GIBRALTAR INDUSTRIES, INC.
Form 10-K
February 24, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES ACT OF 1934**
For The Fiscal Year Ended December 31, 2011

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number 0-22462

GIBRALTAR INDUSTRIES, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**16-1445150**
(State or other jurisdiction of incorporation organization)	**(I.R.S. Employer Identification No.)**
3556 Lake Shore Road, P.O. Box 2028	
Buffalo, New York	**14219-0228**
(address of principal executive offices)	**(zip code)**

Registrant s telephone number, including area code: (716) 826-6500

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, $0.01 par value	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by checkmark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No x.

Indicate by checkmark if the registrant is not required to file report pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Form 10-K or any amendment to this Form 10-K. x

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of large accelerated filer , accelerated filer , and small reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨	Smaller reporting company	¨

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No x

The aggregate market value of the Common Stock outstanding and held by non-affiliates (as defined in Rule 405 under the Securities Act of 1933) of the registrant based upon the closing sale price of the Common Stock on the NASDAQ Global Select Market on June 30, 2011, the last business day of the registrant s most recently completed second quarter, was approximately $324.0 million.

As of February 20, 2012, the number of common shares outstanding was: 30,536,427.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant s Definitive Proxy Statement for the Annual Meeting of Shareholders

(2011 Proxy Statement) are incorporated by reference into Part III of this report.

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Safe Harbor Statement

Certain information set forth herein, other than historical statements, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are based, in whole or in part, on current expectations, estimates, forecasts, and projections about the Company s business, and management s beliefs about future operations, results, and financial position. These statements are not guarantees of future performance and are subject to a number of risk factors, uncertainties, and assumptions. Risk factors that could affect these statements include, but are not limited to, the following: the availability of raw materials and the effects of changing raw material prices on the Company s results of operations; energy prices and usage; changing demand for the Company s products and services; changes in the liquidity of the capital and credit markets; risks associated with the integration of acquisitions; and changes in interest and tax rates. In addition, such forward-looking statements could also be affected by general industry and market conditions, as well as general economic and political conditions. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law or regulation.

PART I

Item 1. ***Business***

The Company

Gibraltar is a leading manufacturer and distributor of products for the building and industrial markets. Our products provide structural and architectural enhancements for residential homes, low-rise retail, other commercial and professional buildings, industrial plants, bridges, and a wide-variety of other structures. Products we offer include ventilation products, mail storage solutions including mailboxes and package delivery products, rain dispersion products and accessories, bar grating, expanded metal, metal lath, and expansion joints and structural bearings. We believe Gibraltar has strong brand recognition in all product categories which provides us with product leadership positions. We serve customers throughout North America and Europe including major home improvement retailers, distributors, and contractors. As of December 31, 2011, we operated 41 facilities in 20 states, Canada, England, and Germany, giving us a broad platform for just-in-time delivery and support to our customers.

Our strategy is to position Gibraltar as the low-cost provider and market share leader in product areas that offer the opportunity for sales growth and margin enhancement over the long-term. We focus on operational excellence including lean initiatives throughout the Company to position Gibraltar as our customers low-cost provider of the products we offer. We continuously seek to improve our on-time delivery, quality, and service to position Gibraltar as a preferred supplier to our customers. During the past few years, Gibraltar invested in new enterprise resource planning (ERP) systems which, among other things, have enabled us to more effectively manage our inventory, forecast customer orders, enable efficient supply chain management, and respond to volatile material costs. At the same time, we have significantly reduced our working capital levels while maintaining a high level of customer service.

We strive to develop and launch new products, expand our geographic market coverage, and penetrate new end markets to strengthen our product leadership positions. We also focus on growing the business through acquisitions when they align with our strategic goals and provide an appropriate return to our shareholders.

Recent Developments

Gibraltar acquired The D.S. Brown Company (D.S. Brown) on April 1, 2011 for $98 million. D.S. Brown is the largest U.S. manufacturer of specialty components for the transportation infrastructure industry and has established a leading market position for many of the products offered. Products manufactured and distributed by D.S. Brown include expansion joint systems, structural bearing assemblies, pavement sealing systems, and other specialty components for bridges, highways, and other infrastructure projects.

On June 3, 2011, the Company acquired Pacific Award Metals, Inc. (Award Metals) for $13 million. Award Metals is a leading regional manufacturer of roof ventilation, roof trims, flashing and rain ware, drywall trims, and specialty clips and connectors for concrete forms used in the new construction and repair and remodel markets. Gibraltar s results from operations included D.S. Brown and Award Metals from the respective dates of acquisition. The acquisitions were financed through cash on hand and debt available under our revolving credit facility.

Gibraltar sold its United Steel Products subsidiary (USP) in March 2011 for $59 million. The sale of USP, along with the acquisitions of D.S. Brown and Award Metals, provide Gibraltar with a broader product offering to construction markets and greater potential for revenue and earnings growth. These transactions are consistent with management s strategy to position Gibraltar as a market leader in the product areas offered by our business and to expand our offering of value-added products. The divestiture of USP was recognized as a discontinued operation in the Company s consolidated financial statements and notes thereto.

Gibraltar entered into the Fourth Amended and Restated Credit Agreement dated October 11, 2011 (the Senior Credit Agreement) to extend the due date of our $200 million revolving credit facility to June 2015, reduce the cost of borrowings, and provide additional financial flexibility.

Economic Trends

The end markets served by our business are subject to economic conditions influenced by outside factors which include but are not limited to interest rates, commodity costs, demand for residential construction, the level of non-residential construction and infrastructure projects, and demand within the repair and remodel market. The United States construction markets continued an uneven recovery from an unprecedented recession that began in 2008 and led to reduced demand for the products we manufacture and distribute. In addition, tightened credit markets over the same period may have limited the ability of the end users of our products to obtain financing for construction projects. While the U.S. economy has grown since the recession, the construction markets continue to face significant challenges. Construction markets have only recovered modestly from the recession and many economic indicators remain at levels well below long-term averages. As an example, the table below shows housing starts in the United States continued to remain significantly below the long-term average of 1.5 million starts per year:

	September 30, 2011	September 30, 2010	September 30, 2009
Residential Housing Starts	607,000	585,000	554,000

The decrease in non-residential construction and residential housing starts had a significant impact on the operations of our business by contributing to decreased sales volume and profitability. To respond to current economic conditions facing Gibraltar, including weakened end market conditions and volatile commodity costs, we continue to focus on providing a high level of customer service along with maintaining our position as a market share leader and low-cost provider of our products. We strive for operational excellence through lean initiatives and the consolidation of facilities to reduce costs. As a result, we have closed or consolidated 15 facilities over the past three years, including three during 2011. We have also aggressively reduced operating costs throughout the Company to maximize cash flows generated from operating activities. As a result of these restructuring activities, our break-even point has decreased significantly since 2008.

As noted above, commodity raw material prices for materials such as steel, aluminum, and resins, have also fluctuated significantly during the past three years. These fluctuations impact the cost of raw materials we purchase and the pricing we offer to our customers. Commodity prices fell precipitously during the fourth quarter of 2008 and continued to fall during the first two quarters of 2009. The rapid decrease in commodity prices led to lower sales prices offered to customers and falling margins on our product sales during much of 2009. Commodity prices rose in 2010 and have somewhat stabilized in 2011. We believe our investment in ERP systems and decreased inventory requirements allow us to react better to these fluctuations and have improved our margins.

As a result of the steps we have taken throughout the economic downturn, we have increased liquidity to a strong position. Using cash generated from operations, we have made significant repayments against our outstanding debt and no longer have any amounts outstanding against our revolving credit facility as of year-end. Our liquidity as of December 31, 2011 was $170 million including $54 million of cash and $116 million of availability under our revolving credit facility.

Industry Overview

Our business occupies an intermediate market between the primary steel, aluminum, resin, and other basic material producers and the wholesale, retail building supply, industrial manufacturing, and highway construction markets. The primary producers typically focus on producing high volumes of their product. We purchase raw materials from these producers and, through various production processes, convert these raw materials into specialized products for use in the construction or repair and remodel of residential and commercial buildings, industrial and transportation structures, and other products. We primarily distribute our products through wholesale distributors, retailers, and contractors.

Products

Gibraltar is primarily, but not exclusively, a manufacturer of metal products used in the residential and commercial building, industrial manufacturing, and highway construction markets. We operate 30 manufacturing facilities and nine distribution centers throughout the United States, Canada, England, and Germany, giving us a base of operations to provide customer support, delivery, service, and quality to a number of regional and national customers, and providing us with manufacturing and distribution efficiencies in North America, as well as a presence in the European market.

We manufacture an extensive variety of products that are sold through a number of sales channels including building material wholesalers, buying groups, discount and major retail home centers, heating, ventilation and air conditioning and roofing distributors, residential, industrial, commercial and transportation contractors, and industrial manufacturers.

Our product offerings include a full line of bar grating and safety plank grating used in walkways, platforms, safety barriers, drainage covers, and ventilation grates; expanded and perforated metal used in walkways, catwalks, shelving, fencing, barriers, patio furniture, and other applications where both visibility and security are necessary; metal lath products used in exterior stucco, stone, and tile projects; fiberglass grating used in areas where high strength, light weight, low maintenance, and corrosion resistance are required; expansion joint systems, bearing assemblies, and pavement sealing systems used in bridge and highway infrastructure construction; roof and foundation ventilation products and accessories; mail storage solutions, including single mailboxes and cluster boxes for multi-unit housing; roof edging, underlayment, and flashing; soffits and trim; drywall corner bead; coated coil stock; metal roofing and accessories; steel framing; rain dispersion products, including gutters and accessories; and lawn and garden products, each of which can be sold separately or as an integral part of a package or program sale.

We improve our offerings of building products by introducing new products, enhancing existing products, adjusting product specifications to respond to building code and regulatory changes, and providing additional solutions to homeowners and contractors. For example, during 2011 we developed a new Screen Mesh Gutter Protection product to serve as a high quality solution that is easy for homeowners and contractors to install. In addition to this product, we developed the Splash Shield as another rain carrying accessory that prevents splash onto homes. We also continued to develop new mailbox and post products that were first marketed to our retail customers in 2011. Another business unit introduced a grill assembly for installation on a major truck manufacturer s products.

Many of our building products are used by home owners and builders to provide structural and architectural enhancements for residential, commercial, and industrial building projects, including projects in geographic locations subject to severe weather or seismic activity, and facilitate compliance with increasingly stringent building codes and insurance requirements. Our building products are manufactured primarily from galvanized and painted steel, anodized and painted aluminum, copper, brass, zinc, and various resins.

Gibraltar focuses on operational excellence by making our production process as efficient as possible without compromising the quality our customers expect from our business units. Our focus on efficiency relies upon continuous improvement at our plants and distribution centers where we initiated lean manufacturing practices and execute numerous kaizen events. Additionally, we have implemented ERP systems that allow for just-in-time delivery of materials, efficient production planning, and build automation into the manufacturing process. Improvements in our manufacturing process have enabled Gibraltar to better control manufacturing costs while focusing on new product development and quality. Continued focus on operational excellence will remain a significant initiative as Gibraltar strives to be the low-cost provider of the products we manufacture.

Our production capabilities allow us to process a wide range of metals and plastics necessary for manufacturing building products. Most of our production is completed using automatic roll forming machines, stamping presses, computer numerical control (CNC) machines, shears, slitters, press brakes, paint lines, milling, welding, injection molding, and numerous automated assembly machines. We maintain our equipment with a thorough preventive maintenance program, including in-house tool and die shops, allowing us to meet the demanding service requirements of many of our customers. Gibraltar also sources some products from third-party vendors when cost savings can be generated.

Quality Assurance

We place great importance on providing our customers with high-quality products for use in critical construction applications. We carefully select our raw material vendors and use computerized inspection and analysis to maintain our quality standards so our products meet critical customer specifications. To meet customer specifications, we use documented procedures utilizing statistical process control systems linked directly to processing equipment to monitor all stages of production. Physical, chemical, and metallographic analyses are performed during the production process to verify that mechanical and dimensional properties, cleanliness, surface characteristics, and chemical content are within specification. A number of our facilities quality systems are registered under ISO 9001, an internationally recognized set of quality-assurance standards, and other industry standards. Gibraltar believes ISO registration is important as the disciplines it promotes help ensure the high quality products our customers expect.

Technical Services

We employ a staff of engineers and other technical personnel and maintain fully-equipped, modern laboratories to support our operations. These laboratories enable us to verify, analyze, and document the physical, chemical, metallurgical, and mechanical properties of our raw materials and products. In addition, our engineering staff employs a range of drafting software to design highly specialized and technically precise products. Technical service personnel also work in conjunction with our sales force to determine the types of products and services required for the particular needs of our customers.

Suppliers and Raw Materials

Our business is required to maintain sufficient quantities of raw material inventory in order to accommodate our customers short lead times and just-in-time delivery requirements. Accordingly, we plan our purchases to maintain raw materials at sufficient levels to satisfy the anticipated needs of our customers. We use newly-implemented ERP systems to manage our inventory, forecast customer orders, enable efficient supply chain management, and allow for an ongoing assessment of market conditions.

