

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1998

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 Steel Corporation
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

16-1445150
(I.R.S. Employer
Identification No.)

3556 Lake Shore Road, P.O. Box 2028, Buffalo, New York 14219-0228
(Address of principal executive offices)

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

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 . No .

As of September 30, 1998, the number of common shares outstanding was: 12,481,293.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GIBRALTAR STEEL CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEET
(in thousands)

	September 30, 1998 (unaudited)	December 31, 1997 (audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,314	\$ 2,437
Accounts receivable	82,149	49,151
Inventories	112,000	76,701
Other current assets	4,390	2,457
Total current assets	200,853	130,746
Property, plant and equipment, net	157,033	115,402
Other assets	83,839	35,188
	\$ 441,725 =====	\$ 281,336 =====
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 59,040	\$ 38,233
Accrued expenses	14,904	3,644
Current maturities of long-term debt	1,292	1,224
Total current liabilities	75,236	43,101
Long-term debt	188,713	81,800
Deferred income taxes	20,635	15,094
Other non-current liabilities	1,738	1,297
Shareholders' equity		
Preferred shares	-	-
Common shares	125	124
Additional paid-in capital	66,530	66,190
Retained earnings	88,748	73,730
Total shareholders' equity	155,403	140,044
	\$ 441,725 =====	\$ 281,336 =====

See accompanying notes to financial statements

GIBRALTAR STEEL CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF INCOME
(in thousands, except per share data)

	Three Months Ended September 30, 1998 1997 (unaudited)		Nine Months Ended September 30, 1998 1997 (unaudited)	
Net sales	\$ 152,628	\$ 114,249	\$ 413,893	\$ 341,739
Cost of sales	124,937	96,102	339,149	284,977
Gross profit	27,691	18,147	74,744	56,762
Selling, general and administrative expense	15,777	10,525	42,026	31,177
Income from operations	11,914	7,622	32,718	25,585
Interest expense	3,337	1,310	7,688	3,907
Income before taxes	8,577	6,312	25,030	21,678
Provision for income taxes	3,431	2,525	10,012	8,748
Net income	\$ 5,146	\$ 3,787	\$ 15,018	\$ 12,930
	=====	=====	=====	=====
Net income per share-Basic	\$.41	\$.31	\$ 1.21	\$ 1.05
	=====	=====	=====	=====
Weighted average number of shares outstanding-Basic	12,477	12,372	12,446	12,341
	=====	=====	=====	=====
Net income per share-Diluted	\$.41	\$.30	\$ 1.19	\$ 1.03
	=====	=====	=====	=====
Weighted average number of shares outstanding-Diluted	12,612	12,637	12,640	12,584
	=====	=====	=====	=====

See accompanying notes to financial statements

GIBRALTAR STEEL CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

	Nine Months Ended September 30, 1998 1997 (unaudited)	
Cash flows from operating activities		
Net income	\$ 15,018	\$ 12,930
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,368	6,216
Provision for deferred income taxes	1,329	1,230
Undistributed equity investment income	(259)	(383)
Other noncash adjustments	275	239
Increase (decrease) in cash resulting from changes in (net of acquisitions):		
Accounts receivable	(18,238)	(8,849)
Inventories	(18,958)	5,610
Other current assets	(1,356)	(1,099)
Accounts payable and accrued expenses	16,111	(2,160)
Other assets	(757)	(390)
Net cash provided by operating activities	2,533	13,344
Cash flows from investing activities		
Acquisitions, net of cash acquired	(86,799)	(26,475)
Purchases of property, plant and equipment	(16,807)	(17,677)
Net proceeds from sale of property and equipment	108	87
Net cash used in investing activities	(103,498)	(44,065)
Cash flows from financing activities		
Long-term debt reduction	(28,002)	(62,059)
Proceeds from long-term debt	128,778	89,365
Net proceeds from issuance of common stock	66	792
Net cash provided by financing activities	100,842	28,098
Net decrease in cash and cash equivalents	(123)	(2,623)
Cash and cash equivalents at beginning of year	2,437	5,545
Cash and cash equivalents at end of period	\$ 2,314 =====	\$ 2,922 =====

See accompanying notes to financial statements

GIBRALTAR STEEL CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying condensed consolidated financial statements as of September 30, 1998 and 1997 have been prepared by the Company without audit. In the opinion of management, all adjustments necessary to present fairly the financial position, results of operations and cash flows at September 30, 1998 and 1997 have been included.

Certain information and footnote disclosures including significant accounting policies normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements included in the Company's Annual Report to Shareholders for the year ended December 31, 1997.

The results of operations for the nine month period ended September 30, 1998 are not necessarily indicative of the results to be expected for the full year.

2. INVENTORIES

Inventories consist of the following:

	(in thousands)	
	September 30, 1998 (unaudited)	December 31, 1997 (audited)
Raw material	\$ 75,014	\$ 51,804
Finished goods and work-in-process	36,986	24,897
Total inventories	\$112,000 =====	\$ 76,701 =====

3. STOCKHOLDERS' EQUITY

The changes in stockholders' equity consist of:

	(in thousands)			
	Common Shares	Shares Amount	Additional Paid-in Capital	Retained Earnings
December 31, 1997	12,410	\$ 124	\$ 66,190	\$ 73,730
Net Income	-	-	-	15,018
Stock options exercised	5	-	65	-
Restricted stock granted	55	1	-	-
Earned portion of restricted stock	-	-	58	-
Profit sharing plan contribution	11	-	217	-
September 30, 1998	12,481	\$ 125	\$ 66,530	\$ 88,748

4. EARNINGS PER SHARE

Basic net income per share equals net income divided by the weighted average shares outstanding for the nine months ended September 30, 1998 and 1997. The computation of diluted net income per share includes all dilutive common stock equivalents in the weighted average shares outstanding. The reconciliation between basic and diluted earnings per share is as follows:

	Income	Basic Shares	Basic EPS	Diluted Shares	Diluted EPS
1998	\$15,018,000	12,446,209	\$1.21	12,639,655	\$1.19
1997	\$12,930,000	12,340,900	\$1.05	12,584,083	\$1.03

Included in diluted shares are common stock equivalents relating to options of 193,446 and 243,183 for 1998 and 1997, respectively.

5. ACQUISITIONS

On June 1, 1998, the Company purchased all the outstanding common stock of United Steel Products Company (USP) for approximately \$24 million in cash. USP designs and manufacturers lumber connector products for the wholesale market and plastic molded products for component manufacturers.

On April 1, 1998, the Company purchased the assets and business of Appleton Supply Co., Inc. (Appleton) for approximately \$28 million in cash. Appleton manufactures louvers, roof edging, soffitts and other metal building products for wholesale distribution.

On March 1, 1998, the Company purchased the assets and business of The Solar Group (Solar) for approximately \$35 million in cash. Solar manufactures a line of construction products as well as a complete line of mailboxes, primarily manufactured with galvanized steel.

On January 31, 1997, the Company purchased all of the outstanding capital stock of Southeastern Metals Manufacturing Company, Inc. (SEMCO) for approximately \$25 million in cash. SEMCO manufactures a wide array of metal products for the residential and commercial construction markets.

