GIBRALTAR INDUSTRIES, INC.
Form PRE 14A
March 23, 2012
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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 þ Filed by a Party other than the Registrant ¨

Check the appropriate box:

þ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

Gibraltar Industries, Inc.

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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April 3, 2012

To My Fellow Stockholders:

It is my pleasure to invite you to attend the 2012 Annual Meeting of Stockholders of Gibraltar Industries, Inc. to be held on Thursday, May 3, 2012 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 two years, our Company took significant compensation and corporate governance actions:

- 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, a change which took effect on March 24, 2011.

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

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.

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 3, 2012

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 3, 2012, at 11:00 a.m., local time, for the following purposes:

1. Elect two Class III Directors to hold office until the 2015 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. Approval of an Amendment to the Certificate of Incorporation of Gibraltar Industries, Inc. to provide shareholders with the right to take action by written consent.

5. 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, 2012.

6. 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, 2012, 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.

BY ORDER OF THE BOARD OF DIRECTORS

Timothy F. Murphy

Secretary

Buffalo, New York

April 3, 2012

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3556 Lake Shore Road

PO Box 2028

Buffalo, New York 14219-0228

DEFINITIVE PROXY STATEMENT

April 3, 2012

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 3, 2012 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, 2012, 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, 2012, the Company had outstanding and entitled to vote at the Annual Meeting 30,536,427 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 3, 2012.

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 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, FOR the approval of an Amendment to the Company s Certificate of Incorporation, and FOR the ratification of Ernst & Young LLP as the Company s independent registered public accounting firm for the year ending December 31, 2012.

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 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, 2012 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: David N. Campbell and Robert E. Sadler, Jr., Class III Directors whose terms expire in 2012, William J. Colombo and Gerald S. Lippes, Class II Directors whose terms expire in 2013, and Brian J. Lipke, William P. Montague, and Arthur A. Russ, Jr., Class I Directors whose terms expire in 2014. At the Annual Meeting of Stockholders in 2012, two Class III Directors shall be elected to hold office for a term expiring in 2015. David N. Campbell and Robert E. Sadler, Jr. have been nominated by the Board of Directors for election as such Class III Directors. Messrs. Campbell and Sadler are independent directors 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 David N. Campbell and Robert E. Sadler, Jr. as directors. Messrs. Campbell and Sadler have been directors of the Company since 1993 and 2004, respectively, and have been previously elected by the Company s stockholders. If Messrs. Campbell and Sadler 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. Campbell and Sadler 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 III Directors:

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 September 1999 to October 2000. Prior to that he served as President of the GTE Technology Organization and from July 1995 to September 1999 he served as President of BBN Technologies, a business unit of GTE Corporation. From March 1983 until September 1994 he served as Chairman of the Board and Chief Executive Officer of Computer Task Group, Incorporated. 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.

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Robert E. Sadler, Jr. has served as a director of the Company since his appointment by the Board of Directors in January 2004. He served as President of M&T Bank from 1996 to 2003, as Chairman of M&T Bank from 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. 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.

The following information is provided concerning the Company s Class I and II directors who are not standing for election during the 2012 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 of 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 Pharmaceuticals Holding Inc. and a private company, International Imaging Materials, Inc. 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.

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 from December 2002 through November 2003. He has been engaged in the private practice of law since 1965 and is a partner in the firm of Lippes Mathias Wexler Friedman LLP, located in Buffalo, New York. Mr. Lippes is also a director of several private companies. Mr. Lippes s qualifications to serve on the Company s Board include his more-than 40 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.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE

NOMINEES FOR CLASS III DIRECTORS IN PROPOSAL 1.

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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* 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, 2011 to carry out the activities of its committees and fulfill its responsibilities effectively.