The primary raw materials we purchase are flat-rolled steel, aluminum, and resins. We purchase flat-rolled steel and aluminum at regular intervals on an as-needed basis, primarily from the major North American mills, as well as a limited amount from domestic service centers and foreign steel importers. Substantially all of our resins are purchased from domestic vendors, primarily through distributors with a small amount direct from manufacturers. Supply has been adequate from these sources to fulfill our needs. Because of our strategy to develop longstanding relationships in our supply chain, we have been able to adjust our deliveries of raw materials to match our required inventory positions to support our on-time deliveries to customers while allowing us to manage our investment in inventory and working capital.

The cost of our raw material purchases of steel, aluminum, and resins are significantly linked to commodity markets. The markets for commodities are highly cyclical and pricing for our raw materials can be volatile due to a number of factors including general economic conditions, domestic and worldwide demand, labor costs, competition, import duties, tariffs, and currency exchange rates. Changes in commodity costs not only impact the cost of our raw materials but also influence the prices we offer our customers. Gibraltar has not attempted to hedge against changes in commodity costs, instead we manage fluctuations in the market by maintaining lean inventory levels and increasing the efficiency of our manufacturing process.

We purchase natural gas and electricity from suppliers in proximity to our operations.

We have no long-term contractual commitments with our suppliers. Management continually examines and improves our purchasing practices across our geographically dispersed facilities in order to streamline purchasing across similar commodities.

Intellectual Property

We actively protect our proprietary rights throughout North America and Europe by the use of trademark, copyright, and patent registrations and use our intellectual property in the business activities of each business unit. While no individual item of our intellectual property is considered material, we believe our trademarks, copyrights, and patents provide us with a competitive advantage when marketing our products to customers. Our brands are well recognized in the markets we serve and we believe they stand for high-quality manufactured goods at a competitive price. These trademarks and trade names allow us to maintain product leadership positions for the goods we offer.

Sales and Marketing

Our products and services are sold primarily by channel partners who are called on by our sales personnel and outside sales representatives located throughout the United States, Canada, Mexico, and Europe. We have organized sales teams to focus on specific customers and national accounts through which we provide enhanced supply solutions and improve our ability to increase the number of products that we sell. Our sales staff works with certain retail customers to optimize shelf space for our products which is expected to increase sales at these locations.

We focus on providing our customers with industry leading customer service. Our business units generate numerous publications, catalogs, and other printed materials to facilitate the ordering process. In addition, we provide our retail customers with point-of-sale marketing aids to encourage consumer spending on our products in their stores. Continual communication with our customers allows us to understand their concerns and provides us with the capability to identify solutions that will meet our customers needs. We offer our customers prompt service and short lead times because we have the ability to successfully meet short deadlines and maintain a nearly flawless on-time delivery track record. Gibraltar is able to meet our customers demand due to our efficient manufacturing process and extensive distribution network.

Customers and Distribution

Our customers are located throughout the United States, Canada, Mexico, Europe, and Central America, principally in the home improvement; residential, commercial, and industrial construction; highway construction; building materials; and architectural industries. Major customers include home improvement retailers, building product distributors, and commercial, residential, and transportation contractors. The Home Depot represented 13%, 14%, and 16% of our consolidated net sales for 2011, 2010, and 2009, respectively. No other customer accounted for more than 10% of our net sales.

Our products are distributed using common carriers and our fleet of freight trucks from our plants and distribution centers to our customers. We maintain a network of distribution centers to ensure on-time delivery while maintaining efficiency within our distribution process. During the past three years, we have consolidated a number of distribution centers and reduced the number of distribution centers from fifteen as of December 31, 2008 to nine today. Increased efficiency within our distribution network allowed us to eliminate costs from our business while continuing to provide excellent service to our customers.

Backlog

Because of the nature of our products and the short lead time order cycle, backlog is not a significant factor in most of our business units. We believe that substantially all of our firm orders existing on December 31, 2011 will be shipped during 2012.

Competition

Gibraltar operates in the highly competitive building products market with several North American suppliers and, in the case of European operations, some foreign suppliers. A few of our competitors may be larger, have greater financial resources, or have less financial leverage than we do. As a result, these competitors may be better positioned to respond to any downward pricing pressure or other adverse economic or industry conditions or to identify and acquire companies or product lines compatible with their business.

We compete with numerous suppliers of building products based on the range of products offered, quality, price, and delivery. Although some of these competing suppliers are large companies, the majority are small to medium-sized and do not offer the range of building products we do.

The prices for raw materials used in our operations, primarily steel, aluminum, and resins, are volatile due to a number of factors beyond our control, including but not limited to supply shortages, general industry and economic conditions, labor costs, import duties, tariffs, and currency exchange rates. Although we have strategies to deal with volatility in raw material costs, such as reducing inventory levels, our competitors who do not have to maintain inventories as large as ours may be better able to mitigate the effects of this volatility and thereby compete effectively against us on product price.

We believe our broad range of products, high quality, and sustained ability to meet exacting customer delivery requirements gives us a competitive advantage over many of our competitors.

Employees

At December 31, 2011 and 2010, we employed 2,221 and 2,054 employees, respectively. The 8% increase in employment from the prior year was primarily attributable to the two acquisitions made during 2011.

Approximately 21% of our workforce was represented by unions through various collective bargaining agreements (CBAs) as of December 31, 2011. One CBA, representing 4% of our workforce, expired and is currently being renegotiated. Meanwhile, four additional CBAs, representing another 13% of our workforce, will expire during 2012. Our other CBAs expire between June 30, 2013 and December 31, 2013. We historically have had good relationships with our unions. We expect the current and future negotiations with our unions to result in contracts that provide employee benefits that are consistent with those provided in our current agreements.

Seasonality

Our net sales and income are generally lower in the first and fourth quarters each year primarily due to the seasonality of our business. Our sales volume is driven by residential renovation and other construction activities which typically peaks with warmer weather and is reduced due to colder and more inclement weather in the winter months. Operating margins are impacted by this seasonality given the nature of Gibraltar s operating costs having fixed cost components.

Governmental Regulation

Our manufacturing facilities and distribution centers are subject to many federal, state, and local requirements relating to the protection of the environment. Gibraltar uses some environmentally sensitive materials in our production processes. For example, we lubricate our machines with oil and use oil baths to treat some of our products. We believe that we operate our business in material compliance with all environmental laws and regulations, do not anticipate any material expenditures to continue to meet environmental requirements, and do not believe that future compliance with such laws and regulations will have a material adverse effect on our financial condition or results of operations. However, we could incur operating costs or capital expenditures in complying with new or more stringent environmental requirements in the future or with current requirements if they are applied to our facilities in a way we do not anticipate. In addition, new or more stringent regulation of our energy suppliers could cause them to increase the cost of energy they supply us.

Our operations are also governed by many other laws and regulations covering our labor relationships, the zoning of our facilities, our general business practices, and other matters. We believe that we are in material compliance with these laws and regulations and do not believe that future compliance with such laws and regulations will have a material adverse effect on our financial condition or results of operations.

Internet Information

Copies of the Company s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge through the Company s website (www.gibraltar1.com) as soon as reasonably practicable after the Company electronically files the material with, or furnishes it to, the Securities and Exchange Commission.

Item 1A. ***Risk Factors***

Uncertainty and market volatility within the United States and worldwide capital and credit markets have and could continue to negatively impact the Company s business.

The economic conditions experienced since the recession began in 2008 have caused market prices of many stocks to fluctuate substantially, the spreads on prospective debt financings to widen considerably, and have materially impacted liquidity in the financial markets, making terms for certain financings less attractive, and in some cases have resulted in the unavailability of financing. Continued uncertainty in the capital and credit markets may negatively impact our business, including our ability to access additional financing at reasonable terms, which may negatively affect our ability to make future acquisitions. A prolonged downturn in the financial markets may cause us to seek alternative sources of potentially less attractive financing, and may require us to further adjust our business plan accordingly. These events may also make it more difficult or costly for us to raise capital through the issuance of our equity securities and could reduce our net income by increasing our interest expense and other costs of capital. The disruptions in the financial markets may have a material adverse effect on the market value of our common stock.

The diminished availability of credit and other capital is also affecting end users in the key markets we serve. There is continued uncertainty as to sustainability of the recovery of the worldwide capital and credit markets and the impact this uncertainty and volatility will continue to have on our key end markets. Further volatility in the worldwide capital and credit markets may continue to significantly impact the key end markets we serve and could result in further reductions in sales volume, increased credit and collection risks, and may have other adverse effects on our business.

Our level of indebtedness could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, and prevent us from meeting our obligations.

We have total indebtedness of $207.2 million as of December 31, 2011. The following chart shows our level of indebtedness and certain other information as of December 31, 2011 (dollars in thousands):

		September 30,
Senior subordinated notes	$	202,323
Other debt		4,840
Total debt	$	207,163
Shareholders equity	$	459,936
Ratio of earnings to fixed charges[1]		1.72x

[1] For purposes of calculating the ratio of earnings to fixed charges, earnings consist of income before taxes minus capitalized interest plus intangible asset impairment charges plus fixed charges. Fixed charges include interest expense (including amortization of debt issuance costs), capitalized interest, and the portion of operating rental expense that management believes is representative of the interest component of rent expense.

We may not be able to generate sufficient cash flow from operating results and other sources to service all of our indebtedness and we could be forced to take other actions to satisfy our obligations under our debt agreements, which may not be successful.

Our ability to make scheduled payments or to refinance our debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business, and other factors beyond our control. We cannot assure you that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness. We cannot assure you that we would be able to take any of these actions, that these actions would be successful and permit us to meet our scheduled debt service obligations or that these actions would be permitted under the terms of our existing or future debt agreements. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The Fourth Amended and Restated Credit Agreement dated October 11, 2011 (the Senior Credit Agreement) and the indenture agreement for our Senior Subordinated 8% Notes (8% Notes) restrict our ability to dispose of assets and the use of proceeds from dispositions. We may not be able to consummate those dispositions or to obtain the proceeds which we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due.

If we cannot make scheduled payments on our debt, we will be in default and, as a result:

- our debt holders could declare all outstanding principal and interest to be due and payable;
- the lenders under the Senior Credit Agreement could terminate their commitments to lend us money and foreclose against the assets securing their borrowings; and
- we could be forced into bankruptcy or liquidation.

Relative to current indebtedness levels, we may still be able to incur substantially more debt. This could further exacerbate the risks described above.

The terms of the indenture for our 8% Notes do not fully prohibit us or our subsidiaries from incurring additional debt. Additionally, the Senior Credit Agreement provides us with a revolving credit facility commitment up to $200 million with borrowings limited to the lesser of (i) $200 million or (ii) a borrowing base determined by reference to the trade receivables, inventories, and property, plant, and equipment of our significant domestic subsidiaries. At December 31, 2011, we had $115.6 million of availability under our revolving credit facility. Under the terms of our Senior Credit Agreement, we are required to repay all amounts outstanding under the revolving credit facility by the earlier of October 10, 2016 or six months prior to the maturity date of our 8% Notes, which are due December 1, 2015. Our principal operating subsidiary, Gibraltar Steel Corporation of New York, is also a borrower under the Senior Credit Agreement and the full amount of our commitments under the revolving credit facility may be borrowed by that subsidiary.

In addition, our substantial degree of indebtedness could have other important consequences, including the following:

- it may limit our ability to obtain additional debt or equity financing for working capital, capital expenditures, product development, debt service requirements, acquisitions, and general corporate or other purposes;
- a substantial portion of our cash flows from operations have been and are expected to be dedicated to the payment of principal and interest on our indebtedness and may not be available for other purposes, including our operations, capital expenditures, and future business opportunities;
- certain of our borrowings, including borrowings under the Senior Credit Agreement, are at variable rates of interest, exposing us to the risk of increased interest rates; and
- it may limit our ability to adjust to changing market conditions and place us at a competitive disadvantage compared to our competitors that have less debt.

Restrictive covenants may adversely affect our operations.

The Senior Credit Agreement and the indenture governing our 8% Notes contain various covenants that limit our ability to, among other things:

incur additional debt or provide guarantees in respect of obligations of other persons;

pay dividends or distributions or redeem or repurchase capital stock;

prepay, redeem, or repurchase debt;

- make loans, investments including acquisitions, and capital expenditures;
- incur debt that is senior to our 8% Notes but junior to our indebtedness under the Senior Credit Agreement and other senior indebtedness;
- incur liens;
- restrict distributions from our subsidiaries;
- sell assets and capital stock of our subsidiaries;
- consolidate or merge with or into, or sell substantially all of our assets to, another person; and
- enter into new lines of business.