These acquisitions have been accounted for under the purchase method. Results of operations of USP, Appleton, Solar and SEMCO have been consolidated with the Company's results of operations from the respective acquisition dates. The aggregate excess of the purchase prices of these acquisitions over the fair market values of the net assets of the acquired companies is approximately \$58 million and is being amortized over 35 years from the acquisition dates using the straight-line method.

The following information presents the pro forma consolidated condensed results of operations as if the acquisitions had occurred on January 1, 1997. The pro forma amounts may not be indicative of the results that actually would have been achieved had the acquisitions occurred as of January 1, 1997 and are not necessarily indicative of future results of the combined companies.

(in thousands, except per share data)
 Nine Months Ended
 September 30,
 1998 1997
 (unaudited)

Net sales	\$ 442,425	\$ 437,477
	=====	=====
Income before taxes	\$ 25,486	\$ 23,968
	=====	=====
Net income	\$ 15,225	\$ 14,165
	=====	=====
Net income per share-Basic	\$ 1.22	\$ 1.15
	=====	=====

6. SUBSEQUENT EVENT

On October 1, 1998, the Company purchased all the outstanding capital stock of Harbor Metal Treating Co. and its affiliates (collectively, Harbor Metal) for \$13.5 million in cash. The results of operations of Harbor Metal will be consolidated with the Company's results of operations from the acquisition date for the quarter ending December 31, 1998.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Net sales of \$152.6 million for the third quarter ended September 30, 1998 increased 33.6% from sales of \$114.2 million for the prior year's third quarter. Net sales of \$413.9 million for the nine months ended September 30, 1998 increased 21.1% from net sales of \$341.7 million for the same period of 1997. These increases resulted from including net sales of Solar (acquired March 1, 1998), Appleton (acquired April 1, 1998) and USP (acquired June 1, 1998) and sales growth at existing operations despite the impact of decreased sales due to a 54 day strike at General Motors, which was settled in late July 1998.

Cost of sales as a percentage of net sales decreased to 81.9% for both the third quarter and the first nine months of 1998. Gross profit increased to 18.1% for both periods in 1998 from 15.9% and 16.6% for the comparable periods in 1997. This increase is primarily due to higher margins at SEMCO, Solar, Appleton and USP, which have historically generated higher margins than the Company's other products and services, and due to lower raw material costs at existing operations.

Selling, general and administrative expenses as a percentage of net sales increased to 10.3% and 10.2% for the third quarter and nine months ended September 30, 1998, respectively, from 9.2% and 9.1% for the same periods of 1997. These increases were primarily due to higher costs as a percentage of sales attributable to Solar, Appleton and USP and performance based compensation linked to the Company's sales and profitability.

Interest expense for the third quarter and nine months ended September 30, 1998 increased by \$2.0 million and \$3.8 million, respectively, from the same periods in 1997 primarily due to higher borrowings to finance the Solar, Appleton and USP acquisitions and capital expenditures.

As a result of the above, income before taxes increased by \$2.3 million and \$3.4 million for the third quarter and nine months ended September 30, 1998 from the same periods of 1997.

Income taxes for the third quarter and nine months ended September 30, 1998 approximated \$3.4 million and \$10.0 million, respectively, and were based on a 40.0% effective tax rate for both periods compared to an effective tax rate of 40.0% and 40.4%, respectively, for the same periods in 1997.

Liquidity and Capital Resources

During the first nine months of 1998, the Company increased its working capital to \$125.6 million. Additionally, shareholders' equity increased to \$155.4 million at September 30, 1998.

The Company's principal capital requirements are to fund its operations, including working capital, the purchase and funding of improvements to its facilities, machinery and equipment and to fund acquisitions.

Net income of \$15.0 million and depreciation and amortization of \$9.4 million combined with an increase in accounts payable and accrued expenses (net of acquisition) of \$16.1 million to provide cash of \$40.5 million. Increases in inventory and accounts receivable of approximately \$37.2 million in aggregate, necessary to service increased sales levels, primarily resulted in net cash provided by operations of approximately \$2.5 million.

Capital expenditures of \$16.8 million and the acquisition of Solar, Appleton and USP for cash totalling approximately \$86.8 million were primarily funded by net borrowings of \$100.8 million under the Company's credit facility and cash provided by operations.

At September 30, 1998 the Company's aggregate credit facilities available approximated \$239 million with borrowings of approximately \$189 million with an additional availability of approximately \$50 million.

The Company used approximately \$13.5 million of the facility on October 1, 1998 for the acquisition of Harbor Metal.

The Company believes that availability of funds under its credit facilities together with cash generated from operations will be sufficient to provide the Company with the liquidity and capital resources necessary to support its existing operations. The Company also believes it has the financial capability to increase its long-term borrowing capacity due to changes in capital requirements.

Impact of Year 2000

The Year 2000 issue concerns the inability of some computer hardware and software to distinguish between the year 1900 and the year 2000. If not corrected, computer applications could fail or create erroneous results.

The Company is conducting a detailed assessment of all of its information technology and non-information technology hardware and software with regard to Year 2000 issues. The Company's plan to ensure that its systems are Year 2000 ready is comprised of: cataloging all processes and systems which may have a date-related component and identifying those which are not Year 2000 ready; correcting or replacing those systems which are not Year 2000 ready; and testing the corrected or replaced processes and systems to insure that they will, in fact, operate as desired according to Year 2000 requirements. The Company is in various stages of its Year 2000 readiness process at each of its subsidiaries and expects to complete testing of the corrected or replaced systems and be fully Year 2000 ready by July 1999. In addition, the Company is working with its major customers and major vendors, including raw material suppliers and utility companies, to assess their internal state of Year 2000 readiness. These customer and vendor responses are evaluated for any possible risk to, or effect on, the Company's operations and are incorporated into its own detailed Year 2000 readiness assessment.

Costs specifically associated with modifying internal use software for Year 2000 readiness are expensed as incurred but have not been, and are not expected to be, material to the Company's net income. Costs of replacing some of the Company's systems with Year 2000 ready systems have been capitalized as these new systems were acquired for business reasons and not to remediate Year 2000 problems, if any, in the former systems.

Based upon the results of Year 2000 readiness efforts underway, the Company believes that all critical information and non-information technology systems and processes will be Year 2000 ready and allow the Company to continue operations beyond the Year 2000 without a material impact on its results of operations or financial position. However, unanticipated problems which may be identified in the ongoing Year 2000 readiness process could result in an undetermined financial risk. Contingency plans to counter these unanticipated problems are being developed as part of the ongoing Year 2000 readiness process.

Recent Accounting Pronouncement

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 Accounting for Derivative Instruments and Hedging Activities (FAS No. 133) which requires recognition of the fair value of derivatives in the statement of financial position, with changes in the fair value recognized either in earnings or as a component of other comprehensive income dependent upon the hedging nature of the derivative. Implementation of FAS No. 133 is required for fiscal 2000. The Company does not believe that FAS No. 133 will have a material impact on its earnings or other comprehensive income.

