sale of shares by Rush Creek, a review of the provisions of the Trust revealed that, unknown to Mr. Lipke, his beneficial interest in the Trust increased from 20% to 25% in connection with the August 3, 2012 death of his brother. Consequently, in connection with the Form 4 required to be filed in connection with the disposition by Rush Creek of the 25% indirect interest of Mr. Lipke in the shares of the Company referred to above, the Form 4 filed by Mr. Lipke reported an acquisition, on August 3, 2012, of an indirect ownership of 5% of the total number of shares of stock of the Company owned by Rush Creek.



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

**Certain Beneficial Owners**

The following table sets forth information as of March 19, 2013 (except as otherwise noted) with respect to all stockholders known by the Company to be the beneficial owners of more than 5% and certain other holders of its outstanding Common Stock:

Name and Address	Number of Shares and Nature of Beneficial Ownership (1)	Percent of Class
Franklin Resources, Inc. (2)		
One Franklin Parkway		
San Mateo, California 94403-1906	3,569,946	11.64
T. Rowe Price Associates, Inc. (3)		
100 E. Pratt Street		
Baltimore, MD 21202	3,038,195	9.91
Blackrock, Inc. (4)		
40 East 52 <sup>nd</sup> Street		
New York, NY 10022	2,476,877	8.08
Dimensional Fund Advisors LP (5)		
Palisades West, Building One		
6300 Bee Cave Road		
Austin, TX 78746	2,468,912	8.05
Barrows, Hanley, Mewhinney & Strauss, LLC (6)		
2200 Ross Avenue, 31 <sup>st</sup> Floor		
Dallas, TX 75201-2761	2,375,892	7.75
The Vanguard Group (7)		
100 Vanguard Blvd.		
Malvern, PA 19355	1,651,196	5.38

- (1) Unless otherwise indicated in the footnotes each of the stockholders named in this table has the sole voting and investment power with respect to the shares shown as beneficially owned by such stockholder, except to the extent that authority is shared by spouses under applicable law.
- (2) Based on information set forth in a statement on Schedule 13G filed with the SEC reflecting information as of December 31, 2012 available on NASDAQ.com, filed on January 24, 2013 by Franklin Resources, Inc. on behalf of itself, Charles B. Johnson, Rupert

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- H. Johnson, Jr., and Franklin Advisor Services, LLC. Number of shares disclosed above includes 120,400 shares over which Franklin Resources, Inc. does not have the sole voting power.
- (3) Based on information set forth in a statement on Schedule 13G filed with the SEC reflecting information as of December 31, 2012 and available on NASDAQ.com, filed on February 14, 2013 by T. Rowe Price Associates, Inc ( Price Associates ). These securities are owned by various individual and institutional investors which Price Associates serves as an investment advisor with power to direct investments and/or sole power to vote the securities. For the purposes of the reporting requirements of the Securities and Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities. Number of shares disclosed above includes 2,078,425 shares over which Price Associates does not have the sole voting power.
  - (4) Based on information set forth in a statement on Schedule 13G filed with the SEC reflecting information as of December 31, 2012 available on NASDAQ.com, filed on February 4, 2013 by Blackrock, Inc.
  - (5) Based on information set forth in a statement on Schedule 13G filed with the SEC reflecting information as of December 31, 2012 and available on NASDAQ.com, filed on February 8, 2013 by Dimensional Fund Advisors LP. Number of shares disclosed above includes 45,257 shares over which Dimensional Fund Advisors LP does not have the sole voting power.
  - (6) Based on information set forth in a statement on Schedule 13G filed with the SEC reflecting information as of December 31, 2012 available on NASDAQ.com, filed on February 9, 2013 by Barrow, Hanley, Mewhinney & Strauss, LLC. Number of shares disclosed above includes 1,192,768 shares over which Barrow, Hanley, Mewhinney, & Strauss, LLC does not have the sole voting power.
  - (7) Based on information set forth in a statement on Schedule 13G filed with the SEC reflecting information as of December 31, 2012 available on NASDAQ.com, filed on February 7, 2013 by The Vanguard Group. Number of shares disclosed above includes 1,601,661 shares over which The Vanguard Group does not have the sole voting power.