In addition, the restrictive covenants in the Senior Credit Agreement include a single financial covenant that requires the Company to maintain a minimum fixed charge coverage ratio of 1.25 to 1.00. Our ability to meet the restrictive covenants in the future can be affected by events beyond our control and we cannot assure you that we will meet the financial ratio. A breach of any of these covenants would result in a default under the Senior Credit Agreement. Upon the occurrence of an event of default under the Senior Credit Agreement, we would attempt to receive a waiver from our lenders, which could result in us incurring additional financing fees that would be costly and adversely affect our profitability and cash flows. If a waiver was not provided, the lenders could elect to declare all amounts outstanding under such facility to be immediately due and payable and terminate all commitments to extend further credit. If such event of default and election occurs, the lenders under the Senior Credit Agreement would be entitled to be paid before current 8% Note holders receive any payment under our notes. In addition, if we were unable to repay those amounts, the lenders under the Senior Credit Agreement could proceed against the collateral granted to them to secure that indebtedness. We have pledged substantially all our assets as collateral under the Senior Credit Agreement. If the lenders under the Senior Credit Agreement accelerate the repayment of borrowings, we cannot assure you that we will have sufficient assets to repay debt outstanding under the Senior Credit Agreement and our other indebtedness, including our 8% Notes, or borrow sufficient funds to refinance such indebtedness. An acceleration of the amounts outstanding under the Senior Credit Agreement would result in an event of default under the 8% Notes which would then entitle the holders thereof to accelerate and demand repayment of the notes as well. Even if we are able to obtain new financing to pay the amounts due under the Senior Credit Agreement and 8% Notes, it may not be on commercially reasonable terms, or terms that are acceptable to us. A breach of any of our covenants would have an adverse effect on our business, results of operations, and cash flow.

Variable rate indebtedness subjects us to interest rate risk which could cause our debt service obligations to increase significantly.

Certain of our borrowings, primarily borrowings under the Senior Credit Agreement, are, and are expected to continue to be, at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase on any amounts outstanding under the Senior Credit Agreement, and our net income would decrease. Assuming all revolving loans were fully drawn or funded on December 31, 2011, as applicable, each 25 basis point change in interest rates would result in a $0.5 million change in annual interest expense on debt outstanding under the Senior Credit Agreement.

The residential building as well as the repair and remodel industries account for a significant portion of our sales, and any further reduction in demand from these industries is likely to adversely affect our profitability and cash flow further.

The residential building market in North America experienced a significant decline in volume beginning during 2008 which has yet to recover. Similar trends were noted in the other end markets we serve, including the repair and remodel industry.

Our largest customers are retail home improvement centers and wholesale distributors who serve our key end markets. The Home Depot accounted for approximately 13%, 14%, and 16% of our net sales during 2011, 2010, and 2009, respectively.

A loss of sales to the residential building industry, or the repair and remodel industry, or to the specified customer, would adversely affect our profitability and cash flow as it did throughout the past three years. Our sales of building products decreased during this period due to a decline in demand in the new build residential building and repair and remodel industries. This reduction in volume caused a decrease in our operating margins compared to prior years. This industry is cyclical, with product demand based on numerous factors such as availability of credit, interest rates, general economic conditions, consumer confidence, unemployment levels, and other factors beyond our control. The economic conditions experienced during the past three years negatively affected all of these factors.

Further downturns in demand from the residential building and repair and remodel industries, or any of the other industries we serve, or a decrease in the prices that we can realize from sales of our products to customers in any of these markets could continue to adversely affect our profitability and cash flows.

We rely on a few customers for a significant portion of our net sales. The loss of those customers would adversely affect our business.

Some of our customers are material to our business and results of operations. Our ten largest customers accounted for approximately 31%, 34%, and 38% of our net sales during 2011, 2010, and 2009, respectively. Our percentage of net sales to our major customers may increase if we are successful in executing our strategy of broadening the range of products we sell to existing customers. In such as event, or in the event of any consolidation of our customers, our net sales may be increasingly sensitive to deterioration in the financial condition of, or other adverse developments with, one or more of our largest customers. These customers are also able to exert pricing and other influences on us, requiring us to market, deliver, and promote our products in a manner that may be more costly to us. Moreover, we generally do not have long-term contracts with our customers. As a result, although our customers periodically provide indications of their product needs and purchases, they generally purchase our products on an order-by-order basis, and the relationship, as well as particular orders, can be terminated at any time. The loss, bankruptcy, or significant decrease in business from any of our major customers would have a material adverse effect on our business, results of operations, and cash flow.

Our business is highly competitive and increased competition could reduce our gross profit, net income, and cash flow.

The principal markets that we serve are highly competitive. Competition is based primarily on quality, price, raw material and inventory availability, and the ability to meet delivery schedules dictated by customers. We compete in our principal markets with companies of various sizes, some of which have greater financial and other resources than we do and some of which have better established brand names in the markets we serve. Increased competition could force us to lower our prices or to offer additional services or enhanced products at a higher cost to us, which could reduce our gross profit, net income, and cash flow and cause us to lose market share.

Our future operating results may be affected by fluctuations in raw material costs. We may not be able to pass on increased raw material costs to our customers.

Our principal raw materials are commodity products consisting of steel, aluminum, and resins, which we purchase from multiple primary suppliers. The commodity market as a whole is cyclical, and at times availability and pricing can be volatile due to a number of factors beyond our control, including general economic conditions, domestic and worldwide demand, labor costs, competition, import duties, tariffs, and currency exchange rates. This volatility can significantly affect our raw material costs.

Global consolidation of the primary steel producers and increased demand from other nations such as China and India continue to put upward pressure on market prices for steel and other commodities. Additionally, we are required to maintain substantial inventories to accommodate the short lead times and just-in-time delivery requirements of our customers. Accordingly, we purchase raw materials on a regular basis in an effort to maintain our inventory at levels that we believe are sufficient to satisfy the anticipated needs of our customers based upon expected buying practices and market conditions. In an environment of increasing raw material prices, competitive conditions will impact how much of the steel price increases we can pass on to our customers. To the extent we are unable to pass on future price increases in our raw materials to our customers, the profitability of our business and resulting cash flows could be adversely affected. In the event of rapidly decreasing raw material prices, we may be left to absorb the cost of higher cost inventory as customers receive reduced pricing related to decreases in raw material costs. To the extent we are unable to match our costs to purchase raw materials to prices given to our customers, the profitability of our business and resulting cash flows could be adversely affected.

Lead time and the cost of our products could increase if we were to lose one of our primary suppliers.

If, for any reason, our primary suppliers of steel, aluminum, resins, or other materials should curtail or discontinue deliveries to us in quantities we need and at prices that are competitive, our business could suffer. The number of available suppliers has been reduced in recent years due to industry consolidation and bankruptcies affecting steel and metal producers and this trend may continue. Our top ten suppliers accounted for 33% of our purchases during 2011. We could be significantly and adversely affected if delivery were disrupted from a major supplier or several suppliers. In addition, we do not have long-term contracts with any of our suppliers. If, in the future, we were unable to obtain sufficient amounts of the necessary metals at competitive prices and on a timely basis from our traditional suppliers, we may not be able to obtain such metals from alternative sources at competitive prices to meet our delivery schedules, which would have a material adverse effect on our results, profitability, and cash flow.

Increases in energy and freight prices would increase our operating costs and we may be unable to pass all these increases on to our customers in the form of higher prices for our products.

We use energy to manufacture and transport our products. In particular, our plants use considerable electricity and our freight expenses include the cost of fuel to operate trucks. Our operating costs increase if energy costs rise. Although we do not believe we have experienced materially higher energy costs as a result of new or more stringent environmental regulations of our energy suppliers, such regulations could increase the cost of generating energy that is passed on to us. We do not hedge our exposure to higher prices via energy futures contracts. During periods of higher freight and energy costs, we may not be able to recover our operating cost increases through price increases without reducing demand for our products. Increases in energy prices may reduce our profitability and cash flows if we are unable to pass all the increases on to our customers.

We may not be able to identify, manage, and integrate future acquisitions successfully and if we are unable to do so, we are unlikely to sustain growth in net sales or profitability and our ability to repay our outstanding indebtedness may decline.

Historically, we have grown through a combination of internal growth plus external expansion through acquisitions such as the 2011 acquisitions of D.S. Brown and Award Metals. Although we intend to actively pursue our growth strategy in the future, we cannot provide any assurance that we will be able to identify appropriate acquisition candidates or, if we do, that we will be able to negotiate successfully the terms of an acquisition, finance the acquisition, or integrate the acquired business profitably into our existing operations. Integration of an acquired business could disrupt our business by diverting management away from day-to-day operations and could result in liabilities that were not anticipated. Further, failure to integrate any acquisition successfully may cause significant operating inefficiencies and could adversely affect our profitability and our ability to repay our outstanding indebtedness. Consummating an acquisition could require us to raise additional funds through additional equity or debt financing. Additional debt financing would increase our interest expense and reduce our cash flow otherwise available to reinvest in our business and neither debt nor equity financing may be available on satisfactory terms when required.

We are subject to information system security risks and systems integration issues could disrupt our internal operations.

We are dependent upon information technology for the distribution of information internally and also to our customers and suppliers. This information technology is subject to theft, damage, or interruption from a variety of sources, including but not limited to malicious computer code, such as worms, viruses and Trojan horses, security breaches, and defects in design. The implementation of new information technology solutions could lead to interruptions of information flow internally and to our customers and suppliers while the implementation project is being completed. We implemented new systems during the past three years at several business units. Various measures have been taken to manage our risks related to information system and network disruptions, but a security breach, system failure, or failure to implement new systems properly could negatively impact our operations and financial results.

Our principal stockholders have the ability to exert significant influence in matters requiring a stockholder vote and could delay, deter, or prevent a change in control of the Company.

Approximately 9% of our outstanding common stock, including shares of common stock issuable under options and similar compensatory instruments granted which are exercisable, or which vested or will vest within 60 days, are owned by Brian J. Lipke, the Chairman of the Board and Chief Executive Officer of the Company, Eric R. Lipke, Neil E. Lipke, Meredith A. Lipke, and Curtis W. Lipke, all of whom are siblings, and certain trusts for the benefit of each of them and their families. As a result, the Lipke family has influence over all actions requiring stockholder approval, including the election of our board of directors. In deciding how to vote on such matters, the Lipke family may be influenced by interests that conflict with the interests of other shareholders.

We depend on our senior management team, and the loss of any member could adversely affect our operations.

Our success is dependent on the management and leadership skills of our senior management team. The loss of any of these individuals or an inability to attract, retain, and maintain additional personnel could prevent us from successfully executing our business strategy. We cannot assure you that we will be able to retain our existing senior management personnel or to attract additional qualified personnel when needed. We have not entered into employment agreements with any of our senior management personnel other than Brian J. Lipke, our Chairman of the Board and Chief Executive Officer, and Henning N. Kornbrekke, our President and Chief Operating Officer.

We could incur substantial costs in order to comply with, or to address any violations of, environmental laws.

Our operations and facilities are subject to a variety of federal, state, local, and foreign laws and regulations relating to the protection of the environment and human health and safety. Failure to maintain or achieve compliance with these laws and regulations or with the permits required for our operations could result in substantial operating costs and capital expenditures, in addition to fines and civil or criminal sanctions, third-party claims for property damage or personal injury, cleanup costs or temporary or permanent discontinuance of operations. Certain facilities of ours have been in operation for many years and, over time, we and other predecessor operators of these facilities have generated, used, handled, and disposed of hazardous and other regulated wastes. Environmental liabilities could exist, including cleanup obligations at these facilities or at off-site locations where materials from our operations were disposed of or at facilities we divested, which could result in future expenditures that cannot be currently quantified and which could reduce our profits and cash flow. We may be held strictly liable for the contamination of these sites, and the amount of that liability could be material. Under the joint and several liability principle of certain environmental laws, we may be held liable for all remediation costs at a particular site, even with respect to contamination for which we are not responsible. Changes in environmental laws, regulations or enforcement policies, including without limitation new or more stringent regulations affecting greenhouse gas emissions, could have a material adverse effect on our business, financial condition, or results of operations.

Labor disruptions at any of our major customers or at our own manufacturing facilities could adversely affect our results of operations and cash flow.

Many of our customers have unionized workforces and could experience labor disruptions such as work stoppages, slow-downs, and strikes. A labor disruption at one or more of our customers could interrupt production or sales by that customer and cause the customer to halt or limit orders for our products and services. Any such reduction in the demand for our products and services would adversely affect our net sales, results of operations, and cash flow.

In addition, approximately 21% of our own employees are represented by unions through various collective bargaining agreements. One collective bargaining agreement has expired and is currently being renegotiated. Other collective bargaining agreements are scheduled to expire between February 19, 2012 and December 31, 2013. It is likely that our unionized employees will seek an increase in wages and benefits at the expiration of these agreements, and we may be unable to negotiate new agreements without labor disruption. In addition, labor organizing activities could occur at any of our facilities. If any labor disruption were to occur at our facilities, we could lose sales due to interruptions in production and could incur additional costs, which would adversely affect our net sales, results of operations, and cash flow.

Our operations are subject to seasonal fluctuations that may impact our cash flow.