Safe Harbor Statement

The Company wishes to take advantage of the Safe Harbor provisions included in the Private Securities Litigation Reform Act of 1995 (the "Act"). Statements by the Company, other than historical information, constitute "forward looking statements" within the meaning of the Act and may be subject to a number of risk factors. Factors that could affect these statements include, but are not limited to, the following: the impact of changing steel prices on the Company's results of operations; changing demand for the Company's products and services; the impact of the Year 2000 problem; and changes in interest or tax rates.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

1. Exhibits

- a. Exhibit 3(ii) - Amended and Restated By-Laws of Gibraltar Steel Corporation effective as of August 11, 1998.
- b. Exhibit 10.1 - Employment Agreement dated July 9, 1998 between Gibraltar Steel Corporation and Brian J. Lipke
- c. Exhibit 10.2 - Change in Control Agreement dated July 9, 1998 between Gibraltar Steel Corporation and Brian J. Lipke
- d. Exhibit 10.3 - Form of Change in Control Agreement dated July 9, 1998 between Gibraltar Steel Corporation and certain of the Company's executive officers.
- e. Exhibit 27 - Financial Data Schedule

2. Reports on Form 8-K. There were no reports on Form 8-K during the three months ended September 30, 1998.

SIGNATURES

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

GIBRALTAR STEEL CORPORATION
(Registrant)

By /x/ Brian J. Lipke
Brian J. Lipke
President, Chief Executive Officer
and Chairman of the Board

By /x/ Walter T. Erazmus
Walter T. Erazmus
Treasurer and Chief Financial Officer
(Principal Financial and Chief
Accounting Officer)

Date October 30, 1998

AMENDED AND RESTATED
BY-LAWS

OF

GIBRALTAR STEEL CORPORATION
(the "Corporation")

Effective as of August 11, 1998

ARTICLE I

Offices

Section 1. Registered Office. The registered office of the Corporation shall be in the City of Dover, County of Sussex and State of Delaware. The name of the Corporation's registered agent at such address shall be The Prentice-Hall Corporation System, Inc. The registered office and/or registered agent of the Corporation may be changed from time to time by action of the Board of Directors.

Section 2. Other Offices. The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

Meetings of Stockholders

Section 1. Annual Meeting. The annual meeting of the stockholders of the Corporation for the election of Directors and for the transaction of other business shall be held at such time and such place within or without the State of Delaware as shall be determined by the Board of Directors or the Chairman of the Board or the President and stated in the notice of the meeting or in a waiver of notice thereof.

Section 2. Special Meetings. Special meetings of stockholders may be called for any purpose and may be held at such time and place, within or without the State of Delaware, as shall be stated in a notice of meeting or in a waiver of notice thereof. Such meetings may be called at any time only by the Board of Directors, the Chairman of the Board or the President.

Section 3. Place of Meetings. The Board of Directors may designate any place, either within or without the State of Delaware, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. If no designation is made, or if a special meeting is otherwise called, the place of meeting shall be the principal executive office of the Corporation.

Section 4. Notice. Whenever stockholders are required or permitted to take action at a meeting, written or printed notice stating the place, date, time, and, in the case of special meetings, the purpose or purposes, of such meeting, shall be given to each stockholder entitled to vote at such meeting and to each director not less than 10 nor more than 60 days before the date of the meeting. All such notices shall be delivered, either personally or by mail, by or at the direction of the Board of Directors, the President or the Secretary, and if mailed, such notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the stockholder at his, her or its address as the same appears on the records of the Corporation. Attendance of a person at a meeting shall constitute a waiver of

notice of such meeting, except when the person attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

Section 5. Stockholders List. The officer having charge of the stock ledger of the Corporation shall make, at least 10 days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at such meeting arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 6. Quorum. The holders of a majority of the outstanding shares of capital stock entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders, except as otherwise provided by statute or by the Corporation's Certificate of Incorporation (the "Certificate of Incorporation"). If a quorum is not present, the holders of a majority of such shares present in person or represented by proxy at the meeting may adjourn the meeting to another time and/or place. When a quorum is once present to commence a meeting of stockholders, it is not broken by the subsequent withdrawal of any stockholders or their proxies.

Section 7. Adjourned Meetings. The stockholders entitled to vote who are present in person or represented by proxy at any meeting of stockholders, whether or not a quorum shall be present at the meeting, shall have power by a majority of the votes cast to adjourn the meeting from time to time without notice other than announcement at the meeting of the time and place to which the meeting is adjourned. At any adjourned meeting held without notice at which a quorum shall be present any business may be transacted that might have been transacted on the original date of the meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the adjourned meeting.

Section 8. Vote Required. When a quorum is present, the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders, unless the question is one upon which by express provisions of an applicable law or of the Certificate of Incorporation a different vote is required, in which case such express provision shall govern and control the decision of such question. When a separate vote by class is required, the affirmative vote of the majority of shares of such class present in person or represented by proxy at the meeting shall be the act of such class.

Section 9. Voting Rights. Except as otherwise provided by the General Corporation Law of the State of Delaware or by the Certificate of Incorporation and subject to Section 3 of Article V hereof, every stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of common stock held by such stockholder.

Section 10. Proxies. Each stockholder entitled to vote at a meeting of stockholders may authorize

another person or persons to act for him or her by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

Section 11. Proposed Business. Except as may otherwise be required by applicable law or regulation or be expressly authorized by the Board of Directors, a stockholder may make a nomination or nominations for director of the Corporation at an annual meeting of stockholders or at a special meeting of stockholders called for the purpose of electing directors or may bring up any other matter for consideration and action by the stockholders at a meeting of stockholders only if the provisions of subsections (a) through (d) hereto shall have been satisfied. If such provisions shall not have been satisfied, any nomination sought to be made or other business sought to be presented by a stockholder for consideration and action by the stockholders at the meeting shall be deemed not properly brought before the meeting, is and shall be ruled by the chairman of the meeting to be out of order, and shall not be presented or acted upon at the meeting.

(a) The stockholder must be a stockholder of record entitled to vote on the date of the giving of notice provided for herein and on the record date for such meeting and must continue to be a stockholder of record at the time of such meeting.

(b) For a nomination to be made or other business to be presented by a stockholder, such stockholder must have given timely notice thereof to the Secretary of the Corporation. To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not less than 60 days nor more than 90 days prior to the anniversary date of the immediately preceding annual meeting of the Corporation's stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within 30 days before or after such anniversary date, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the day on which notice of the annual meeting was mailed to the Corporation's stockholders or public disclosure of the date of the annual meeting was made, whichever first occurs. The notice shall specify (i) the name and address of the stockholder as they appear on the books of the Corporation; (ii) the class or series and number of shares of the Corporation which are beneficially owned by the stockholder; (iii) any material interest of the stockholder in the proposed business described in the notice; (iv) if such business is a nomination for director, each nomination sought to be made, together with the reasons for each nomination, a description of the qualifications and business or professional experience of each proposed nominee and a statement signed by each nominee indicating his or her willingness to serve if elected, and disclosing the information about him or her that is required by the Securities Exchange Act of 1934, as amended (the "1934 Act"), and the rules and regulations promulgated thereunder to be disclosed in the proxy materials for the meeting involved if he or she were a nominee of the Corporation for election as one of its directors; (v) if such business is other than a nomination for director, the nature of the business, the reasons why it is sought to be raised and submitted for a vote of the stockholders and if and why it is deemed by the stockholder to be beneficial to the Corporation; and (vi) if so requested by the Corporation, all other information that would be required to be filed with the Securities and Exchange Commission if, with respect to the business proposed to be brought before the meeting, the person proposing such business was a participant in solicitation subject to Section 14 of the 1934 Act.