The Company s Corporate Governance Documents provide the Board of Directors with 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. During the year ended December 31, 2011, the Board of Directors held seven 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 as 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 five meetings in 2011. 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 four meetings in 2011. 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 2011, 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 2011 or prior thereto. In 2011, 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 one meeting in 2011. The current nominees for director were recommended for election to the Board at a meeting of the Nominating and Corporate Governance Committee held February 23, 2012. Mr. Campbell 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.

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 2011.

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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, 2012:

	xxxxxx	xxxxxx
Name	**Age**	**Position(s) Held**
Brian J. Lipke	60	Chairman of the Board and Chief Executive Officer
Henning N. Kornbrekke	67	President and Chief Operating Officer
Kenneth W. Smith	61	Senior Vice President and Chief Financial Officer
Paul M. Murray	59	Senior Vice President of Human Resources and Organizational Development
Timothy F. Murphy	48	Secretary and Vice President of Treasury, Tax, and Risk
David N. Campbell	70	Director
William J. Colombo	56	Director
Gerald S. Lippes	72	Director
William P. Montague	65	Director
Arthur A. Russ, Jr.	69	Director
Robert E. Sadler, Jr.	66	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 February 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 Circor 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.

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.

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 January 2010, as the Company s Director of Treasury Operations from June 2008 to January 2010 and as the Company s Director of Financial Reporting from September 2004 to June 2008. Prior to joining the Company, Mr. Murphy served a variety of roles at KPMG from 1996 to 2004 including Audit Senior Manager.

Timothy J. Heasley resigned from his position as the Company s Senior Vice President, Corporate Controller, and Secretary in March 2012 to pursue a career advancement opportunity. Mr. Heasley served in the position noted above since joining the Company in 2005. Prior to joining the Company, Mr. Heasley served as Chief Financial Officer for MRC Industrial Group, Inc. from 2003 to 2005, and, before that as Controller of the Engineered Products Group of SPS Technologies, Inc. Subsequent to Mr. Heasley s departure, MRC Industrial Group, Inc. filed for bankruptcy protection in the first quarter of 2006.

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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. In 2006, 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 Carpenter Technology, Simpson Manufacturing, Curtiss-Wright, Smith (A.O.), Gardner Denver, Steel Dynamics, Quanex, and Reliance Steel. The survey data summarized the median annual retainer was $30,000 per year, the median meeting fee was $1,500 for each meeting attended by a director, and an additional median annual retainer of $4,667 per year was provided to any committee chairman.

Using this information, in 2006 our Board of Directors approved a compensation program for non-employee directors consisting of an annual retainer of $24,000 per year, meeting fees of $2,000 for each meeting of the Board of Directors or committee meeting attended and an additional fee to the Chairmen of the Compensation Committee, the Nominating and Corporate Governance Committee, and the Audit Committee of $5,000 per year, respectively, for serving as Chairman. In 2011, the Board of Directors appointed a Lead Independent Director and provided a $5,000 annual fee to the director filling that role. Other than the establishment of the Lead Independent Director position, no significant changes to the compensation provided to our directors in 2011 have been made since 2006.

In addition, in 2006 the Board of Directors, in consultation with the Compensation Committee, approved annual grants of 1,000 shares of restricted stock to non-employee directors and awards of 2,000 shares of restricted stock to new directors upon their election to the Board. Restrictions on these shares of restricted stock expire three years following the grant date. Pursuant to this approval, in May 2011, each non-employee director received awards of 1,000 shares of restricted stock.

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.

2011 Director Compensation

Name	September 30, Fees Earned Or Paid in Cash (1)	September 30, Stock Awards (2)	September 30, Change in Pension Value and Nonqualified Deferred Compensation Earnings (3)	September 30, Total
David N. Campbell	$ 57,000	$ 13,630	$ 27,366	$ 97,996
William J. Colombo	$ 59,000	$ 13,630	$ 26,283	$ 98,913
Gerald S. Lippes	$ 52,000	$ 13,630	$ 27,225	$ 92,855
William P. Montague	$ 68,000	$ 13,630	$ 14,698	$ 96,328
Arthur A. Russ, Jr.	$ 52,000	$ 13,630	$ 27,090	$ 92,720
Robert E. Sadler, Jr.	$ 56,000	$ 13,630	$ 698	$ 70,328

(1) Consists of annual retainer fees of $24,000; $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, Lippes, and Russ deferred all of their fees into the MSPP. Messrs. Colombo and Montague deferred portions of their fees into the MSPP.