Our net sales are generally lower in the first and fourth quarters primarily due to reduced activity in the building industry due to colder, more inclement weather. In addition, quarterly results may be affected by the timing of large customer orders. Therefore, our cash flow from operations may vary from quarter to quarter. If, as a result of any such fluctuation, our quarterly cash flows were significantly reduced, we may not be able to service our indebtedness or maintain covenant compliance. A default under any of our indebtedness could prevent us from borrowing additional funds and limit our ability to pay interest or principal, and allow our senior secured lenders to enforce their liens against our personal property.

Economic, political, and other risks associated with foreign operations could adversely affect our financial results.

Although the majority of our business activity takes place in the United States, we derive a portion of our revenues and earnings from operations in foreign countries, and are subject to risks associated with doing business internationally. Our sales originating outside the United States represented approximately 14% of our consolidated net sales during the year ended December 31, 2011. We have facilities in Canada, England, and Germany. We believe that our business activities outside of the United States involve a higher degree of risk than our domestic activities. The risks of doing business in foreign countries include the potential for adverse changes in the local political climate, in diplomatic relations between foreign countries and the United States or in governmental policies, laws or regulations, terrorist activity that may cause social disruption, logistical and communications challenges, costs of complying with a variety of laws and regulations, difficulty in staffing and managing geographically diverse operations, deterioration of foreign economic conditions, currency rate fluctuations, foreign exchange restrictions, differing local business practices and cultural considerations, restrictions on imports and exports or sources of supply, and changes in duties or taxes. Adverse changes in any of these risks could adversely affect our net sales, results of operations, and cash flows.

Disruptions to our business or the business of our customers or suppliers could adversely impact our operations and financial results.

Business disruptions, including increased costs for or interruptions in the supply of energy or raw materials, resulting from severe weather events such as hurricanes, floods, blizzards, from casualty events, such as fires or material equipment breakdown, from acts of terrorism, from pandemic disease, from labor disruptions, or from other events such as required maintenance shutdowns, could cause interruptions to our businesses as well as the operations of our customers and suppliers. Such interruptions could have an adverse effect on our operations and financial results.

Item 1B. *Unresolved Staff Comments*

None.

Item 2. *Properties*

We maintain our corporate headquarters in Buffalo, New York and conduct business operations in facilities located throughout the United States and in Canada, England, and Germany.

We believe the facilities we operate, listed below, and their equipment are effectively utilized, well maintained, in good condition, and will be able to accommodate our capacity needs through 2012.

Location	September 30, Utilization	September 30, Square Footage
Buffalo, New York	Headquarters	18,656[1]
U.S. Locations		
Birmingham, Alabama	Manufacturing facility and administrative office	202,000
Phoenix, Arizona	Distribution center	44,000[1]
Baldwin Park, California	Manufacturing facility and administrative office	142,000[1]
Fontana, California	Manufacturing facility	80,000
Fontana, California	Distribution center and administrative office	69,720[1]
Stockton, California	Manufacturing facility and administrative office	318,320
Visalia, California	Manufacturing facility	80,000

Denver, Colorado	Distribution center and administrative office	89,560[1]
Denver, Colorado	Distribution center	19,500[1]

Location	September 30, Utilization	September 30, Square Footage
Wilmington, Delaware	Manufacturing facility	27,500[1]
Jacksonville, Florida	Manufacturing facility and administrative office	261,400[1]
Lakeland, Florida	Distribution center	90,835
Bourbonnais, Illinois	Manufacturing facility	280,000[1]
Peoria, Illinois	Administrative office	1,610[1]
Clinton, Iowa	Manufacturing facility	100,000
Manhattan, Kansas	Manufacturing facility and administrative office	192,000
Lafayette, Louisiana	Manufacturing facility	34,000
Taylorsville, Mississippi	Manufacturing facility and administrative office	397,484
North Kansas City, Missouri	Manufacturing facility	28,813[1]
Orrick, Missouri	Manufacturing facility	127,000
North Baltimore, Ohio	Manufacturing facility and administrative office	198,200
Portland, Oregon	Manufacturing facility and administrative office	10,000
Greenville, South Carolina	Distribution center	18,000[1]
Dallas, Texas	Manufacturing facility and administrative office	175,000[1]
Dayton, Texas	Manufacturing facility	45,000
Houston, Texas	Distribution center	25,000[1]
Humble, Texas	Manufacturing facility	50,000[1]
San Antonio, Texas	Manufacturing facility and administrative office	120,050[1]
Orem, Utah	Manufacturing facility	88,685
Fife, Washington	Manufacturing facility and administrative office	324,220
Kent, Washington	Manufacturing facility	48,000[1]
Kent, Washington	Distribution center	9,600[1]
Vancouver, Washington	Manufacturing facility	53,820[1]
Appleton, Wisconsin	Manufacturing facility and administrative office	142,844
Canadian Locations		
Langley, British Columbia	Manufacturing facility and administrative office	41,000[1]
Burlington, Ontario	Manufacturing facility and administrative office	78,000[1]
Iberville, Quebec	Manufacturing facility and administrative office	32,172
Iberville, Quebec	Distribution center	15,000[1]
European Locations		
Hannover, Germany	Manufacturing facility and administrative office	81,453[1]
Hartlepool, United Kingdom	Manufacturing facility and administrative office	258,907[1]

1 Leased. All other facilities owned.

Item 3. ***Legal Proceedings***

From time to time, the Company is named a defendant in legal actions arising out of the normal course of business. The Company is not a party to any pending legal proceedings that management believes will have a material adverse effect on the Company s results of operations or financial condition. The Company is also not a party to any other pending legal proceedings other than ordinary, routine litigation incidental to its business. The Company maintains liability insurance against risks arising out of the normal course of business.

Item 4. ***Mine Safety Disclosures***

Not applicable.

PART II

Item 5. ***Market for Common Equity and Related Stockholder Matters***

As of December 31, 2011 there were 146 shareholders of record of the Company s common stock. However, the Company believes that it has a significantly higher number of shareholders because of the number of shares that are held by nominees.

The Company s common stock is traded in the over-the-counter market and quoted on the NASDAQ Global Select Market (NASDAQ) under the symbol ROCK. The following table sets forth the high and low sale prices per share for the Company s common stock for each quarter of 2011 and 2010 as reported on the NASDAQ Stock Exchange.

	September 30, 2011 High	September 30, 2011 Low	September 30, 2010 High	September 30, 2010 Low
Fourth Quarter	$ 14.77	$ 7.40	$ 14.65	$ 8.50
Third Quarter	$ 11.66	$ 7.35	$ 11.65	$ 7.36
Second Quarter	$ 14.12	$ 10.51	$ 15.85	$ 10.05
First Quarter	$ 14.48	$ 10.13	$ 18.28	$ 11.05

The Company did not declare cash dividends during the years ended December 31, 2011 and 2010. Cash dividends are declared at the discretion of the Company s Board of Directors. The Board of Directors determines to pay dividends based upon such factors as the Company s earnings, financial condition, capital requirements, debt covenant requirements, and other relevant conditions.

Equity Compensation Plan Information

The following table summarizes information as of December 31, 2011 concerning securities authorized for issuance under the Company s stock option plans:

Plan Category	September 30, Number of Securities to be Issued Upon Exercise of Outstanding Options	September 30, Weighted-Average Exercise Price of Outstanding Options	September 30, Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans [1]
Equity Compensation Plans Approved by Security Holders	770,499	$ 14.74	832,409
Total	770,499	$ 14.74	832,409

1 Consists of the Gibraltar Industries, Inc. 2005 Equity Incentive Plan (the Plan). Note 12 of the Company s consolidated financial statements included in Item 8 of this Annual Report on Form 10-K provides additional information regarding the Plan and securities issuable upon exercise of options. The Company has no currently effective equity compensation plans not approved by its shareholders.

Performance Graph

The following information in this Item of the Annual Report on Form 10-K is not deemed to be soliciting material or to be filed with the Securities and Exchange Commission or subject to Regulation 14A or 14C under the Securities Exchange Act of 1934, as amended (the Exchange Act), or to the liabilities of Section 18 of the Exchange Act, and will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that we specifically incorporate such information into such a filing.

The performance graph shown below compares the cumulative total shareholder return on the Company s common stock, based on the market price of the common stock, with the total return of the S&P SmallCap 600 Index and the S&P SmallCap 600 Industrials Index for the five-year period ended December 31, 2011. The comparison of total return assumes that a fixed investment of $100 was invested on December 31, 2006 in common stock and in each of the foregoing indices and further assumes the reinvestment of dividends. The stock price performance shown on the graph is not necessarily indicative of future price performance.

Item 6. ***Selected Financial Data***
(in thousands, except per share data)

The following selected historical consolidated financial data for each of the five years in the period ended December 31, 2011 have been derived from the Company s audited financial statements as restated for discontinued operations. The selected historical consolidated financial data presented in Item 6 are qualified in their entirety by, and should be read in conjunction with, the Company s audited consolidated financial statements and notes thereto contained in Item 8 and Management s Discussion and Analysis of Financial Condition and Results of Operations set forth in Item 7 of this Annual Report on Form 10-K.

	September 30,	September 30,	September 30, Year Ended December 31,	September 30,	September 30,
	2011	2010	2009	2008	2007
Net sales	$ 766,607	$ 637,454	$ 639,076	$ 917,476	$ 842,084
Intangible asset impairment	$	$ 76,964	$ 60,098	$	$
Income (loss) from operations	$ 36,158	$ (72,642)	$ (37,061)	$ 62,341	$ 55,415
Interest expense	$ 19,363	$ 19,714	$ 21,433	$ 23,820	$ 25,402
Income (loss) before taxes	$ 16,885	$ (92,279)	$ (58,183)	$ 39,245	$ 31,185
Provision for (benefit of) income taxes	$ 7,669	$ (16,923)	$ (18,611)	$ 14,723	$ 12,172
Income (loss) from continuing operations	$ 9,216	$ (75,356)	$ (39,572)	$ 24,522	$ 19,013
Income (loss) from continuing operations per share Basic	$ 0.30	$ (2.49)	$ (1.31)	$ 0.82	$ 0.64
Weighted average shares outstanding Basic	30,507	30,303	30,135	29,981	29,867
Income (loss) from continuing operations per share Diluted	$ 0.30	$ (2.49)	$ (1.31)	$ 0.81	$ 0.63
Weighted average shares outstanding Diluted	30,650	30,303	30,135	30,193	30,116
Cash dividends declared per common share	$ 0.00	$ 0.00	$ 0.00	$ 0.20	$ 0.25
Current assets	$ 268,854	$ 242,377	$ 252,125	$ 348,229	$ 440,745
Current liabilities	$ 128,424	$ 100,118	$ 109,016	$ 125,201	$ 134,225
Total assets	$ 872,055	$ 810,890	$ 974,942	$ 1,146,359	$ 1,281,408
Total debt	$ 207,163	$ 207,197	$ 257,282	$ 356,372	$ 487,545
Shareholders equity	$ 459,936	$ 440,853	$ 528,226	$ 568,487	$ 567,760
Capital expenditures	$ 11,552	$ 8,362	$ 9,791	$ 17,639	$ 11,687
Depreciation	$ 19,872	$ 18,797	$ 18,034	$ 17,971	$ 17,258
Amortization	$ 6,309	$ 5,167	$ 5,187	$ 5,550	$ 5,416

Item 7. ***Management s Discussion and Analysis of Financial Condition and Results of Operations***

The following Management s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Company s risk factors and its consolidated financial statements and notes thereto included in Item 1A and Item 8, respectively, of this Annual Report on Form 10-K. Certain information set forth herein Item 7 constitutes forward-looking statements as that term is used in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based, in whole or in part, on management s beliefs, estimates, assumptions, and currently available information. For a more detailed discussion of what constitutes a forward-looking statement and of some of the factors that could cause actual results to differ materially from such forward-looking statements, please refer to the Safe Harbor Statement on page 2 of this Annual Report on Form 10-K.

Company Overview

Gibraltar is a leading manufacturer and distributor of products for the building and industrial markets. Our products provide structural and architectural enhancements for residential homes, low-rise retail, other commercial and professional buildings, industrial plants, bridges, and a wide-variety of other structures. Products we offer include ventilation products, mail storage solutions including mailboxes and package delivery products, rain dispersion products and accessories, bar grating, expanded metal, metal lath, and expansion joints and structural bearings. We believe Gibraltar has strong brand recognition in all product categories which provides us with product leadership positions. We serve customers throughout North America and Europe including major home improvement retailers, distributors, and contractors. As of December 31, 2011, we operated 41 facilities in 20 states, Canada, England, and Germany, giving us a broad platform for just-in-time delivery and support to our customers.

Our strategy is to position Gibraltar as the low-cost provider and market share leader in product areas that offer the opportunity for sales growth and margin enhancement over the long-term. We focus on operational excellence including lean initiatives throughout the Company to position Gibraltar as our customers low-cost provider of the products we offer. We continuously seek to improve our on-time delivery, quality, and service to position Gibraltar as a preferred supplier to our customers. During the past few years, Gibraltar invested in new enterprise resource planning (ERP) systems which, among other things, have enabled us to more effectively manage our inventory, forecast customer orders, enable efficient supply chain management, and respond to volatile raw material costs. At the same time, we have significantly reduced our working capital levels while maintaining a high level of customer service.