(c) Notwithstanding satisfaction of the

provisions of subsection (b), the proposed business described in the notice may be deemed not to be properly brought before the meeting if, pursuant to state law or to any rule or regulation of the Securities and Exchange Commission, it was offered as a stockholder proposal and was omitted, or had it been so offered, it could have been omitted, from the notice of, and proxy material for, the meeting (or any supplement thereto) authorized by the Board of Directors.

(d) In the event such notice is timely given and the business described therein is not disqualified because of subsection (c), such business (i) may nevertheless not be presented or acted upon at a special meeting of stockholders unless in all other respects it is properly before such meeting; and (ii) may not be presented except by the stockholder who shall have given the notice required by subsection (b) or a representative of such stockholder who is qualified under the law of the State of Delaware to present the proposal on the stockholder's behalf at the meeting.

ARTICLE III

Directors

Section 1. General Powers. The property, business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

Section 2. Number, Election and Term of Office. The number of directors shall be established as provided in the Certificate of Incorporation. The directors shall be elected by a plurality of the votes cast of the shares present in person or represented by proxy at the meeting and entitled to vote in the election of directors. The directors shall be elected in this manner at the annual meeting of the stockholders, except as provided in Section 4 of this Article III. Each director elected shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as hereinafter provided. Directors need not be stockholders of the Corporation.

Section 3. Removal and Resignation. Any director or the entire Board of Directors may be removed at any time, with cause, by the holders of a majority of the shares then entitled to vote at an election of directors. Whenever the holders of any class or series are entitled to elect one or more directors by the provisions of the Certificate of Incorporation, the provisions of this Section 3 shall apply, in respect to the removal with cause of a director or directors so elected, to the vote of the holders of the outstanding shares of that class or series and not to the vote of the outstanding shares as a whole. Any director may resign at any time upon written notice to the Corporation.

Section 4. Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director. Each director so chosen shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as herein provided. If the Board of Directors is divided into classes, any directors chosen under this section shall hold office until the next election of the class for which such directors shall have been chosen, and until their successors shall be duly elected and qualified.

Section 5. Annual Meetings. The annual meeting of each newly elected Board of Directors shall be held without other notice than this by-law immediately

after, and at the same place as, the annual meeting of stockholders.

Section 6. Other Meetings and Notice. Regular meetings, other than the annual meeting, of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by resolution of the Board. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, the President or a majority of the directors on at least 24-hours notice to each director, either personally, by telephone, by mail, by telecopy or by telegraph.

Section 7. Quorum, Required Vote and Adjournment. A majority of the total number of directors shall constitute a quorum for the transaction of business. The vote of a majority of directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 8. Committees. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation, which to the extent provided in such resolution or these By-Laws shall have and may exercise the powers of the Board of Directors in the management and affairs of the Corporation except as otherwise limited by law. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

Section 9. Committee Rules. Each committee of the Board of Directors may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may otherwise be provided by a resolution of the Board of Directors designating such committee. Unless otherwise provided in such a resolution, the presence of at least a majority of the members of the committee shall be necessary to constitute a quorum. In the event that a member and that member's alternate, if alternates are designated by the Board of Directors as provided in Section 8 of this Article III, of such committee is or are absent or disqualified, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member.

Section 10. Communications Equipment. Members of the Board of Directors or any committee thereof may participate in and act at any meeting of such Board or committee through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in the meeting pursuant to this Section 10 shall constitute presence in person at the meeting.

Section 11. Waiver of Notice and Presumption of Assent. Any member of the Board of Directors or any committee thereof who is present at a meeting shall be conclusively presumed to have waived notice of such meeting except when such member attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Such member shall be

conclusively presumed to have assented to any action taken unless his or her dissent shall be entered in the minutes of the meeting or unless his or her written dissent to such action shall be filed with the person acting as the Secretary of the meeting before the adjournment thereof or shall be forwarded by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to any member who voted in favor of such action.

Section 12. Action by Written Consent. Unless otherwise restricted by the Certificate of Incorporation, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 13. Compensation. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each such meeting or a stated salary for serving as a director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees of the Board of Directors may be paid like compensation for attending committee meetings.

ARTICLE IV

Officers

Section 1. Officers; Term of Office. The Board of Directors shall annually, at the first meeting of the Board of Directors after the annual meeting of stockholders, elect a President, one or more Vice Presidents, a Secretary and a Treasurer. The Board of Directors may from time to time elect or appoint a Chairman of the Board, a Vice Chairman and/or such additional Officers as it may determine. Such additional Officers shall have such authority and perform such duties as the Board of Directors may from time to time prescribe.

The Chairman of the Board, the Vice Chairman, the President, each Vice President, the Secretary and the Treasurer shall each, unless otherwise determined by the Board of Directors, hold office until the first meeting of the Board of Directors following the next annual meeting of stockholders and until his or her successor has been elected and qualified or until his or her earlier resignation or removal. Each additional Officer appointed or elected by the Board of Directors shall hold office for such term as shall be determined from time to time by the Board of Directors and until his or her successor has been elected or appointed and qualified or until his or her earlier resignation or removal.

Section 2. Removal. Any officer or agent elected by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 3. Vacancies. Any vacancy occurring in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term by the Board of Directors then in office.

Section 4. Compensation. Compensation of all officers shall be fixed by the Board of Directors, and no officer shall be prevented from receiving such compensation by virtue of his also being a director of

the Corporation.

Section 5. The Chairman of the Board. The Chairman of the Board of Directors shall be the Chief Executive Officer of the Corporation and, subject to the powers of the Board of Directors, shall have general authority for strategic initiatives involving the business, affairs and property of the Corporation. The Chairman of the Board of Directors, if present and acting, shall preside at all meetings of the Board of Directors and at all meetings of the stockholders of the Corporation.

Section 6. Vice Chairman of the Board. The Vice Chairman of the Board shall perform such duties as may, from time to time, be delegated to the Vice Chairman of the Board by the Board of Directors or the Chairman of the Board. In addition, in the absence or disability of the Chairman of the Board, the Vice Chairman shall preside at all meetings of the Board of Directors and all meetings of the stockholders of the Corporation at which he or she is present and shall otherwise act with all of the powers and be subject to all of the restrictions of the Chairman of the Board and the President.

Section 7. The President. The President shall be the Chief Operating Officer of the Corporation and, in the absence of the Chairman of the Board and the Vice Chairman of the Board, shall preside at all meetings of the Board of Directors and all meetings of the stockholders of the Corporation at which he or she is present. Subject to the powers of the Board of Directors, the President shall be responsible for all operational aspects of the business, affairs and property of the Corporation, shall have control over its officers, agents and employees and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation. The President shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or as may be provided in these By-Laws.