(2) This column represents the grant-date fair value of restricted stock granted in 2011. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. 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.

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Outstanding Equity Awards at Fiscal Year End

The following chart summarizes the aggregate number of stock awards outstanding at December 31, 2011 for each director:

Name	September 30, Restricted Shares (1)	September 30, Restricted Stock Units (RSUs) (2)	September 30, Aggregated Number Of Stock Awards Outstanding
David N. Campbell	5,000	30,157	35,157
William J. Colombo	9,000	18,620	27,620
Gerald S. Lippes	5,000	29,019	34,019
William P. Montague	5,000	22,305	27,305
Arthur A. Russ, Jr.	5,000	27,901	32,901
Robert E. Sadler, Jr.	9,000	5,814	14,814

(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 8,521 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 Board of Directors 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 generally represents approximately 45% 50% of each executive officer s target compensation opportunity. We believe that this emphasis on both short and long-term financial performance aligns executives and stockholders interests. The Board and the Compensation Committee believe 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.

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 2011 is 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 Board of Directors 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

This section is intended to provide the Company s stockholders with information about the compensation awarded to those executive officers whose names appear in the Summary Compensation Table. This section is also intended to provide insight into 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 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.

In order to understand our compensation philosophy, we believe it is important to highlight certain financial achievements of the Company in 2011 which demonstrate that our compensation programs work effectively. We have also highlighted several changes to our corporate governance policies which impact our executive officers compensation program and emphasize our commitment to our stockholders.

2011 Business Results

Despite a challenging economic and industry environment, we achieved several significant business and financial results in 2011:

- Increased net sales by 20% to $767 million in 2011 compared to $637 million in 2010. Two acquisitions completed during 2011 contributed to 11% of the growth in net sales. The remaining 9% rise related to the organic growth of our business.

- Improved our operating margin to 5% for the year ended December 31, 2011 compared to -11% in the previous year. Our improved profitability was a result of leveraging higher net sales against our reduced cost structure and not recognizing any intangible asset impairment charges in 2011.

- Maintained our days of working capital at 63 days during 2011 compared to 60 days at the end of 2010. Our investment in enterprise resource planning systems and commitment to restructuring the business allowed us to sustain our improved working capital management.

- Reduced working capital levels and improved operating results allowed us to increase our liquidity, consisting of $54 million of cash and $116 million of availability under our revolving credit facility, to $170 million as of December 31, 2011 from $147 million at the end of 2010.

- Generated $50 million of operating cash flows from continuing operations despite housing starts approximating 607,000 units during 2011 compared to historical averages approximating 1.5 million housing starts. Housing starts are only one economic indicator for the markets we serve, but our other markets, including residential repair and remodel, non-residential construction, and industrial, experienced similar challenges during 2011.

Continued to restructure our operations including consolidating an additional three facilities and reducing our number of facilities to 41 at the end of 2011. Although we have significantly decreased the number of facilities we operate over the past few years, we have not decreased our production capacity or ability to deliver our products to our customers. Our restructured operations will benefit our future operating results as we incur fewer operating expenses.

Significant Executive Compensation and Corporate Governance Actions

During 2011 and 2010, our Company took significant compensation and corporate governance actions:

We 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.

We 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.

We 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.

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

We 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.

We amended our Corporate Governance Guidelines to include a Clawback Provision related to incentive based compensation for our executive officers, a change which took effect on March 9, 2012.

We amended our By-laws to provide stockholders with the right to call special meetings, a change which took effect on March 9, 2012.