We strive to develop and launch new products, expand our geographic market coverage, and penetrate new end markets to strengthen our product leadership positions. We also focus on growing the business through acquisitions when they align with our strategic goals and provide an appropriate return to our shareholders.

Acquisitions

Gibraltar acquired The D.S. Brown Company (D.S. Brown) on April 1, 2011 for $98 million. D.S. Brown is the largest U.S. manufacturer of specialty components for the transportation infrastructure industry and has established a leading market position for many of the products offered. Products manufactured and distributed by D.S. Brown include expansion joint systems, structural bearing assemblies, pavement sealing systems, and other specialty components for bridges, highways, and other infrastructure projects.

On June 3, 2011, the Company acquired Pacific Award Metals, Inc. (Award Metals) for $13 million. Award Metals is a leading regional manufacturer of roof ventilation, roof trims, flashing and rain ware, drywall trims, and specialty clips and connectors for concrete forms used in the new construction and repair and remodel markets. Gibraltar s results from operations included D.S. Brown and Award Metals from the respective dates of acquisition. The acquisitions were financed through cash on hand and debt available under our revolving credit facility.

Divestitures

Gibraltar sold its United Steel Products subsidiary (USP) in March 2011 for $59 million. The sale of USP, along with the acquisitions of D.S. Brown and Award Metals, provide Gibraltar with a broader product offering to construction markets and greater potential for revenue and earnings growth. These transactions are consistent with management s strategy to position Gibraltar as a market leader in the product areas offered by our business and to expand our offering of value-added products.

On February 1, 2010, Gibraltar completed the sale of the majority of the assets of the Processed Metal Products business. This transaction finalized our exit from steel processing. This strategic initiative began in 2005 and included the 2006 sale of our steel strapping business, the 2007 sale of the Hubbell Steel business, and the 2008 sale of the SCM powdered metal business. These divestitures were an ongoing part of our objective to build a company with optimal operating characteristics and improve shareholder value. We now are focused on the manufacture and distribution of building products where the Company has historically generated its highest operating margins. The divestitures described above were recognized as components of discontinued operations in the Company s consolidated financial statements and notes thereto.

Economic Trends

The end markets served by our business are subject to economic conditions influenced by outside factors which include but are not limited to interest rates, commodity costs, demand for residential construction, the level of non-residential construction and infrastructure projects, and demand within the repair and remodel market. The United States construction markets continued an uneven recovery from an unprecedented recession that began in 2008 and led to reduced demand for the products we manufacture and distribute. In addition, tightened credit markets over the same period may have limited the ability of the end users of our products to obtain financing for construction projects. While the U.S. economy has grown since the recession, the construction markets continue to face significant challenges. Construction markets have only recovered modestly from the recession and many economic indicators remain at levels well below long-term averages. As an example, the table below shows housing starts in the United States continued to remain significantly below the long-term average of 1.5 million starts per year:

	September 30, 2011	**September 30, 2010**	**September 30, 2009**
Residential Housing Starts	607,000	585,000	554,000

The decrease in non-residential construction and residential housing starts had a significant impact on the operations of our business by contributing to decreased sales volume and profitability. To respond to current economic conditions facing Gibraltar, including weakened end market conditions and volatile commodity costs, we continue to focus on providing a high level of customer service along with maintaining our position as a market share leader and low-cost provider of our products. We strive for operational excellence through lean initiatives and the consolidation of facilities to reduce costs. As a result, we have closed or consolidated 15 facilities over the past three years, including three during 2011. We have also aggressively reduced operating costs throughout the Company to maximize cash flows generated from operating activities. As a result of these restructuring activities, our break-even point has decreased significantly since 2008.

As noted above, commodity raw material prices for materials such as steel, aluminum, and resins, have also fluctuated significantly during the past three years. These fluctuations impact the cost of raw materials we purchase and the pricing we offer to our customers. Commodity prices fell precipitously during the fourth quarter of 2008 and continued to fall during the first two quarters of 2009. The rapid decrease in commodity prices led to lower sales prices offered to customers and falling margins on our product sales during much of 2009. Commodity prices rose in 2010 and have somewhat stabilized in 2011. We believe our investment in ERP systems and decreased inventory requirements allow us to react better to these fluctuations and have improved our margins.

As a result of the steps we have taken throughout the economic downturn, we have increased liquidity to a strong position. Using cash generated from operations, we have made significant repayments against our outstanding debt and no longer have any amounts outstanding against our revolving credit facility as of year-end. Our liquidity as of December 31, 2011 was $170 million including $54 million of cash and $116 million of availability under our revolving credit facility.

Additionally, the steps taken over the past three years allowed us to return to profitability during the year ended December 31, 2011 for the first time since 2008. We believe our reduced cost structure and lean manufacturing process will allow us to continue growing our revenue and profitability as the economy continues to improve.

Gibraltar entered into the Fourth Amended and Restated Credit Agreement dated October 11, 2011 (the Senior Credit Agreement) to extend the due date of our $200 million revolving credit facility, reduce the cost of borrowings, and provide additional financial flexibility.

Results of Operations

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

The following table sets forth selected results of operations data (in thousands) and its percentages of net sales for the years ended December 31:

	September 30, 2011	September 30,	September 30, 2010	September 30,
Net sales	$ 766,607	100.0%	$ 637,454	100.0%
Cost of sales	621,492	81.1%	533,586	83.7%
Gross profit	145,115	18.9%	103,868	16.3%
Selling, general, and administrative expense	108,957	14.2%	99,546	15.6%
Intangible asset impairment		0.0%	76,964	12.1%
Income (loss) from operations	36,158	4.7%	(72,642)	-11.4%
Interest expense	19,363	2.5%	19,714	3.1%
Other income	(90)	0.0%	(77)	0.0%
Income (loss) before taxes	16,885	2.2%	(92,279)	-14.5%
Provision for (benefit of) income taxes	7,669	1.0%	(16,923)	-2.7%
Income (loss) from continuing operations	9,216	1.2%	(75,356)	-11.8%
Income (loss) from discontinued operations	7,307	1.0%	(15,712)	-2.5%
Net income (loss)	$ 16,523	2.2%	$ (91,068)	-14.3%

The following table sets forth the impact of the Company s acquisitions on net sales and operating income for the year ended December 31 (in thousands):

	September 30, 2011	September 30, 2010	September 30, Total Change	September 30, Change Due To Acquisitions	September 30, Operations
Net sales	$ 766,607	$ 637,454	$ 129,153	$ 71,422	$ 57,731
Operating income (loss)	$ 36,158	$ (72,642)	$ 108,800	$ 5,462	$ 103,338

Net sales increased by $129.1 million, or 20.3%, to $766.6 million for 2011 from net sales of $637.5 million for 2010. The most significant portion of the increase in net sales was from two acquisitions in 2011 which provided an additional $71.4 million of net sales for 2011. The remaining increase in net sales was impacted by an 8.0% increase in the pricing offered to customers and a 1.1% increase in volume. Our selling prices increased from the prior year as a result of the higher costs we paid for steel, aluminum, and resins which impacted the selling prices offered to our customers. Sales volume improved from the previous year as a result of repairs for spring storm damage and some improved macroeconomic conditions in the industrial construction markets which offset the uneven recovery in the new build housing and commercial construction markets.

Our gross margin also increased to 18.9% for 2011 compared to 16.3% for 2010. The improvement in gross margin was primarily due to a better alignment of material costs with customer selling prices and the impact of our 2011 acquisitions which contributed sales of products with higher gross margins. Cost reductions, increased volume, and a $2.4 million reduction in restructuring costs also contributed to our improved gross margin.

Selling, general, and administrative (SG&A) expenses increased by $9.4 million, or 9.4%, to $108.9 million for 2011 from $99.5 million for 2010. The $9.4 million increase was the net result of $9.7 million of additional expense from acquired businesses, increased cost of variable incentive compensation from improved operating results, $1.0 million of acquisition-related costs, and a $0.9 million charge recognized as a result of time-based equity awards surrendered by Gibraltar s Chief Executive Officer partially offset by our cost reduction efforts that resulted in decreased spending on professional services, rent, and other operating expenses. Despite the increased costs, SG&A expenses as a percentage of net sales decreased to 14.2% for 2011 compared to 15.6% for 2010.

Due to changes in the estimated fair value of certain reporting units resulting from a significant decrease in sales projections, we recognized intangible asset impairment charges of $77.0 million for 2010. No impairment charges were recognized for 2011.

Interest expense decreased $0.3 million, or 1.5%, to $19.4 million for 2011 from $19.7 million for 2010. The reduction in interest expense was a result of incurring a $1.4 million charge in 2010 related to an ineffective interest rate swap. The reduction was offset by incurring a $0.3 million charge to write-off deferred financing fees in 2011 and having slightly higher levels of debt outstanding during 2011 compared to 2010. In the first quarter of 2010, we repaid $50 million of debt, which constituted all outstanding debt under our revolving credit facility. Subsequently, we borrowed funds under our revolving credit facility to finance the acquisitions of D.S. Brown and Award Metals during the second quarter of 2011 which were repaid in full during the third quarter of 2011.

We recognized a provision for income taxes of $7.7 million for 2011, an effective tax rate of 45.4%. The effective tax rate for 2011 exceeded the U.S. federal statutory tax rate of 35% due to state taxes and the impact of non-deductible permanent differences. During 2010, we recognized a tax benefit of $16.9 million, an effective tax rate of 18.3%. The effective tax rate differed from the statutory rate due to the effect of non-deductible permanent differences, a large portion of which related to the intangible asset impairment charges that were not deductible for tax purposes. In addition, we recognized a $2.4 million valuation allowance against deferred tax assets in 2010 for certain state net operating loss carryforwards which further reduced the effective tax rate.

Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

The following table sets forth selected results of operations data (in thousands) and its percentages of net sales for the years ended December 31:

	September 30, 2010	September 30,	September 30, 2009	September 30,
Net sales	$ 637,454	100.0%	$ 639,076	100.0%
Cost of sales	533,586	83.7%	519,348	81.3%
Gross profit	103,868	16.3%	119,728	18.7%
Selling, general, and administrative expense	99,546	15.6%	96,691	15.1%
Intangible asset impairment	76,964	12.1%	60,098	9.4%
Loss from operations	(72,642)	-11.4%	(37,061)	-5.8%
Interest expense	19,714	3.1%	21,433	3.3%
Other income	(77)	0.0%	(311)	0.0%
Loss before taxes	(92,279)	-14.5%	(58,183)	-9.1%
Benefit of income taxes	(16,923)	-2.7%	(18,611)	-2.9%
Loss from continuing operations	(75,356)	-11.8%	(39,572)	-6.2%
Loss from discontinued operations	(15,712)	-2.5%	(12,453)	-1.9%
Net loss	$ (91,068)	-14.3%	$ (52,025)	-8.1%

Net sales decreased by $1.6 million, or 0.3%, to $637.5 million for 2010 compared to $639.1 million for 2009. The decrease in net sales from the prior year was the net result of a 1.5% decrease in volume partially offset by a 1.2% increase in pricing offered to customers. The lower volume was primarily due to the slow recovery in the economy which did not generate any significant increase in the demand for our products used in the building and industrial markets. As previously noted, the economic downturn continues to have a negative impact on the residential construction markets and demand for products sold in this market remains low compared to historical levels. The higher selling prices were primarily a result of increased commodity costs for steel, aluminum, and resins.

Our gross margin also decreased to 16.3% for 2010 from 18.7% for 2009. The decrease in gross margin was attributable to a less favorable alignment of material costs to customer selling prices during the current year compared to the previous year. The low level of sales volume led to more pressure on pricing from competitors which in some cases limited our ability to pass along material cost increases. This factor, in combination with rising costs for our raw materials particularly late in the year, contributed to the decline in gross margins. Additionally, we incurred a $4.7 million increase in restructuring charges recognized in cost of sales during 2010 compared to the prior year. The impact of pricing pressures, raw material commodity cost fluctuations, and restructuring charges experienced during 2010 more than offset the cost reduction initiatives we implemented since 2008 to align our cost structure to a lower level of sales volume. We have also continued lean manufacturing initiatives to further reduce our costs and improve efficiencies.

Selling, general, and administrative (SG&A) expenses increased by $2.8 million, or 2.9%, to $99.5 million during 2010 compared to $96.7 million for 2009. The $2.8 million increase was primarily the net result of an increase in variable incentive compensation driven by improved working capital management and the effect of the Company s appreciating stock price on vested stock-based awards during 2010 compared to 2009. This was partially offset by reductions in bad debt expense along with salary and other payroll costs. We implemented a number of cost reduction initiatives since 2008 that included restructuring the business and staff reductions which contributed to the cost reduction noted above.

During 2010 and 2009, due to changes in the estimated fair value of certain reporting units resulting from a significant decrease in sales projections, we recognized intangible asset impairment charges of $77.0 million and $60.1 million, respectively.