Section 8. Vice Presidents. The Vice President, or if there shall be more than one, the Vice Presidents in the order determined by the Board of Directors, shall, in the absence or disability of the Chairman of the Board, the President and the Vice Chairman of the Board, act with all of the powers and be subject to all the restrictions of the Chairman of the Board and the President. The Vice Presidents shall also perform such other duties and have such other powers as the Board of Directors, the President or these By-Laws may from time to time prescribe.

Section 9. The Secretary and the Assistant Secretaries. The Secretary shall attend all meetings of the Board of Directors, all meetings of the committees thereof and all meetings of the stockholders and record all the proceedings of the meetings in a book or books to be kept for that purpose. Under the Chairman of the Board and the President's supervision, the Secretary shall give, or cause to be given, all notices required to be given by these By-Laws or by law; shall have such powers and perform such duties as the Board of Directors, the President or these By-Laws may from time to time prescribe; and shall have custody of the corporate seal of the Corporation. The Secretary, or an Assistant Secretary, shall have authority to affix the corporate seal to any instrument requiring it and when so affixed, it may be attested by his or her signature or by the signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the

seal of the Corporation and to attest the affixing by his or her signature. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors, shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors, the President or the Secretary may from time to time prescribe.

Section 10. The Treasurer and the Assistant Treasurer. The Treasurer shall have the custody of the corporate funds and securities; shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation; shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation as may be ordered by the Board of Directors; shall cause the funds of the Corporation to be disbursed when such disbursements have been duly authorized, taking proper vouchers for such disbursements; and shall render to the Chairman of the Board and the President and the Board of Directors, at its regular meeting or when the Board of Directors so requires, an account of the Corporation; shall have such powers and perform such duties as the Board of Directors, the President or these By-Laws may from time to time prescribe. If required by the Board of Directors, the Treasurer shall give the Corporation a bond (which shall be rendered every six years) in such sums and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of the Treasurer and for the restoration to the Corporation, in case of death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the possession or under the control of the Treasurer belonging to the Corporation. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors, shall in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer. The Assistant Treasurers shall perform such other duties and have such other powers as the Board of Directors, the President or the Treasurer may, from time to time, prescribe.

Section 11. Other Officers, Assistant Officers and Agents. Officers, assistant officers and agents, if any, other than those whose duties are provided for in these By-Laws, shall have such authority and perform such duties as may from time to time be prescribed by resolution of the Board of Directors.

Section 12. Absence or Disability of Officers. In the case of the absence or disability of any officer of the Corporation and of any person hereby authorized to act in such officer's place during such officer's absence or disability, the Board of Directors may by resolution delegate the powers and duties of such officer to any other officer or to any director, or to any other person whom it may select.

ARTICLE V

Certificates of Stock

Section 1. Form. Every holder of stock in the Corporation shall be entitled to have a certificate, signed by, or in the name of the Corporation by the President or a Vice President and the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by such holder in the Corporation. If such a certificate is countersigned (a) by a transfer agent or an assistant transfer agent other than the Corporation or its employee; or (b) by a registrar, other than the Corporation or its employee, the signature of the President, the Vice President, the Secretary or the Assistant Secretary may be facsimiles. In case any officer or officers who have signed, or

whose facsimile signature or signatures have been used on, any such certificate or certificates shall cease to be such officer or officers of the Corporation whether because of death, resignation or otherwise before such certificate or certificates have been delivered by the Corporation, such certificate or certificates may nevertheless be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the Corporation. All certificates for shares shall be consecutively numbered or otherwise identified. The name of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the books of the Corporation. Shares of stock of the Corporation shall only be transferred on the books of the Corporation by the holder of record thereof or by such holder's attorney duly authorized in writing, upon surrender to the Corporation of the certificate or certificates for such shares endorsed by the appropriate person or persons, with such evidence of the authenticity of such endorsement, transfer, authorization, and other matters as the Corporation may reasonably require, and accompanied by all necessary stock transfer stamps. In that event, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate or certificates, and record the transaction on its books. The Board of Directors may appoint a bank or trust company organized under the laws of the United States or any state thereof to act as its transfer agent or registrar, or both, in connection with the transfer of any class or series of securities of the Corporation.

Section 2. Lost Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificate or certificates, or his or her legal representative, to give the Corporation a bond sufficient to indemnify the Corporation against any claim that may be made against the Corporation on account of the loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 3. Fixing a Record Date for Stockholder Meetings. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the close of business on the next day preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 4. Fixing a Record Date for Other Purposes. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment or any

rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purposes of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 10 days prior to such action. If no record date is fixed, the record date for determining stockholders for and such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 5. Registered Stockholders. Prior to the surrender to the Corporation of the certificate or certificates for a share or shares of stock with a request to record the transfer of such share or shares, the Corporation may treat the registered owner as the person entitled to receive dividends, to vote, to receive notifications and otherwise to exercise all the rights and powers of an owner.

ARTICLE VI

General Provisions

Section 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or any other purpose and the directors may modify or abolish any such reserve in the manner in which it was created.

Section 2. Checks, Drafts or Orders. All checks, drafts or other orders for the payment of money by or to the Corporation and all notes and other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation, and in such manner, as shall be determined by resolution of the Board of Directors or a duly authorized committee thereof.

Section 3. Contracts. The Board of Directors may authorize any officer or officers, or any agent or agents, of the Corporation to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 4. Loans. The Corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the Corporation or of its subsidiary, including any officer or employee who is a director of the Corporation or its subsidiary, whenever, in the judgment of the directors, such loan, guaranty or assistance may reasonably be expected to benefit the Corporation. The loan, guaranty or other assistance may be with or without interest, and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the Corporation. Nothing in this section contained shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the Corporation at common law or under any statute.

Section 5. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board

of Directors.

Section 6. Corporate Seal. The Board of Directors shall provide a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the Corporation and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 7. Voting Securities Owned By the Corporation. Voting securities in any other Corporation held by the Corporation shall be voted by the President, unless the Board of Directors specifically confers authority to vote with respect thereto, which authority may be general or confined to specific instances, upon some other person or officer. Any person authorized to vote securities shall have the power to appoint proxies, with general power of substitution.

Section 8. Section Headings. Section headings in these By-Laws are for convenience of reference only and shall not be given any substantive effect in limiting or otherwise construing any provision herein.

Section 9. Inconsistent Provisions. In the event that any provision of these By-Laws is or becomes inconsistent with any provision of the Certificate of Incorporation, the General Corporation Law of the State of Delaware or any other applicable law, the provisions of these By-Laws shall not be given any effect to the extent of such inconsistency but shall otherwise be given full force and effect.

ARTICLE VII

Amendments

These By-Laws may be amended, altered or repealed and new By-Laws adopted at any meeting of the Board of Directors by a majority vote. The fact that the power to adopt, amend, alter or repeal the By-Laws has been conferred upon the Board of Directors shall not divest the stockholders of the same powers.