Our Company continues to be committed to a strong pay-for-performance philosophy that meets the highest corporate governance standards:

In September 2009, we granted performance stock units (PSUs) that vested on December 31, 2011. These PSUs were earned by executive officers based on a comparison of the Company s total shareholder return against the total shareholder return of the Company s peer group for three distinct performance periods.

Due to the challenges facing the Company and the markets it serves, our Chief Executive Officer voluntarily surrendered 75% of his time-based 2010 restricted stock unit grant. At no time in the future will there be a grant of awards or cash payout to substitute for these voluntarily surrendered awards.

During 2009, as a result of difficult financial conditions facing the Company, the Chief Executive Officer and the Chief Operating Officer voluntary reduced their base salary by 10%. At no time in the future will additional compensation be given to substitute for the voluntary reduction of the executive officers salaries.

We do not provide excessive perquisites or other personal benefits to our executive officers.

We conduct an annual review of our compensation programs for executive officers and other employees to assess the level of risk associated with those programs and the effectiveness of our policies and practices for monitoring and managing these risks.

Our commitment to a strong pay-for-performance philosophy was reflected in our 2011 Say-on-Pay vote which received support from 93 percent of the votes cast.

Compensation Overview

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. Significant elements of our compensation program are comprised of long-term equity awards under the Long-term Incentive Plan (LTIP) which meet the objectives noted above and which since 2009, has been 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.

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The following chart summarizes the percentage of targeted 2011 compensation generated from each significant element of compensation for our executive officers:

* These elements of compensation are performance-based programs.

Performance-based compensation includes annual incentive compensation and performance-based equity awards. These elements of compensation approximated between 45% 50% of our executive officer s targeted compensation as shown in the chart above. Therefore, 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 is also at-risk based on the value of the Company s common stock. Any compensation under the MSPP is performance-based and further illustrates the level of emphasis we give pay-for-performance as it relates to our executive officers compensation program.

The Compensation Committee considered the 2011 Say-on-Pay vote and given the high level of support for the proposal, made no substantial changes to the Company s compensation programs.

Design of the Compensation Program

The Compensation Committee of our Board of Directors engaged 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 base salaries, annual incentives, and long-term incentives.

In 2004, the Company established a compensation program which 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, which in 2009 was modified to include performance based long term equity awards, 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 using information supplied by Towers Watson with respect to compensation practices of peer companies. The group of companies used for comparative data in establishing compensation of our executive officers was Actuant Corporation, Barnes Group, Carlisle Companies, Kennametal, NCI Building Systems, Quanex Building Products Corporation, Simpson Manufacturing, Steel Dynamics, and Worthington Industries. These peers were chosen due to their similar size, technologies, business dynamics, and industries.

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Based on the peer group analysis described above, the program adopted in 2004 set the targeted annual incentive compensation and long-term equity-based incentive compensation components of each executive officer s total compensation 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 a level of certainty as to the level of incentive compensation which they will be entitled to receive upon attainment of a specified level of performance.

The following table summarizes the median compensation identified during 2004 for non-equity incentive compensation and equity incentive awards along with the targeted compensation from these awards established by the Compensation Committee in 2004:

	Peer Companies		**Gibraltar Industries, Inc.**	
Position	**Median Non-Equity Incentive Compensation as a Percentage of Salary**	**Median Long-term Equity Compensation as a Percentage of Salary**	**Targeted Non-Equity Incentive Compensation as a Percentage of Salary**	**Long-term Equity Compensation as a Percentage of Salary**
Chief Executive Officer	113%	160%	90%	180%
Chief Operating Officer	124%	119%	75%	133%
Chief Financial Officer	54%	130%	60%	75%
Senior Vice President	56%	57%	35%	35%

The Compensation Committee used an informal process in 2004 to set the targeted annual incentive compensation and long-term equity compensation levels as a percentage of salary after consulting Towers Watson and reviewing the median peer group data above. 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.