Interest expense decreased $1.7 million, or 7.9%, to $19.7 million for 2010 from $21.4 million for 2009. We repaid all of our variable-rate debt during the first quarter of 2010 which decreased the amount of interest paid compared to the prior year. We reduced debt outstanding by $50.1 million, or 19.5%, to $207.2 million as of December 31, 2010 from $257.3 million as of December 31, 2009 through debt repayments.

The benefit of income taxes for 2010 was $16.9 million, an effective tax rate of 18.3%, compared to $18.6 million, an effective tax rate of 32.0%, for 2009. The effective tax rates for 2010 and 2009 were lower than the U.S. federal statutory tax rate of 35% due to the effect of non-deductible permanent differences, a large portion of which related to intangible asset impairment charges that were not deductible for tax purposes. In addition, we recognized a $2.4 million valuation allowance against deferred tax assets in 2010 for certain state net operating loss carryforwards which further reduced the effective tax rate. State taxes partially offset the reduction in the effective tax rate during 2009.

Outlook

During 2011, we experienced strong top and bottom line growth as a result of our strategic acquisitions and cost reduction efforts, despite the uneven recovery in the residential, commercial, and industrial construction markets including new building housing and repair and remolding activities. Management anticipates that we will be able to further capitalize on any meaningful growth in these markets when it occurs. Looking ahead to the first quarter of 2012, which is historically a period of low seasonal demand for our business, we anticipate the contributions of D.S. Brown and Award Metals, benefits from our continued cost reductions, and increased stability within the markets we serve to generate sales growth and profitable operating results. Over the long-term, we believe that the fundamentals of the building and industrial markets are positive. Furthermore, the aggressive actions taken to streamline and improve the efficiency of our business have reduced our break-even point and positioned Gibraltar to generate marked improvements in profitability when economic and market conditions return toward historical levels.

Liquidity and Capital Resources

General

Our principal capital requirements are to fund our operations with working capital, the purchase of capital improvements for our business and facilities, and to fund acquisitions. We will continue to invest in growth opportunities as appropriate while continuing to focus on working capital efficiency and profit improvement opportunities to minimize the cash invested to grow our business. We have successfully generated positive cash flows from operating activities during the past two years to fund our capital requirements and, in 2011, to help fund two acquisitions as noted below in the Cash Flows section of Item 7 of this Annual Report on Form 10-K. We generated positive operating cash flows during these periods despite the challenging economic conditions our business faced. In the future, we expect to continue profitable growth and sustain strong working capital management to continue to generate positive operating cash flow.

As noted above, we entered into the Senior Credit Agreement on October 11, 2011, which includes a $200 million revolving credit facility and provides Gibraltar with access to capital and improved financial flexibility. As of December 31, 2011, our liquidity of $169.7 million consisted of $54.1 million of cash and $115.6 million of availability under our revolving credit facility as compared to liquidity of $146.7 million as of December 31, 2010. We believe that availability of funds under our Senior Credit Agreement together with the cash generated from operations should be sufficient to provide the Company with the liquidity and capital resources necessary to support our principal capital requirements during the next twelve months.

Our Senior Credit Agreement provides the Company with liquidity and capital resources for use by our U.S. operations. Historically, our foreign operations have generated cash flow from operations sufficient to invest in working capital and fund their capital improvements. As of December 31, 2011, our foreign subsidiaries held $19.4 million of cash. We believe cash held by our foreign subsidiaries provides our foreign operations with the necessary liquidity to meet future obligations and allows the foreign business units to reinvest in their operations. These cash resources could eventually be used to grow our business internationally through additional acquisitions.

Over the long-term, we expect that future obligations, including strategic business opportunities such as acquisitions, may be financed through a number of sources, including internally available cash, availability under our revolving credit facility, new debt financing, the issuance of equity securities, or any combination of the above. Potential acquisitions are evaluated on the basis of our ability to enhance our existing products, operations, or capabilities, as well as provide access to new products, markets, and customers and improve shareholder value. The acquisitions of D.S. Brown and Award Metals completed on April 1, 2011 and June 3, 2011, respectively, were financed through the use of cash on hand and debt available under our revolving credit facility.

Cash Flows

The following table sets forth selected cash flow data for the years ended December 31 (in millions):

	September 30, 2011	September 30, 2010
Cash provided by (used in):		
Operating activities of continuing operations	$ 49,828	$ 47,191
Investing activities of continuing operations	(52,295)	19,773
Financing activities of continuing operations	(2,775)	(51,362)
Discontinued operations	(1,044)	21,794
Effect of exchange rate changes	(463)	(126)
Net (decrease) increase in cash and cash equivalents	$ (6,749)	$ 37,270

During the year ended December 31, 2011, net cash provided by continuing operations totaled $49.8 million, primarily driven by income from continuing operations of $9.2 million and non-cash charges including depreciation, amortization, deferred income taxes, and stock compensation of $41.5 million. Net cash provided by continuing operations for 2010 was $47.2 million and was primarily the result of a loss from continuing operations of $75.4 million offset by non-cash charges including depreciation, amortization, stock compensation, and intangible asset impairments of $106.2 million and $16.4 million of cash generated from a net decrease in assets and liabilities.

During the year ended December 31, 2011, the Company modestly increased its investment in working capital and other net assets from December 31, 2010 resulting in $0.9 million of cash outflow. The Company invested modest amounts into working capital despite a 20.3% increase in net sales year over year due to our diligence in reducing working capital requirements and focus on lean initiatives. Cash flow invested in working capital and other net assets was impact by a $10.2 million reduction in other assets as a result of collecting income tax refunds. In addition, accounts payable and accrued liabilities increased as a result of increased material costs and larger accruals for variable incentive compensation leading to $2.1 million and $4.6 million of positive cash flow, respectively. These items were offset by an increase in inventory of $10.1 million and accounts receivable of $7.6 million. The increases in inventory and accounts receivable were a result of increased material costs, manufacturing activity, and sales volume during the last month of the year compared to the last month of the prior year as we expected due to the year over year growth of our business.

Net cash used in investing activities of continuing operations for 2011 of $52.3 million consisted primarily of $109.2 million of acquisitions and capital expenditures of $11.6 million offset by $67.5 million of proceeds from the sale of our USP business unit and the collection of a note receivable related to the 2008 sale of our SCM business unit. Net cash provided by investing activities of continuing operations for 2010 of $19.8 million primarily consisted of $29.2 million of proceeds from the sale of our Processed Metal Products business offset by capital expenditures of $8.4 million.

Net cash used in financing activities for 2011 of $2.8 million primarily consisted of $1.6 million of deferred financing fees related to the Senior Credit Agreement, $0.8 million of treasury stock repurchases related to the net settlement of vested stock awards, and net repayments of $0.4 million on long-term debt. Net cash used in financing activities for 2010 of $51.4 million consisted primarily of $50.4 million of net repayments on long-term debt.

Cash used for discontinued operations was $1.0 million for the year ended December 31, 2011 compared to cash generated from discontinued operations of $21.8 million for 2010. These cash flows related primarily to the USP and Processed Metal Products businesses that were divested in 2011 and 2010, respectively.

Senior Credit Agreement and Senior Subordinated Notes

Borrowings under the Senior Credit Agreement are secured by the trade receivables, inventory, personal property and equipment, and certain real property of the Company s significant domestic subsidiaries. The Senior Credit Agreement provides for a revolving credit facility and letters of credit in an aggregate amount that does not exceed the lesser of (i) $200 million or (ii) a borrowing base determined by reference to the trade receivables, inventories, and property, plant, and equipment of the Company s significant domestic subsidiaries. The Senior Credit Agreement provides Gibraltar with more flexibility by allowing us to request additional financing from the lenders to increase the revolving credit facility to $250 million. The Senior Credit Agreement also provided Gibraltar with a commitment to enter into a term loan subject to conditions that subsequently the Company decided not to satisfy.

The Senior Credit Agreement is committed through the earlier of (i) October 10, 2016 or (ii) six months prior to the December 8, 2015 maturity of the Company s Senior Subordinate 8% Notes (8% Notes). As of December 31, 2011, the maturity date of the revolving credit facility was June 8, 2015, six months prior to the maturity date of the 8% Notes.

Borrowings under the Senior Credit Agreement bear interest at a variable interest 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 Gibraltar. The Senior Credit Agreement 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.

As of December 31, 2011, we had $115.6 million of availability under the Senior Credit Agreement and outstanding letters of credit of $14.3 million. Only one financial covenant is contained within the Senior Credit Agreement, which requires us to maintain a fixed charge ratio (as defined in the agreement) of 1.25 to 1.00 or higher on a trailing four-quarter basis at the end of each quarter. As of December 31, 2011, we were in compliance with the minimum fixed charge coverage ratio covenant. Management expects to be in compliance with the fixed coverage ratio covenant throughout the next twelve months.

During 2010, we repaid all amounts outstanding under the revolving credit facility and did not have any borrowings under the Senior Credit Agreement during the first quarter of 2011. To finance the acquisitions of D.S. Brown and Award Metals in the second quarter of 2011, we borrowed amounts under the revolving credit facility which were subsequently repaid during the third quarter of 2011. As of December 31, 2011, no amounts were outstanding under the revolving credit facility.

The Company s $204.0 million of 8% Notes were issued in December 2005 at a discount to yield 8.25% and are due December 1, 2015. Provisions of the 8% Notes include, without limitation, restrictions on indebtedness, liens, and distributions from restricted subsidiaries, asset sales, affiliate transactions, dividends, and other restricted payments. Dividend payments are subject to annual limits of $0.25 per share and $10 million. The 8% Notes are currently redeemable at the option of the Company, in whole or in part, at the redemption price (as defined in the Senior Subordinated 8% Notes Indenture), declined to 103% on December 1, 2011 and will decline to 101% and 100% on and after December 1, 2012 and 2013, respectively. In the event of a Change in Control (as defined in the Senior Subordinated 8% Notes Indenture), each holder of the 8% Notes may require the Company to repurchase all or a portion of such holder s 8% Notes at a purchase price equal to 101% of the principal amount thereof. At December 31, 2011, we had $202.3 million, net of discount, of our 8% Notes outstanding.

Each of our significant domestic subsidiaries has guaranteed the obligations under the Senior Credit Agreement. The Senior Credit Agreement contains other provisions and events of default that are customary for similar agreements and may limit our ability to take various actions. The Senior Subordinate 8% Notes Indenture also contains provisions that limit additional borrowings based on the Company s consolidated coverage ratio.

Off Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements.

Contractual Obligations

The following table summarizes by category our Company s expected future cash outflows associated with contractual obligations in effect at December 31, 2011 (in thousands):

	September 30,	September 30,	September 30,	September 30,	September 30,
			Payments Due by Period		
Contractual Obligation	Total	Less than One Year	One to Three Years	Three to Five Years	More Than Five Years
Fixed rate debt	$ 202,347	$ 9	$ 14	$ 202,324	$
Interest on fixed rate debt	63,922	16,321	32,641	14,960	
Variable rate debt	4,816	408	808	800	2,800
Interest on variable rate debt [1]	64	10	18	14	22
Operating lease obligation	33,386	9,633	14,062	5,849	3,842
Performance stock unit awards	8,259	8,259			
Pension and other post-retirement obligations	7,773	739	1,446	1,409	4,179
Management stock purchase plan [2]	1,479	540	779	160	
Total [3]	$ 322,046	$ 35,919	$ 49,768	$ 225,516	$ 10,843

1 Calculated using the interest rate in effect at December 31, 2011.

2 Includes amounts due to retired participants of the Management Stock Purchase Plan (MSPP). Excludes the future payments due to active participants of the MSPP, which represents a liability of approximately $5.6 million as of December 31, 2011. Future payments to active participants cannot be accurately estimated as we are uncertain of when active participants service to the Company will terminate.

3 Excludes liabilities for uncertain tax positions of $2.5 million. We have not included the liabilities for uncertain tax positions as we cannot make reliable estimates of the period of cash settlement.

Critical Accounting Policies

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make decisions based upon estimates, assumptions, and factors it considers relevant to the circumstances. Such decisions include the selection of applicable principles and the use of judgment in their application, the results of which could differ from those anticipated.

A summary of the Company s significant accounting policies are described in Note 1 of the Company s consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

Our most critical accounting policies include:

- valuation of accounts receivable, which impacts selling, general, and administrative expense;
- valuation of inventory, which impacts cost of sales and gross margin;
- the allocation of the purchase price of acquisitions to the fair value of acquired assets and liabilities, which impacts our depreciation and amortization costs;
- the assessment of recoverability of depreciable and amortizable long-lived assets, which impacts the impairment of long-lived assets;
- the assessment of recoverability of goodwill and other indefinite-lived intangible assets, which impacts the impairment of goodwill and intangible assets; and
- accounting for income taxes and deferred tax assets and liabilities, which impact the provision for income taxes.

Management reviews the estimates, including the allowance for doubtful accounts and inventory reserves, on a regular basis and makes adjustments based on historical experience, current conditions, and future expectations. Management believes these estimates are reasonable, but actual results could differ from these estimates.