EMPLOYMENT AGREEMENT

THIS AGREEMENT made as of this ninth day of July, 1998, by and between GIBRALTAR STEEL CORPORATION, a Delaware corporation, with offices at 3556 Lake Shore Road, Buffalo, New York 14219 (the "Corporation") and BRIAN J. LIPKE, an individual residing at 6858 Old Lake Shore Road, Derby, New York 14047 (the "Executive").

WHEREAS, the Executive is currently employed by the Corporation pursuant to the terms of an employment agreement by and between the Corporation and the Executive, dated as of November 1, 1993 (hereinafter the "Original Employment Agreement"); and

WHEREAS, the Executive has made and is expected to continue to make a major contribution to the profitability, growth and financial strength of the Corporation; and

WHEREAS, the Corporation considers the continued services of the Executive to be in the best interests of the Corporation and its stockholders and desires to assure the continued services of the Executive on behalf of the Corporation; and

WHEREAS, in connection with certain change in control agreements entered into by the Corporation to provide certain benefits to certain executive officers of the Corporation upon the occurrence of a change in control of the Corporation, the Corporation desires to enter into a change in control agreement with the Executive and to amend the terms of the Original Employment Agreement to delete the provisions of such agreement relating to the rights of the Executive upon the occurrence of a change in control of the Corporation and to make certain other technical changes to the terms of the Original Employment Agreement;

NOW, THEREFORE, in consideration of the conditions and covenants set forth in this Agreement, the parties hereto agree as follows:

1. AGREEMENT OF EMPLOYMENT. The Corporation agrees to, and

hereby does, employ the Executive, and the Executive agrees to and hereby accepts employment by the Corporation, as President, Chief Executive Officer, and Chairman of the Board of the Corporation, to perform such executive duties and responsibilities as may be assigned from time to time by the Board of Directors of the Corporation (the "Board") subject, at all times, to the control of the Board. It is contemplated that the Executive will continue to serve as President and Chief Executive Officer and Chairman of the Corporation, subject to the right of the Board to elect officers of the Corporation. The Corporation shall not require the Executive to perform services hereunder outside the Buffalo, New York metropolitan area with such frequency or duration as would necessitate the Executive moving his residence from the Buffalo, New York area.

2. EXECUTIVE'S DUTIES AND BENEFITS.

(a) Duties. During the period of his employment under this Agreement, the Executive shall devote sufficient time and energies to the supervision and management of the business and affairs of the Corporation, and to the furtherance of its interests. The Executive may become a director or trustee of any corporation or entity that does not compete with the business of the Corporation or constitute a Competitive Operation as defined in Section 7 hereof.

(b) Vacation. The Executive shall be entitled to reasonable vacation periods during each full year of the Executive's employment hereunder.

(c) Benefits. The Corporation shall pay the premiums for policies of life, medical, disability, travel and accident, and directors' and officers' liability insurance providing coverage and benefits at least comparable to the policies of insurance maintained for the benefit of the Executive as of the date of this Agreement. The Executive shall be entitled to participate in all pension and profit sharing plans, bonus plans, stock option plans and other employee benefit plans and receive such other employment benefits as the Corporation may from time to time maintain for the benefit of or provide to its executive officers.

3. REIMBURSEMENT FOR EXPENSES. The Corporation shall reimburse the Executive for all reasonable expenses which the

Executive may from time to time incur on behalf of the Corporation in the performance of his responsibilities and duties under this Agreement, provided that the Executive accounts to the Corporation for such expenses in a manner prescribed by the Corporation.

4. ANNUAL COMPENSATION.

(a) Salary. During the period of the Executive's employment hereunder, the Corporation shall pay to the Executive an annual salary (the "Base Salary") of not less than Three Hundred Thousand Dollars (\$300,000.00) payable in equal installments according to the payroll schedule of the Corporation. The Board, through its Compensation Committee, shall in good faith review the Base Salary of the Executive, on an annual basis, and increase the Base Salary of the Executive if, in the Board's judgment, such increase is advisable.

(b) Bonuses. The Executive shall be entitled to participate in the Gibraltar Steel Corporation Executive Bonus Plan, and receive bonuses in accordance with the terms thereof. The Board, in its discretion, may amend or change the Gibraltar Steel Corporation Executive Bonus Plan or may award such additional bonuses to the Executive as it may from time to time determine.

5. TERM OF EMPLOYMENT; TERMINATION.

(a) Term. The term of this Agreement shall commence effective as of July 9, 1998 ("Effective Date") and continue to July 8, 2003. The term of this Agreement shall be automatically extended for successive twelve-month periods unless, at least ninety (90) days prior to the expiration of the then current term, either party gives notice to the other that the term of this Agreement will not be so extended.

(b) Termination. Notwithstanding anything to the contrary contained in this Agreement, the Executive's employment under this Agreement may be terminated as follows:

(i) Death. The Executive's employment hereunder shall terminate upon his death.

(ii) Disability. In the event that two (2) licensed physicians shall have certified in writing that the Executive has been unable or will be unable to perform his duties

hereunder by reason of illness, incapacity or other physical or mental disability for a period of twelve (12) consecutive months, the Corporation may terminate the Executive's employment hereunder by reason of disability.

(iii) Cause. The Corporation may terminate the Executive's employment hereunder for cause. For the purposes of this Agreement, the Corporation shall have "cause" to terminate the Executive's employment hereunder upon the Executive's (A) willful and continued failure to substantially perform his duties hereunder, other than any such failure resulting from the Executive's incapacity due to physical or mental illness; (B) illegal or criminal conduct; (C) intentional falsification of records or reports or any other act or acts of dishonesty resulting, or intended to result, in personal gain or enrichment of the Executive at the expense of the Corporation; (D) excessive and/or chronic use of alcohol, narcotics or controlled substances (other than under the supervision of a licensed physician); or (E) willful engagement in gross misconduct materially injurious to the Corporation.

(iv) Without Cause. The Executive's employment under this Agreement may be terminated upon the affirmative vote of a majority of the Board at a duly held meeting thereof.

(v) By Executive. The Executive may terminate his employment hereunder at any time by delivering written notice of termination to the Corporation at least ninety (90) days prior to the effective date of such termination.

Any termination by the Corporation pursuant to Section 5(b)(ii), 5(b)(iii) or 5(b)(iv) hereof shall be communicated by written Notice of Termination to the Executive. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate the specific termination provision in this Agreement relied upon, the date on which the termination shall be effective (the "Termination Date"), and, if applicable, shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated.

6. COMPENSATION UPON TERMINATION OR DURING DISABILITY.

(a) Death Benefits. If the Executive dies during the term of his employment hereunder, in addition to any death

benefits payable under the terms of any life insurance policies maintained by the Corporation on the life of the Executive, and in addition to any death benefits payable on account of the death of the Executive under the terms of any tax qualified retirement plans maintained by the Corporation, the Corporation shall pay to the estate of the Executive a death benefit equal to 50% of the Executive's Base Salary at the rate in effect on the date of the Executive's death, plus an amount equal to all the bonuses the Executive would have received under Section 4 hereof assuming his employment had continued through the end of the fiscal year of the Corporation in which the Executive's death occurs.