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The following table sets forth information as of March 19, 2012 (except as otherwise noted) with respect to each director, director nominee, each executive officer named in the Summary Compensation table above, and all executive officers and directors as a group:

Name and Address	Number of Shares and Nature of Beneficial Ownership (1)	Percent of Class
Brian J. Lipke (2)(3)	1,243,737	4.06
Henning N. Kornbrekke (2)(4)	185,197	*
Gerald S. Lippes (5)		
665 Main Street, Suite 300		
Buffalo, NY 14203-1425	58,412	*
Kenneth W. Smith (2)(6)	33,119	*
William P. Montague (2)(7)	30,537	*
Arthur A. Russ, Jr. (2)(8)	27,638	*
Robert E. Sadler, Jr. (2)(9)	22,855	*
William J. Colombo (2)(10)	17,855	*
Timothy F. Murphy (2)(11)	17,727	*
David N. Campbell (12)		
389 River Road		
Carlisle, MA 01741	16,424	*
Paul M. Murray (2)(13)	11,195	*
All Directors and Executive Officers as a Group	1,664,696	5.43

\* Less than 1%.

- (1) Unless otherwise indicated in the footnotes each of the stockholders named in this table has the sole voting and investment power with respect to the shares shown as beneficially owned by such stockholder, except to the extent that authority is shared by spouses under applicable law.
- (2) The address of each executive officer and certain directors is 3556 Lake Shore Road, PO Box 2028, Buffalo, New York 14219-0028.
- (3) Consists of (i) 211,056 shares of common stock registered in the name of the reporting person, (ii) 987,360 shares of common stock held by two trusts for the benefit of Brian J. Lipke, (iii) 27,186 shares of common stock held by trusts and custodial accounts for the benefit of the daughters of Brian J. Lipke, (iv) 5,235 shares of common stock allocated to Brian J. Lipke's self-directed account under our 401(k) Retirement Savings Plan, and (v) 12,900 shares of common stock held by the minor children of Brian J. Lipke. Excludes (i) 28,267 shares of common stock held by a trust for the benefit of the mother of Brian J. Lipke, as to which he serves as one of three trustees and disclaims beneficial ownership, (ii) 45,000 shares of common stock held by a trust for the benefit of a sibling of Brian J. Lipke, as to which he serves as one of five trustees and disclaims beneficial ownership, (iii) 9,407 shares of common stock held by a trust for the benefit of a niece of Brian J. Lipke, as to which he serves as one of three trustees and disclaims beneficial ownership, and (iv) 2,077 shares of common stock held in a custodial account for the benefit of a relative of Brian J. Lipke as to which he disclaims beneficial ownership.
- (4) Consists of 185,197 shares of common stock registered in the name of the reporting person.
- (5) Consists of (i) 56,537 shares of common stock registered in the name of the reporting person, including 5,855 restricted shares with respect to which Mr. Lippes exercises voting power but does not currently have dispositive power and (ii) 1,875 shares of common stock held by Lippco Capital LLC, a company controlled by Mr. Lippes.
- (6) Consists of 33,119 shares of common stock registered in the name of the reporting person.
- (7) Consists of 30,537 shares of common stock registered in the name of the reporting person, including 5,855 restricted shares with respect to which Mr. Montague exercises voting power but does not currently have dispositive power.
- (8) Consists of (i) 27,430 shares of common stock registered in the name of the reporting person, including 5,855 restricted shares with respect to which Mr. Russ exercises voting power but does not currently have dispositive power and (ii) 208 shares held by his wife as to which Mr. Russ claims beneficial ownership. Excludes 28,267 shares of common stock held by a trust which Mr. Russ serves as one of three

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trustees and disclaims beneficial ownership.

- (9) Consists of 22,855 shares of common stock registered in the name of the reporting person, including 9,855 restricted shares with respect to which Mr. Sadler exercises voting power but does not currently have dispositive power.

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- (10) Consists of 17,855 shares of common stock registered in the name of the reporting person, including 9,855 restricted shares with respect to which Mr. Colombo exercises voting power but does not currently have dispositive power.
- (11) Consists of (i) 6,485 shares of common stock registered in the name of the reporting person and (ii) 11,242 shares of common stock issuable under currently exercisable options pursuant to our 2005 Equity Incentive Plan.
- (12) Consists of (i) 12,674 shares of common stock registered in the name of the reporting person, including 5,855 restricted shares with respect to which Mr. Campbell exercises voting power but does not currently have dispositive power and (ii) 3,750 shares of common stock held by an Individual Retirement Account for the benefit of Mr. Campbell.
- (13) Consists of (i) 8,898 shares of common stock registered in the name of the reporting person, (ii) 1,761 shares of common stock allocated to Mr. Murray's self-directed account under our 401(k) Retirement Savings Plan, and (iii) 536 shares of common stock issuable under currently exercisable options pursuant to our 2005 Equity Incentive Plan.