Valuation of Accounts Receivable

Our accounts receivable represent those amounts that have been billed to our customers but not yet collected. As of December 31, 2011 and 2010, allowances for doubtful accounts of $4.6 million and $3.5 million were recorded, respectively, or 5% of gross accounts receivable for both periods. We record an allowance for doubtful accounts based on the portion of those accounts receivable that we believe are potentially uncollectible based on various factors, including experience, creditworthiness of customers, and current market and economic conditions. If the financial condition of customers were to deteriorate, resulting in impairment of their ability to make payments, additional allowances may be required. Changes in judgments on these factors could impact the timing of costs recognized.

Valuation of Inventories

We state our inventories at the lower of cost or market. We determine the cost basis of our inventory on a first-in, first-out basis using a standard cost methodology that approximates actual cost. On a regular basis, we calculate an estimated market value of our inventory, considered to be the prevailing selling price for the inventory less the cost to complete and sell the product. We compare the current carrying value of our inventory to the estimated market value to determine whether a reserve to value inventory at the lower of cost or market is necessary. We recorded insignificant charges during the three year period ended December 31, 2011 to value our inventory at the lower of cost or market.

We regularly review inventory on hand and record provisions for excess, obsolete, and slow-moving inventory based on historical and current sales trends. We recorded reserves for excess, obsolete, and slow-moving inventory of $4.1 million and $3.0 million as of December 31, 2011 and 2010, respectively, or 4% of gross inventories for both periods. Changes in product demand and our customer base may affect the value of inventory on hand, which may require higher provisions for obsolete inventory.

Accounting for Acquired Assets and Liabilities

When we acquire a business, we allocate the purchase price to the assets acquired and liabilities assumed in the transaction at their respective estimated fair values. We record any premium over the fair value of net assets acquired as goodwill. The allocation of the purchase price involves judgments and estimates both in characterizing the assets and in determining their fair value. The way we characterize the assets has important implications, as long-lived assets with definitive lives, for example, are depreciated or amortized, whereas goodwill is tested annually for impairment, as explained below.

With respect to determining the fair value of assets, the most subjective estimates involve valuations of long-lived assets, such as property, plant, and equipment as well as identified intangible assets. We use all available information to make these fair value determinations and engage independent valuation specialists to assist in the fair value determination of the acquired long-lived assets. The fair values of long-lived assets are determined using valuation techniques that use discounted cash flow methods, independent market appraisals, and other acceptable valuation techniques. The following summarizes the amount of purchase price allocated to property, plant, and equipment, identifiable intangible assets, and goodwill for the acquisitions completed in 2011 (in millions):

Acquisition	September 30, Initial Purchase Price	September 30, Property, Plant, and Equipment	September 30, Identified Intangible Assets	September 30, Goodwill	September 30, Other Net Assets
D.S. Brown	$ 97.6	$ 14.5	$ 33.3	$ 46.2	$ 3.6
Award Metals	$ 13.4	$ 2.8	$ 2.1	$ 4.3	$ 4.2

Due to the subjectivity inherent in determining the fair value of long-lived assets and the significant number of acquisitions we have completed, we believe the allocation of purchase price to acquired assets and liabilities is a critical accounting policy.

Impairment of Depreciable and Amortizable Long-lived Assets

We test long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable and exceed their fair value. The following summarizes the value of long-lived assets subject to impairment testing when events or circumstances indicate potential impairment as of December 31, 2011 (in millions):

	September 30,
Property, plant, and equipment, net	$ 152.0
Acquired intangibles with finite lives	$ 48.5
Other assets	$ 7.6

Impairment exists if the carrying amount of the asset in question exceeds the sum of the undiscounted cash flows expected to result from the use of the asset. The impairment loss would be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value as determined by discounted cash flow method, an independent market appraisal of the asset, or another acceptable valuation technique. We recognized impairment charges for property, plant, and equipment as a result of restructuring activities during the years ended December 31, 2011 and 2010 and for amortizable intangible assets. No depreciable or amortizable long-lived assets were impaired during the year ended December 31, 2009.

Goodwill and Other Indefinite-lived Intangible Asset Impairment Testing

Our goodwill and indefinite-lived intangible asset balances of $348.3 million and $46.8 million as of December 31, 2011, respectively, are subject to impairment testing. We test goodwill and indefinite-lived intangible assets for impairment on an annual basis as of October 31 and at interim dates when indicators of impairment are present. Indicators of impairment could include a significant long-term adverse change in business climate, poor indicators of operating performance, or a sale or disposition of a significant portion of a reporting unit.

During 2011, we concluded that no new indicators of impairment existed at interim dates and did not perform any interim impairment tests related to goodwill and indefinite-lived intangible assets. We tested goodwill and other indefinite-lived intangible assets for impairment during the fourth quarter of 2011 at the annual test date. No impairment charges were recognized as a result of the October 31, 2011 impairment test. However, the Company recognized intangible asset impairment charges of $77.0 million and $60.1 million for the years ended December 31, 2010 and December 31, 2009, respectively. In addition to the annual impairment test, goodwill and other indefinite-lived assets were tested for impairment at two interim dates during 2009: March 31 and June 30.

We test goodwill for impairment at the reporting unit level. We identify our reporting units by assessing whether the components of our operating segments constitute businesses for which discrete financial information is available and segment management regularly reviews the operating results of those components. As of the October 31, 2011 impairment test, we identified eleven reporting units in total, of which ten have goodwill. We added two reporting units from acquisitions completed during 2011 and reduced the number of reporting units by one as a result of a divestiture.

The goodwill impairment test consists of comparing the fair value of a reporting unit with its carrying amount including goodwill. If the carrying amount of the reporting unit exceeds the reporting unit s fair value, the implied fair value of goodwill is compared to the carrying amount of goodwill. An impairment loss is recognized for the amount by which the carrying amount of goodwill exceeds the implied fair value of goodwill.

The following table sets forth the amount of goodwill allocated to each reporting unit tested for goodwill impairment and the percentage by which the estimated fair value of each reporting unit exceeded its carrying value as of the October 31, 2011 goodwill impairment test (in thousands):

Reporting Unit	**September 30, Goodwill Allocated to Reporting Unit**	**September 30, Percentage By Which Estimated Fair Value Exceeds Carrying Value**
#1	$ 111,499	24%
#2	89,231	31%
#3	46,270	9%
#4	27,332	52%
#5	21,268	9%
#6	19,569	39%
#7	18,261	9%
#8	8,256	8%
#9	4,328	25%
#10	3,589	166%
	$ 349,603	

The October 31, 2011 goodwill impairment test included significant assumptions. To estimate the fair value of the reporting units as a part of step one of the impairment test, we used two valuation techniques: an income approach and a market approach. The income approach included a discounted cash flow model relying on significant assumptions consisting of revenue growth rates and profit margins based on internal forecasts, terminal value, and the weighted average cost of capital (WACC) used to discount future cash flows. The market approach consisted of applying an Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) multiple to the forecasted EBITDA to be generated in 2011 and 2012. The market approach also relied on significant assumptions consisting of revenue growth rates and profit margins based on internal forecasts and the EBITDA multiple selected from an analysis of peer companies.

The following table sets forth the compound annual revenue growth rate for the five-year period used to forecast cash flows and the average operating margin for the forecasted periods compared to actual operating margins generated over the long-term:

Reporting Unit	September 30, Compound Annual Revenue Growth Rate For Forecasted Periods	September 30, Operating Margins For Forecasted Periods	September 30, Actual Long-term Operating Margins (a)
#1	3%	20%	21%
#2	7%	11%	9%
#3	4%	17%	18%
#4	2%	15%	14%
#5	6%	8%	7%
#6	3%	10%	9%
#7 (b)	11%	8%	5%
#8 (c)	13%	14%	11%
#9 (c)	14%	7%	0%
#10 (d)	3%	9%	6%

(a) Operating margins presented exclude restructuring charges incurred by each reporting unit.

(b) This reporting unit made an incremental acquisition of a product line with significantly higher margins than the existing product lines it offers. Additionally, this reporting unit s operations were restructured in 2010. As a result, we believe forecasted operating margins will exceed prior results.

(c) The operating margins presented only include operating results generated since the dates these reporting units were acquired by Gibraltar. Since these operating results were generated during an economic downturn, we do not believe the results are representative of recent results or results expected in future periods.

(d) This reporting unit s operations were restructured in 2007. The reporting unit has since generated operating margins approaching 10%.
We analyzed third-party forecasts of housing starts and other macroeconomic indicators that impact each reporting unit to provide a reasonable estimate of revenue growth in future periods. Our analysis of third-party forecasts noted that housing starts were projected to grow at a compound annual growth rate of 23% from 2011 to 2016. Therefore, we considered these forecasts in developing each reporting unit s growth rates over the next five years depending on the level of correlation between housing starts and net sales for each reporting unit. The correlation between housing starts and net sales was based on an analysis of historical housing starts and our historical revenue. We concluded that this approach provided a reasonable estimate of long-term revenue growth and cash flows for each reporting unit.

Operating margins used to estimate future cash flows were consistent with long-term margins generated by the reporting units while they have been owned and operated by Gibraltar as shown in the table above. The reporting units where forecasted operating margins exceed long-term operating margins generated by the reporting unit were for reporting units that were recently acquired and, therefore, the long-term operating margins were more significantly impacted by the economic turmoil that began in 2008. Additionally, we took strategic actions to consolidate facilities, reduce costs, and restructure these business units to become more profitable as the economy recovers. These actions led to increased costs and lower operating margins in the short term. Based on our understanding of these reporting units and the actions taken by management to restructure the businesses for improved growth and profitability, we concluded that the long-term cash flows forecasted for all of the Company s reporting units were reasonable.

In addition to revenue growth and operating margin forecasts, the discounted cash flow model used to estimate the fair value of each reporting unit also uses assumptions for the amount of working capital needed to support each reporting unit. We forecasted modest improvement in working capital management for future periods at each reporting unit based on past performance. The Company experienced a significant reduction in days of working capital from 77 days for the year ended December 31, 2008 to 63 days for the year ended December 31, 2011. We have been able to significantly improve our working capital management through lean initiatives, efficiency improvements, and facility consolidations. We believe continued improvement in our ability to manage working capital will allow us to increase the cash flow generated from each reporting unit.

The terminal value of each reporting unit was based on a projected terminal year of forecasted cash flows in our discounted cash flow model. We made an assumption that cash flows would grow 2.0% each year thereafter based on our approximation of gross domestic product growth in the North American and European markets served by the Company. This assumption was based on a third-party forecast of future economic growth over the long-term.

The discounted cash flow model uses the WACC to discount cash flows in the forecasted period and to discount the terminal value to present value. To determine the WACC, we used a standard valuation method, the capital asset pricing model, based on readily available and current market data of peer companies considered market participants. Acknowledging the risk inherent in each reporting units ability to achieve long-term forecasted cash flows, in applying the income approach we increased the WACC of each reporting unit based upon each reporting unit s past operating performance and their relative ability to achieve the forecasted cash flows. As a result of these analyses, we assigned a WACC between 10.8% and 12.5% for each reporting unit.

The EBITDA multiple used in the market approach to determine the fair value of each reporting unit was applied to the forecasted EBITDA to be generated during 2011 and 2012. The market approach relies on significant assumptions consisting of revenue growth rates and profit margins based on internal forecasts and the EBITDA multiple selected from an analysis of peer companies considered market participants. The revenue growth rates and profit margins used in the market approach were the same projections used in the discounted cash flows model as described above. The EBITDA multiples were established by analyzing each peer companies total invested capital in proportion to EBITDA derived from each peer companies most recently reported earnings. Similar to the WACC analysis, we assessed the risk of each reporting unit achieving its forecasts with consideration given to how each reporting unit has performed historically compared to forecasts. As a result of these analyses, we assigned an EBITDA multiple between 8.6 and 9.6 for 2011 EBITDA forecasts and 6.7 and 7.7 for 2012 EBITDA forecasts.

As noted above, we used two commonly accepted valuation techniques to estimate a fair value for each reporting unit. The estimated fair value for each reporting unit was calculated using a weighted average between the calculated amounts determined under the income approach and the market approach. We weighted the income approach more heavily (67%) as the technique uses a long-term approach that considers the expected operating profit of each reporting unit during periods where housing starts and other macroeconomic indicators are nearer historical averages. The market approach (33%) values the reporting units using 2011 and 2012 EBITDA values which were forecasted using estimated housing starts of 605,000 and 724,000, respectively. Housing starts have historically approximated 1.5 million each year. We believe the income approach considers the expected recovery in the residential building market better than the market approach. Therefore, we concluded that the income approach more accurately estimated the fair value of the reporting units as it considers earnings potential during a longer term and does not use the short-term perspective used by the market approach. Accordingly, we concluded that the market participants who execute transactions to sell or buy a business in the current economic environment would place greater emphasis on the income approach.