(b) Disability. If the Executive's employment shall be terminated pursuant to Section 5(b)(ii), the Corporation shall pay to the Executive in equal monthly installments, for each twelve month period beginning on the day immediately following the date of such termination and any anniversary thereof (an "Anniversary Date"), for the remainder of the Executive's life, an amount equal to, his Base Salary, at the rate in effect on the Termination Date up to a maximum of \$200,000 per year (adjusted as set forth below), less (i) the amounts payable to the Executive pursuant to any pension, profit sharing, or disability benefit plans maintained by the Corporation, (ii) the amounts of all social security, retirement or disability benefits payable to the Executive by any agency of the United States Government or the State of New York for each such twelve month period and (iii) the amounts payable to the Executive pursuant to any policies of disability insurance maintained by the Corporation. On each Anniversary Date, the \$200,000 per Year limit set forth hereinabove shall be adjusted on a cumulative basis for each annual increase in the U. S. Department of Labor Bureau of Labor Statistics Consumer Price Index for Urban Wage Earners and Clerical Workers, New York, New York, 1982-84 = 100 measured between the month prior to the first month in which such compensation payments were made and the month prior to the commencement of each such successive year.

(c) Cause. If the Executive's employment shall be terminated pursuant to Section 5(b)(iii), the Corporation shall pay the Executive any monthly installment of his Base Salary which is accrued and unpaid as of the Termination Date at the rate then in effect, and, thereafter, the Corporation shall have

no further obligation to pay the Executive any additional compensation or bonuses, to provide any medical, life, disability or other insurance benefits to the Executive hereunder, to pay any retirement benefits to the Executive in excess of those provided for by the terms of the tax qualified retirement plans maintained by the Corporation as required by Section 6(f) hereof or to pay any other benefits provided to the Executive hereunder;

(d) Without Cause. If the Executive's employment shall be terminated pursuant to Section 5(b)(iv), the Corporation shall pay to the Executive in one lump sum payment, an amount equal to two and one-half (2.5) times the sum of (i) his Base Salary at the rate then in effect and (ii) an amount equal to all bonuses paid by the Corporation to the Executive during the twelve (12) month period ending on the Termination Date and, thereafter, except as otherwise provided in this Agreement, the Corporation shall have no further obligation to pay the Executive any additional compensation or bonuses, to pay any retirement benefits to the Executive in excess of those provided for by the terms of the tax qualified retirement plans maintained by the Corporation as required by Section 6(f) hereof or to pay any other benefits provided to the Executive hereunder;

(e) By Executive. If the Executive's employment shall be terminated pursuant to Section 5(b)(v), the Corporation shall pay the Executive any monthly installment of his Base Salary accrued and unpaid as of the effective date of such termination at the rate then in effect, and, thereafter, the Corporation shall have no further obligation to pay the Executive any additional compensation or bonuses, to provide any medical, life, disability or other insurance benefits to the Executive hereunder, to pay any retirement benefits to the Executive in excess of those provided for by the terms of the tax qualified retirement plans maintained by the Corporation as required by Section 6(f) hereof or to pay any other benefits provided to the Executive hereunder.

(f) Guarantee of Pension Benefits. In addition to the compensation and other termination benefits otherwise provided for hereunder, unless the Executive's employment with the Corporation is terminated pursuant to the provisions of Sections 5(b)(iii) or 5(b)(v) hereof, the Executive and/or his beneficiaries shall be entitled to receive the retirement, disability and death benefits they would have been entitled to receive under the applicable provisions of the tax qualified

retirement plans maintained by the Corporation for salaried employees including, without limitation, pension, profit sharing or other comparable plans (individually a "Plan" and collectively the "Plans") pursuant to the Plans' provisions as in effect at the time of the termination of the Executive's employment but in any event, computed without reference to (i) any limitations on the amount of the Executive's compensation that may be taken into account under the Plans pursuant to Section 401(a)(17) of the Internal Revenue Code of 1986, as amended (the "Code"); and (ii) any limitations on the amount of the annual benefit which may be accrued by the Executive or which may be contributed on his behalf under the Plans pursuant to Section 415 of the Code (the restrictions described in (i) and (ii) above being hereinafter collectively referred to as the "Restrictions"). At the time the Executive or his beneficiaries is or are entitled to payment of any benefits under the terms of any Plan, the Corporation shall, unless the Executive's employment with the Corporation is terminated pursuant to Sections 5(b)(iii) or 5(b)(v) hereof, pay to the Executive, from its general assets, the difference between the amount which would, but for the Restrictions, have been paid to the Executive or his beneficiaries under the terms of such Plan and the amount which is actually paid or payable to the Executive or his beneficiaries under the terms of any such Plan. Any amount payable to the Executive or his beneficiaries under the terms of this paragraph shall be available for payment to the Executive or his beneficiaries in any form provided for by the applicable Plan and shall be paid to the Executive or his beneficiaries in the form elected by the Executive or his beneficiaries. The amount of retirement and death benefits which would, but for the Restrictions, have been payable to the Executive and his beneficiaries under the Plans shall be determined using the actual number of years of service completed by the Executive and the actual amount of compensation received by the Executive as determined by the provisions of the applicable Plan without regard to the Restrictions.

(g) Insurance. Subject to the provisions of the last sentence of this Section 6(g), if the Executive's employment with the Corporation is terminated other than pursuant to the provisions of Sections 5(b)(iii) or 5(b)(v) hereof, the Corporation shall pay all premiums needed to maintain policies of

(i) medical and life insurance for the benefit of the Executive for the remainder of the Executive's life; (ii) medical insurance for the benefit of the Executive's spouse for the remainder of her life; and (iii) medical insurance for the benefit of the Executive's dependents until each such dependent reaches age 21. The amount of medical and life insurance coverage provided to the Executive, and the amount of medical insurance coverage provided to the Executive's spouse and dependents shall be the same as the insurance coverage in effect for such individuals on the Termination Date. If the Executive dies during the term of this Agreement and his spouse or dependents are still living, the Corporation shall continue to pay all premiums needed to continue to provide medical insurance coverage for the Executive's spouse for the remainder of the Executive's spouse's life, and for each of the Executive's dependents until each such dependent reaches age 21 at the same level of medical insurance coverage in effect for such individuals prior to the date of the Executive's death. For purposes of this Section 6(g), the term "dependents" shall have the same meaning as contained in Section 152 of the Code. The level of benefits provided hereunder (and the amount of premiums required to provide such benefits) shall be adjusted to reflect similar benefits provided from time to time to the Executive, his spouse or his dependents from all other sources, including from other employers.