A similar informal process was used to establish base salaries for the named executive officers for 2005. The following table summarizes the median 2004 salaries for executives with similar responsibilities as our named executives, our named executives 2005 salaries, and the compound annual salary increases given to each executive since 2004 to establish base salaries for 2011:

Position	**September 30, Median Salary for Peer Companies**	**September 30, Salary Established for 2005**	**September 30, Compound Annual Salary Increases Since 2005**
Chief Executive Officer	$ 566,667	$ 500,000	5%
Chief Operating Officer	$ 289,868	$ 395,000	7%
Chief Financial Officer	$ 277,500	$ 275,000	4%
Senior Vice President	$ 205,000	$ 133,770	5%

The Compensation Committee affirmed the 2005 executive officer base salaries based on recommendations from management and in consultation with Towers Watson with regards to review of the data summarized above. Under our internal management structure, our Chief Executive Officer (CEO) and Chief Operating Officer (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 median COO salary and the salary established by the Company.

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. The annual salary increases noted above are believed to be in line with market for executive officers and are commensurate with the experience and level of responsibility of the Company s executive officers over the past six years. This information is then used by the Compensation Committee 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.

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As a result of the difficult financial conditions facing the Company in March 2009, both the Chief Executive Officer and Chief Operating Officer voluntarily reduced their base salaries by 10% during the year ended December 31, 2009. In addition, the Company suspended salary increases during 2009 and 2010 for all employees, including the executive officers. The Company also suspended matching contributions to the Gibraltar 401(k) Plan during portions of 2009 and 2010 for the executive officers and all other employees of Gibraltar. Due to the continued weakness in our end markets in 2010 and the related effect on our business, the Chief Executive Officer voluntarily surrendered 75% of his 2010 restricted stock unit grant. At no time in the future will there be a grant of awards or cash payout to substitute for this voluntarily surrendered compensation.

With respect to the long-term equity-based incentive compensation described above, the rights of executive officers to payment of this award generally vest at a rate of 25% per year. This long-term equity-based incentive program was to be effective for five years. However, due to the timing of the Board s approval of this program, no long-term equity-based incentive compensation was awarded to any executive officers in 2004 and the first annual long-term equity-based incentive award made to executive officers was granted in April 2005 with the final installment awarded in January 2009.

In connection with the pending expiration of the Board s 2004 authorization of the long-term equity-based incentive compensation described above, in 2009 the Compensation Committee, in consultation with senior management, developed a new long-term equity-based incentive compensation program for 2009 and future years. 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. As a result, the Compensation Committee modified the terms of the LTIP to provide that a portion of an executive officer s long-term equity-based incentive compensation is based on the achievement of performance objectives. Long-term equity-based incentive compensation based on the achievement of performance objectives would then be coupled with a reduction in long-term equity-based incentive compensation which is earned through the passage of time as shown in the table below:

Position	RSUs Awarded Annually From 2005 to 2009 as a Percentage of Base Salary	RSUs to be Awarded Annually During 2010 and Thereafter as a Percentage of Base Salary
Chief Executive Officer	180%	100%
Chief Operating Officer	133%	80%
Chief Financial Officer	75%	45%
Senior Vice President	35%	25%

In 2009, 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. The awarded performance stock units (PSUs) under this program vested December 31, 2011. These PSUs were earned by executive officers based on a comparison of the Company s total shareholder return against the total shareholder return of the Company s peer group for three distinct performance periods. The PSUs were converted to cash based on the trailing 90-day closing price of the Company s common stock as of December 31, 2011 and the executive officers were paid in January 2012.

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 improve total shareholder return. 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. The Chief Executive Officer voluntarily reduced his base salary by 10% during 2009 as a result of the difficult financial conditions facing the Company. His salary returned to $680,000 for 2010 and remained unchanged for 2011.

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 2008. The Chief Operating Officer also voluntarily reduced his base salary by 10% during 2009 as a result of the difficult financial conditions facing the Company. His salary returned to $577,500 for 2010 and 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.