**PROPOSAL 4**

**RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED**

**PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Company's Board has selected the firm of Ernst & Young LLP to serve as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2013, and recommends that the stockholders vote for the ratification of that selection. Ernst & Young LLP audited the Company's consolidated financial statements for the past eight fiscal years including 2012. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting and will be given the opportunity to make a statement if they so desire and to respond to appropriate questions.

The selection of the Company's independent registered public accounting firm is made annually by the Audit Committee. Before selecting Ernst & Young LLP, the Audit Committee carefully considered that firm's qualifications as the independent registered public accounting firm for the Company and the audit scope. Stockholder ratification of the Audit Committee's selection of Ernst & Young LLP as the Company's independent registered public accounting firm is not required by the Company's bylaws or otherwise. The Company's Board of Directors is submitting the selection of Ernst & Young LLP to the stockholders for ratification and will reconsider whether to retain Ernst & Young LLP if the stockholders fail to ratify the Audit Committee's selection. In addition, even if the stockholders ratify the selection of Ernst & Young LLP, the Audit Committee may in its discretion appoint a different independent accounting firm at any time during the year if the Audit Committee determines that a change is in the best interests of the Company.

**THE AUDIT COMMITTEE AND BOARD OF DIRECTORS RECOMMEND THAT YOU VOTE FOR THE RATIFICATION OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC**

**ACCOUNTING FIRM IN PROPOSAL 4.**

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The Audit Committee is responsible for reviewing and approving transactions and business relationships with any significant shareholder, director, executive officer or other member of senior management, or their family members on an ongoing basis. The Audit Committee requests and receives from the Company on an annual basis, a list and description of transactions with related parties, as described above, to the extent such transactions are required to be reported in the Company's Definitive Proxy Statement pursuant to Regulation S-K, Item 404(a). The Audit Committee reviews and discusses such transactions with management and the independent auditor, and approves or ratifies such transactions on an annual basis. Prior to approval or ratification of such transactions, the Audit Committee considers the qualifications of the related party, fees charged to the Company, and the significance of the transaction to the Company and the related party.

A member of the Company's Board of Directors, Mr. Robert E. Sadler, Jr., is a member of the Board of Directors of M&T Bank Corporation, one of the ten participating lenders which have committed capital to our \$200 million revolving credit facility in the Company's Fourth Amended and Restated Credit Agreement dated October 11, 2011 (the Senior Credit Agreement). No borrowings under the revolving credit facility were outstanding during the year ended December 31, 2012. Therefore, no principal and interest payments were made during the year ended December 31, 2012 related to the revolving credit facility.

Borrowings under the Senior Credit Agreement bear interest at a variable rate based upon the London Interbank Offered Rate (LIBOR) plus an additional margin of 2.0% to 2.5%, based on the amount of borrowings available to the Company. The revolving credit facility also carries an annual facility fee of 0.375% on the undrawn portion of the facility and fees on outstanding letters of credit which are payable quarterly. We disclose information regarding our Senior Credit Agreement because of Mr. Sadler's relationship with M&T Bank. Mr. Sadler nevertheless is an

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independent director as defined in Rule 5605(a)(2) of NASDAQ listing standards, which the Board has adopted as the standards by which it will determine independence.

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The firm of Lippes Mathias Wexler Friedman, LLP, of which Mr. Gerald S. Lippes, a director of the Company, is a partner, serves as counsel to the Company. During 2012, this firm received \$1.5 million for legal services rendered to the Company. As a result our transactions with Lippes Mathias Wexler Friedman LLP, Mr. Lippes is not considered an independent director.

The Audit Committee reviewed and approved all the transactions described above for 2012 in accordance with the policy, as described above, which is included in the Audit Committee Charter.

## **OTHER MATTERS**

The Company's management does not currently know of any matters to be presented for consideration at the Annual Meeting other than the matters described in the Notice of Annual Meeting. However, if other matters are presented, the accompanying proxy confers upon the person or persons entitled to vote the shares represented by the proxy, discretionary authority to vote such shares in respect of any such other matter in accordance with their best judgment.