The following table sets forth the Company s estimated fair value and carrying value for each reporting unit as of October 31, 2011 (in thousands):

Reporting Unit	September 30, Estimated Fair Value	September 30, Carrying Value
#1	$ 120,546	$ 97,540
#2	227,041	173,014
#3	102,130	93,957
#4	59,745	39,194
#5	41,735	38,348
#6	26,113	18,830
#7	29,171	26,791
#8	56,194	51,846
#9	27,712	22,187
#10	20,441	7,679
Others Without Goodwill	42,936	59,603
Corporate	(131,384)	3,206
Total	$ 622,380	$ 632,195
Net Debt		$ 162,418
Equity (Net Book Value)		469,777
Total		$ 632,195

The Corporate category includes unallocated corporate cash out flows. Unallocated corporate cash out flows include executive compensation and other administrative costs. Gibraltar has grown substantially through acquisitions and our strategy is to allow business unit management to operate the business units autonomous of corporate management. For example, each business unit has its own accounting, marketing, purchasing, information technology, and executive functions. As a result, we believe a market participant would not consider unallocated corporate cash flows when valuing each reporting unit and these cash flows have been properly excluded from the valuation of the reporting units.

We also performed a reconciliation of the total estimated fair values of the reporting units to our market capitalization as of October 31, 2011 to support the reasonableness of the fair value estimates used in our goodwill impairment test. The following calculation provides this reconciliation and the resulting control premium determined as of our October 31, 2011 impairment analysis (in thousands):

	September 30, Estimated Fair Value	September 30, Estimated Market Capitalization	September 30,
Estimated Fair Value of Reporting Units	$ 622,380		
Less: Net Debt as of October 31, 2011	(162,418)		
Shares Outstanding as of October 31, 2011		30,419	
Average Stock Price from October 20, 2011 to November 10, 2011		$ 11.36	
Value of Equity	$ 459,962	$ 345,560	
Control Premium			33%

Despite the difference between our net book value and the estimated fair value of equity, all reporting units with goodwill had fair values in excess of their carrying value. The difference between our net book value and the estimated fair value of equity is the result of the negative future cash flows associated with our unallocated corporate net assets as described above. Although the book value of equity exceeds our market capitalization, we deemed the control premium as of the October 31, 2011 impairment analysis to be reasonable based upon recent comparable transactions to acquire the control of similar businesses in our industry. Accordingly, we concluded the estimated fair value of each reporting unit was reasonably estimated.

We test our intangible assets for impairment by comparing the fair value of the indefinite-lived intangible asset, determined using a discounted cash flow model, with its carrying amount. An impairment loss would be recognized for the carrying amount in excess of its fair value. We recognized impairment charges for indefinite-lived intangible assets as a result of our October 31, 2010 and 2009 impairment tests. The assumptions used to determine the fair value of our indefinite-lived intangible assets are consistent with the assumptions employed in the determination of the fair values of our reporting units.

Accounting for Income Taxes and Deferred Tax Assets and Liabilities

Significant management judgment is required in determining our provision for income taxes, deferred tax assets and liabilities, and any valuation allowances. Our effective tax rates differ from the statutory rate due to the impact of permanent differences between income or loss reported for financial statement purposes and tax purposes, provisions for uncertain tax positions, state taxes, and income generated by international operations. Our effective tax rate was 45%, 18%, and 32%, for the years ended December 31, 2011, 2010, and 2009, respectively. Our future effective tax rates could be adversely affected by earnings being lower than anticipated in countries where we have lower statutory rates and vice versa. Changes in the valuation of our deferred tax assets or liabilities or changes in tax laws or interpretations thereof may also adversely affect our future effective tax rate. In addition, we are subject to the continuous examination of our income tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes.

Deferred tax assets and liabilities are determined based upon the differences between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates that will be in effect when these differences reverse. Valuation allowances are provided if based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

During the year ended December 31, 2011, deferred income tax liabilities increased primarily as a result of the acquisitions of the stock of D.S. Brown and Award Metals. Regarding deferred income tax assets, we maintained valuation allowances of $2.6 million and $2.8 million as of December 31, 2011 and 2010, respectively, due to uncertainties related to our ability to utilize these assets, primarily consisting of state net operating losses and other deferred tax assets. The valuation allowances are based on estimates of taxable income in each of the jurisdictions in which we operate and the period over which our deferred tax assets will be recoverable. If market conditions improve and future results of operations exceed our current expectations, our existing tax valuation allowances may be adjusted, resulting in future tax benefits. Alternatively, if market conditions deteriorate further or future operating results do not meet expectations, future assessments may result in a determination that some or all of the deferred tax assets are not realizable. As a result, we may need to establish additional tax valuation allowances for all or a portion of the gross deferred tax assets, which may have a material adverse effect on our results of operations and financial condition.

It is our policy to record estimated interest and penalties due to tax authorities as income tax expense and tax credits as a reduction in income tax expense. Insignificant amounts of interest and penalties were recognized in the provision for income taxes for 2011. During the years ended December 31, 2010 and 2009, we recognized $0.1 million and $0.2 million of interest and penalties, respectively.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by tax authorities, based on the technical merits of each position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution. As of December 31, 2011 and 2010, the liability for uncertain income tax positions was $2.5 million and $2.2 million, respectively. Due to the high degree of uncertainty regarding the timing of potential future cash flows associated with these liabilities, we are unable to make a reasonably reliable estimate of the amount and period in which these liabilities might be paid.

Related Party Transactions

A member of our Board of Directors, Gerald S. Lippes, is a partner in a law firm that provides legal services to Gibraltar. For the years ended December 31, 2011, 2010, and 2009, the Company incurred costs of $1.8 million, $0.9 million, and $1.1 million, respectively, for legal services from this firm. Costs incurred increased significantly for 2011 as a result of additional legal services provided for the acquisitions completed in 2011 and our amended Senior Credit Agreement. At December 31, 2011 and 2010, we had $0.3 million and $0.3 million, respectively, recorded in accounts payable for amounts due to this law firm.

Another member of our Board of Directors, 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 our Senior Credit Agreement. All amounts outstanding under the Senior Credit Agreement were repaid in full as of December 31, 2011 and 2010 and $74.3 million of principal and interest was paid to the lenders during the year ended December 31, 2011.

Borrowings under the Senior Credit Agreement bear interest at a variable interest 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 Gibraltar. 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.

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (Update) 2011-04, Fair Value Measurement (Topic 820) Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. Update 2011-04 generally clarifies the requirements for measuring fair value and for disclosing information about fair value measurements. This Update results in common principles and requirements regarding fair value measurements for U.S. GAAP and International Financial Reporting Standards. The amendments are effective for interim and annual periods beginning after December 15, 2011 and are to be applied prospectively. The Company does not expect the adoption of Update 2011-04 will have a material impact on the Company s consolidated financial statements.

In June 2011, the FASB issued Update 2011-05, Comprehensive Income (Topic 220) Presentation of Comprehensive Income. Under the amendments included in Update 2011-05, an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The Company adopted Update 2011-05 retrospectively in 2011 which did not have a material impact on the Company s consolidated results from operations, financial position, or cash flows.

In September 2011, the FASB issued Update 2011-08, Intangibles Goodwill and Other (Topic 350) Testing Goodwill for Impairment. Under the amendments included in Update 2011-08, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. However, if an entity concludes otherwise, the two-step impairment test is required. The amendments are effective for fiscal years beginning after December 15, 2011 although early adoption is permitted. Although the amendments may change how goodwill is tested for impairment, the Company does not expect the adoption of Update 2011-08 will have a material impact on the timing or measurement of any goodwill impairments.

In September 2011, the FASB issued Update 2011-09, Compensation Retirement Benefits Multiemployer Plans (Subtopic 715-80) Disclosures about an Employer s Participation in a Multiemployer Plan . The amendments included in Update 2011-09 require employers to provide additional separate disclosures for multiemployer pension plans and multiemployer other postretirement benefit plans. The amended disclosures provide users with more detailed information about an employer s involvement in these plans. The Company participates in various multiemployer pension plans and was required to disclose additional information about these plans in the consolidated financial statements for the year ended December 31, 2011 as included in Item 8 of this Annual Report on Form 10-K.

Item 7A. ***Quantitative and Qualitative Disclosures about Market Risk***

In the ordinary course of business, the Company is exposed to various market risk factors, including changes in general economic conditions, competition, and raw materials pricing and availability. In addition, the Company is exposed to other financial market risks, primarily related to its long-term debt and foreign operations.

Raw Material Pricing Risk

We are subject to market risk exposure related to volatility in the price of steel, aluminum, and resins. A significant amount of our cost of sales relates to material costs. Our business is heavily dependent on the price and supply of our raw materials. Our various products are fabricated from steel, primarily hot-rolled and galvanized steel coils and bars, produced by mills and service centers. Many of our products are also fabricated from aluminum coils and resins. The commodity market, which includes the steel, aluminum, and resin industries, is highly cyclical in nature, and commodity costs have been volatile in recent years and may remain volatile in the future. Commodity costs are influenced by numerous factors beyond our control, including general economic conditions, the availability of raw materials, competition, labor costs, freight and transportation costs, production costs, import duties and other trade restrictions.

Although we have the ability to purchase steel from a number of suppliers, a production cutback by one or more of our current suppliers could create challenges in meeting delivery schedules to our customers. The prices we offer to our customers are also impacted by changes in commodity costs. We manage the alignment of the cost of our raw materials and prices offered to customers and attempt to pass changes to raw material costs through to our customers. To improve our management of commodity costs, we attempt to maintain lean inventory levels. Our investment in ERP systems was made to increase our effectiveness in this process.

We do not enter into long-term contracts for the purchase of raw materials and do not maintain inventory levels in excess of our production requirements. However, from time to time, we may purchase raw materials in advance of commodity cost increases.

We rely on major suppliers for our supply of raw materials. During 2011, we purchased our raw materials from domestic and foreign suppliers in an effort to purchase the lowest cost material as possible.

We cannot accurately calculate the pre-tax impact a one percent change in the commodity costs would have on our 2011 operating results as the change in commodity costs would both impact the cost to purchase materials and the selling prices we offer our customers. The impact to our operating results would significantly depend on the competitive environment and the costs of other alternative building products, which could impact our ability to pass commodity costs to our customers.

Interest Rate Risk

To manage interest rate risk, Gibraltar uses both fixed and variable interest rate debt. We repaid all amounts outstanding under our revolving credit facility, and no amounts remain outstanding as of December 31, 2011. As a result, fixed rate debt consisting of the Company s Senior Subordinated 8% Notes is the only significant debt that remains outstanding at year end. We believe we limited our exposure to interest rate risk as a result of repaying substantially all variable rate debt and the long-term nature of our fixed rate debt. However, the Company will continue to monitor changes in its debt levels and access to capital ensuring interest rate risk is appropriately managed.

At December 31, 2011, our fixed rate debt consisted primarily of $202.3 million, net of discount, of our 8% Notes. The Company s $204.0 million of 8% Notes were issued in December 2005 at a discount to yield 8.25%. The 8% Notes are due December 1, 2015.

Our variable rate debt consists primarily of the revolving credit facility under the Senior Credit Agreement, of which no amounts are outstanding as of December 31, 2011, and other debt. Borrowings under the revolving credit facility bear interest at a variable interest rate based upon the LIBOR plus an additional margin. A hypothetical 1% increase or decrease in interest rates would have changed the 2011 interest expense by approximately $0.1 million.

Foreign Exchange Risk

Gibraltar has foreign exchange risk in our international operations, primarily located in Canada and Europe, and through purchases from foreign vendors. Therefore, changes in the values of currencies of these countries affect our financial position and cash flows when translated into U.S. Dollars. We accepted our exposure to exchange rate movements relative to Gibraltar s international operations and do not hedge our foreign exchange risk exposures. A change of 10% in the value of all applicable foreign currencies would not have a material effect on our financial position and cash flows.

Item 8. ***Financial Statements and Supplementary Data***

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Gibraltar Industries, Inc.

We have audited the accompanying consolidated balance sheets of Gibraltar Industries, Inc. as of December 31, 2011 and 2010, and the related consolidated statements of operations, comprehensive income, shareholders equity, and cash flows for each of the three years in the period ended December 31, 2011. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Gibraltar Industries, Inc. at December 31, 2011 and 2010 and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Gibraltar Industries, Inc. s internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 24, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Buffalo, New York
February 24, 2012

GIBRALTAR INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

	September 30,	September 30,	September 30,
		Year Ended December 31,	
	2011	2010	2009
Net sales	$ 766,607	$ 637,454	$ 639,076
Cost of sales	621,492	533,586	519,348
Gross profit	145,115	103,868	119,728
Selling, general, and administrative expense	108,957	99,546	96,691
Intangible asset impairment		76,964	60,098
Income (loss) from operations	36,158	(72,642)	(37,061)
Interest expense	19,363	19,714	21,433
Other income	(90)	(77)	(311)
Income (loss) before taxes	16,885	(92,279)	(58,183)
Provision for (benefit of) income taxes	7,669	(16,923)	(18,611)
Income (loss) from continuing operations	9,216	(75,356)	(39,572)
Discontinued operations:			
Income (loss) before taxes	13,840	(27,125)	(20,181)
Provision for (benefit of) income taxes	6,533 &		