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 2009 and 2010, the Company suspended salary increases for all employees. As a result, the annual base salaries of all executive officers remained unchanged from those established in 2008. Our executive officers, other than our CEO who as previously noted above has not received a base pay increase since 2008, received salary increases effective June 1, 2011. Therefore, the salaries shown in the summary compensation table for 2011 reflect a portion of the year at their respective 2010 salaries and another portion of the year at the salaries established in 2011.

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

MICP targets in 2011 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), 5.0% 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 2011 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:

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

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 and were amended in 2008 to add days of working capital targets to better align incentive compensation to the Company s goals of reducing working capital and maximizing liquidity. 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 reduce working capital and maximize cash flows from operations in an effort to reduce 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 an increased cash flow that can be used to grow our business through acquisitions or be returned to our stockholders as dividend payments. Note that the NI target is based upon a percentage of net sales so management is incentivized to maximize the Company s profitability at any level of sales volume. The Compensation Committee also believes it is important for management to be incentivized for reducing working capital requirements which will further increase cash flow from operations that can be used as noted above. 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.

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Fifty percent (50%) of the 2011 MICP was based upon NI, twenty percent (20%) was based upon NSG, and thirty percent (30%) 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 weighting were last changed for the 2010 MICP where the NI weighting was increased from forty percent (40%) and the DWC weighting was reduced from forty percent (40%). The Compensation Committee determined that the significant attention to DWC that was incentivized for 2009 was less important to the Company as the amount of debt was reduced significantly and the Company had sufficient availability under the 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. The Compensation Committee reviews and alters the weightings of 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 charges and other non-routine transactions. Due to the Company s operating performance in 2011, MICP payments were 133.7% of the targeted level as calculated below (dollar amounts in thousands):

	September 30, NI	September 30, NSG	September 30, DWC	September 30, Total
Income from continuing operations as reported	$ 9,216			
Exit activity costs and asset impairments, net of taxes	2,814			
Acquisition related costs	2,399			
Surrendered equity compensation	885			
Adjusted net income	$ 15,314			
Net sales for current year	$ 766,607	$ 766,607		
Net sales for prior year		$ 637,454		
Average net working capital (1)(2)			$ 144,864	
Average daily sales (2)			$ 2,221	
Actual results	2.00%	20.26%	65	
MICP targets	2.50%	5.00%	72	
Payout factor minimum threshold	0.50%	0.00%	80	
Payout factor (3)	0.75	2.00	1.88	
Weighting	50%	20%	30%	
MICP payout percentage	37.4%	40.0%	56.3%	133.7%

(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, 2010 and December 31, 2011.

(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.

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, and meeting fees, an account is established for his benefit under the MSPP and credited with RSUs equal in 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 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.

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 the 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 in five 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. In 2004, our Board approved a plan to grant annual equity-based incentive compensation awards to our executive officers (LTIP) each year for a period of five years. 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.

The fair market value of the RSUs awarded in 2011 was determined using a 200-day rolling average price per share of the Company s stock. Under the terms of these 2011 awards, vesting occurs at a rate of 25% per year for the Chief Executive Officer, Chief Financial Officer, Corporate Controller, and Senior Vice President of Human Resources and Organization Development and on the grant date for the Chief Operating Officer, with issuance of shares at vesting.

In addition to the RSUs granted as a part of the long-term equity incentive plan, in January 2009 the Compensation Committee determined that it was in the interest of the Company to award an additional 100,000 RSUs to the Chief Operating Officer as an incentive to continue his employment with the Company. In making this determination, the Compensation Committee consulted with Towers Watson both as to the commercial reasonableness of the award to achieve the Company s objective of extending the Chief Operating Officer s commitment to the Company and as to the size of the award. Accordingly, an award of 100,000 RSUs was made to the Chief Operating Officer in January 2009. Under the terms of this award, the RSUs vest at a rate of 33.3% per year.