## **INFORMATION ABOUT OUR INDEPENDENT REGISTERED**

### **PUBLIC ACCOUNTING FIRM**

The Audit Committee has selected Ernst & Young LLP ( EY ) as the Company's independent registered public accounting firm for the 2013 fiscal year. EY served as our independent registered public accounting firm and audited our consolidated financial statements for the fiscal years ended December 31, 2012 and 2011 and expressed an opinion as to whether the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012 and 2011. EY also performed audit-related services and consultation in connection with various accounting and financial reporting matters. Additionally, EY performed certain non-audit services during fiscal 2012 and 2011 that are permitted under the Sarbanes-Oxley Act and related rules of the SEC.

The Audit Committee determined that the provision of the audit-related and permitted non-audit services provided by EY during fiscal 2012 and 2011 was compatible with maintaining their independence pursuant to the auditor independence rules of the SEC for each of these years.

### **Fees Billed to the Company by EY during Fiscal Year 2012 and 2011**

#### ***Audit Fees***

The aggregate fees billed by EY for each of the fiscal years ended December 31, 2012 and 2011, for services rendered for the audit of the Company's annual financial statements and internal control over financial reporting included the Company's annual reports on Form 10-K and review of the interim financial statements included in the Company's quarterly reports on Form 10-Q, including services related thereto, were \$859,740 and \$907,775, respectively.

#### ***Audit-Related Fees***

No fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements (including advice related to mergers and acquisitions) were billed by EY during 2012 and 2011.

#### ***Tax Fees***

The aggregate fees billed by EY for the fiscal years ended December 31, 2012 and 2011 for services rendered for tax compliance (including tax planning, tax advice, and other tax services) were \$60,898 and \$42,995, respectively.

#### ***All Other Fees***

The aggregate fees billed for other products and services was \$2,083 and \$2,170 for the fiscal years ended December 31, 2012 and 2011, respectively.

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***Pre-Approval for Non-Audit Services Policies and Procedures of the Audit Committee***

The Audit Committee has adopted procedures for pre-approving audit and non-audit services to be provided by EY. In considering such approval, the Audit Committee may request all such information and documentation from the Company as it deems necessary in order for it to make its decision with respect to the requested engagement. The Audit Committee may discuss the potential engagement with the independent registered public accounting firm, with its counsel or other professional advisors. The Audit Committee shall consider whether or not the performance of the requested non-audit services complies with law, including but not limited to the Sarbanes-Oxley Act and the regulations promulgated by the Securities and Exchange Commission thereunder. It shall also consider whether the services provided will have a negative effect upon the integrity of the Company's financial reporting, whether by approving such engagement the Audit Committee is complying with and promoting its purposes, duties, and functions as set forth in its Charter, and it shall also consider any potential negative effect which the engagement may have on the Company, including the possible appearance of a conflict of interest or impropriety.

**OTHER INFORMATION**

**THE COMPANY WILL PROVIDE WITHOUT CHARGE TO EACH PERSON WHOSE PROXY IS SOLICITED, ON THE WRITTEN REQUEST OF SUCH PERSON, A COPY OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K, FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012, FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, INCLUDING THE FINANCIAL STATEMENTS AND THE SCHEDULES THERETO. SUCH WRITTEN REQUEST SHOULD BE DIRECTED TO GIBRALTAR INDUSTRIES, INC., 3556 LAKE SHORE ROAD, PO BOX 2028, BUFFALO, NEW YORK 14219-0228, ATTENTION: TIMOTHY F. MURPHY. EACH SUCH REQUEST MUST SET FORTH A GOOD FAITH REPRESENTATION THAT, AS OF MARCH 19, 2013, THE PERSON MAKING THE REQUEST WAS A BENEFICIAL OWNER OF SECURITIES ENTITLED TO VOTE AT THE ANNUAL MEETING OF STOCKHOLDERS.**

**STOCKHOLDERS PROPOSALS**

Proposals of stockholders intended to be presented at the 2014 Annual Meeting must be received by the Company by December 17, 2013 to be considered for inclusion in the Company's Definitive Proxy Statement and form of proxy relating to that meeting.

The accompanying Notice and this Definitive Proxy Statement are sent by Order of the Board of Directors.

Timothy F. Murphy

Secretary

Dated: April 2, 2013

**STOCKHOLDERS ARE URGED TO EXECUTE THE ACCOMPANYING PROXY AND RETURN IT PROMPTLY IN THE ACCOMPANYING ENVELOPE, WHETHER OR NOT THEY EXPECT TO ATTEND THE MEETING. A STOCKHOLDER MAY NEVERTHELESS VOTE IN PERSON IF HE OR SHE DOES ATTEND.**



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