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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. In August 2007, 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 was the only named executive officer near his retirement age, the length of the vesting schedule has been reduced to ensure all awards vest by the time he reached the permitted retirement age as described in the employment agreement. Although the vesting schedule has been reduced for Mr. Kornbrekke, the award of restricted stock units serves the same function as the compensation provided to the other named executive officers.

During 2009, the Compensation Committee approved a new long-term equity-based incentive compensation program which provides executive officers the ability to earn long-term equity-based incentive compensation which is based, in part, on the passage of time and, in part, on a comparison of the total shareholder return achieved by the Company to the total shareholder return of a peer group of companies consisting of Actuant Corporation, Beacon Roofing Supply, BlueLinx Holdings, Builders FirstSource, Griffon Corporation, The Home Depot, Masco Corporation, NCI Building Systems, Owens Corning, Quanex Building Products Corporation, Valmont Industries, and Worthington Industries. These peer companies were chosen because they are affected by the same external factors as the Company and because differences in returns from this group of companies are expected to be driven by management actions rather than external economic factors. Total shareholder return of the Company and each company in the peer group 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 and 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.

Under the performance-based portion of the long-term equity-based incentive compensation, executive officers were granted an award of performance stock units (PSUs) which were designed to approximate 100-120% of the executive officer s annual salary for achievement of a targeted performance goal. For purposes of the PSUs, the targeted performance goal was total shareholder return for the Company which is equal to the median total shareholder return of the peer group of companies described above. The award of PSUs to the executive officers were granted in September 2009.

These PSUs were earned by executive officers based on a comparison of the Company s total shareholder return for three annual performance periods consisting of the calendar years ended December 31, 2011, 2010 and 2009 against the total shareholder return of the Company s peer group for each performance period. During the years ended December 31, 2011, 2010 and 2009, the executive officers earned 200%, 0%, and 34% of the targeted awards, respectively. The final number of PSUs awarded to each executive officer was determined based on the Company s total shareholder return (TSR) as follows for each performance period:

Company TSR Ranked Against Peer Group TSR s	**Performance Units to be Awarded**
TSR is less than TSR of the 10th ranked Peer Group Company	Zero
TSR is equal to or greater than TSR of 10th ranked Peer Group Company, but less than TSR of 7th ranked Peer Group Company	Thirty Four Percent of Targeted Performance Unit Award
TSR is equal to or greater than TSR of 7th ranked Peer Group Company, but less than TSR of 6th ranked Peer Group Company	Sixty Six Percent of Targeted Performance Unit Award
TSR is equal to or greater than TSR of 6th ranked Peer Group Company, but less than TSR of 5th ranked Peer Group Company	One Hundred Percent of Targeted Performance Unit Award
TSR is equal to or greater than TSR of 5th ranked Peer Group Company, but less than TSR of 4th ranked Peer Group Company	One Hundred Thirty Four Percent of Targeted Performance Unit Award
TSR is equal to or greater than TSR of 4th ranked Peer Group Company, but less than TSR of 2nd ranked Peer Group Company	One Hundred Sixty Six Percent of Targeted Performance Unit Award
TSR is equal to or greater than TSR of 2nd ranked Peer Group Company	Two Hundred Percent of Targeted Performance Unit Award

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The PSUs were converted to cash based on the trailing 90-day closing price of the Company s common stock as of the last day of the third performance period and the executive officers were paid in January 2012. 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 peer group of companies and retention of the Company s executive management team. As a result of the grant of performance-based awards, beginning in 2010 and thereafter, the executive officers received a reduced amount of RSUs that solely vest with the passage of time as shown in the table below:

Position	RSUs Awarded Annually From 2005 to 2009 as a Percentage of Base Salary	RSUs to be Awarded Annually During 2010 and Thereafter as a Percentage of Base Salary
Chief Executive Officer	180%	100%
Chief Operating Officer		