7. CHANGE IN CONTROL. The Corporation and the Executive acknowledge and agree that, pursuant to the terms of a Change in Control Agreement made by and between the Executive and the Corporation on and as of the date hereof (such agreement being hereinafter referred to as the "Change in Control Agreement") the Executive is entitled to receive certain payments following the occurrence of a Change in Control of the Corporation (as such term is defined in the Change in Control Agreement). The Corporation and the Executive acknowledge and agree that nothing in this Agreement shall be deemed or construed to limit, restrict or otherwise impair the Executive's right to receive the payments provided for by the Change in Control Agreement. In addition, the Corporation and the Executive hereby acknowledge and agree that nothing contained in the Change in Control Agreement shall be deemed or construed to limit, restrict or otherwise impair the Executive's rights to receive payment of the compensation and

other benefits provided by this Agreement and, accordingly, in the event that a Change in Control (as defined in the Change in Control Agreement) occurs, the Executive's rights to receive payment of the compensation and benefits provided for by this Agreement shall continue to be binding upon the Corporation (or, if applicable, the successor to the Corporation) with the same force and effect as if no such Change in Control had occurred.

8. NON-COMPETITION. In the event that the Corporation terminates the Executive's employment under this Agreement pursuant to Section 5(b)(iii) hereof or in the event the Executive terminates his employment pursuant to Section 5(b)(v) hereof, the Executive agrees that during a period of one (1) year after the date of termination, the Executive will not, directly or indirectly, own, manage, operate, control or participate in the ownership, management, operation or control of, or be connected as an officer, employee, partner, director or otherwise with, or have any financial interest in, or aid or assist anyone else in the conduct of, any business (a "Competitive Operation") which competes with any business conducted by the Corporation or with any group, division or subsidiary of the Corporation in any geographic area where such business is being conducted at the time of such termination. It is understood and agreed that, for the purposes of the foregoing provisions of this Section 7:

(a) No business shall be deemed to be a business conducted by the Corporation or any group, division or subsidiary of the Corporation, unless not less than 10% of the Corporation's consolidated gross sales and operating revenues, or net income, is derived from, or not less than 10% of the Corporation's consolidated assets are devoted to, such business;

No business conducted by any entity which employs the Executive or in which he is interested or with which he is connected or associated shall be deemed competitive with any business conducted by the Corporation or any group, division, or subsidiary of the Corporation unless such business is one from which 10% or more of the Corporation's consolidated assets are devoted; and

(b) No business which is conducted by the Corporation at the time of the Executive's termination and which subsequently is sold or discontinued by the Corporation shall, subsequent to

the date of such sale or discontinuance, be deemed to be a Competitive Operation within the meaning of this Section 7. Ownership by the Executive of 2% or less of the voting stock of any publicly held corporation shall not constitute a violation hereof.

9. AMENDMENTS. This Agreement may not be amended or modified orally, and no provision hereof may be waived, except in a writing signed by the parties hereto.

10. ASSIGNMENT. This Agreement cannot be assigned by either party hereto except with the written consent of the other.

11. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the personal representatives and successors in interest of the Executive. In addition, this Agreement shall be binding upon any successor (whether direct or indirect, by purchase, merger, amalgamation or otherwise) to all or substantially of the business and/or assets of the Corporation. The Corporation expressly agrees that it shall have no right, power or authority to consummate any sale of all or substantially all the business and/or assets of the Corporation or to consummate any merger, consolidation or other transaction as a result of which all or substantially all the business and/or assets of the Corporation are not owned by the Corporation or any of its direct or indirect wholly owned subsidiaries unless the party that will own all or substantially all the business and/or assets of the Corporation following the consummation of such transaction executes and delivers an agreement with the Corporation expressly providing for the assumption by such party of all of the Corporation's obligations under this Agreement; provided that, notwithstanding the foregoing, no such agreement shall be necessary to make the obligations of the Corporation under the terms of this Agreement binding on such successor to the business and/or assets of the Corporation.

12. CHOICE OF LAW. This Agreement shall be governed and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed wholly within such state except with respect to the internal affairs of the Corporation and its stockholders, which shall be governed by the

13. NOTICES. All notices and other communications given pursuant to this Agreement shall be deemed to have been properly given or delivered if hand-delivered, or if mailed, by certified mail or registered mail postage prepaid, or by recognized overnight delivery service addressed to the Executive at the address set forth above or if to the Corporation, at the address set forth above with a copy to the attention of Gerald S. Lippes, General Counsel, 700 Guaranty Building, Buffalo, New York 14202. From time to time, either party may designate by written notice any other address or party to which such notice or communication or copies thereof shall be sent.

14. AMENDMENT OF ORIGINAL EMPLOYMENT AGREEMENT. This Agreement amends and restates the provisions of the Original Employment Agreement and as such, effective as of the date first set forth above, this Agreement shall supercede the Original Employment Agreement in its entirety and the Original Employment Agreement shall have no further force or effect.

15. SEVERABILITY OF PROVISIONS. In case any one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby and this Agreement shall be interpreted as if such invalid, illegal or unenforceable provision was not contained herein.

IN WITNESS WHEREOF, the Executive and the Corporation have caused this Agreement to be executed as of the day and year set forth above.

GIBRALTAR STEEL CORPORATION

By: /x/ Neil E. Lipke
Neil E. Lipke,
Executive Vice President

/x/ Brian J. Lipke

CHANGE IN CONTROL AGREEMENT

This Agreement is made as of this ninth day of July, 1998, by and between Gibraltar Steel Corporation, a Delaware corporation with offices at 3556 Lake Shore Road, Buffalo New York (the "Company") and Brian J. Lipke, an individual residing at 6858 Old Lake Shore Road, Derby, New York 14047 (the "Executive").

RECITALS:

This Agreement is intended to help assure a continuing dedication by the Executive to the performance of his duties to the Company in the event of a change in control.

The Company and the Executive desire to set forth in writing the terms of the benefits which the Executive will be entitled to receive in the event of a change in the control of the Company occurs.

CONSIDERATION:

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants set forth in this Agreement, the parties hereto agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

(a) "Aggregate Exercise Price" means: (i) in the case of options to acquire common stock of the Company which are owned by the Executive, the total amount of cash or immediately available funds which the Executive would be required to pay to the Company in order to purchase all of the common stock of the Company which, as of the date that the determination of the Aggregate Exercise Price is to be made, the Executive is entitled to purchase under the terms of all issued, outstanding and unexercised options to purchase common stock of the Company which are outstanding and exercisable on the date the determination of the Aggregate Exercise Price is to be made; and (ii) in the case of options to acquire Successor Equity (as hereinafter defined) the total amount of cash or immediately available funds which the Executive would be required to pay the Successor (as hereinafter defined) in order to purchase all the Successor Equity which, as of the date that the determination of the Aggregate Exercise Price is to be made, the Executive is entitled to purchase under the terms of all issued, outstanding and unexercised options to purchase Successor Equity which are outstanding and exercisable on the date the determination of the Aggregate Exercise Price of such options is to be made.

(b) "Annual Compensation" means the sum of: (i) the amount of the annual base salary of the Executive which is in effect during the calendar year preceding the calendar year in which a Change in Control (as hereinafter defined) occurs; and (ii) the highest annual bonus paid to the Executive by the Company during the three (3) calendar year period preceding the calendar year in which a Change in Control occurs. The amount of any compensation which the Executive has affirmatively elected to defer his receipt of, including without limitation, compensation deferred pursuant to any applicable 401(k) plan, any Section 125 plan, any cafeteria plan or any other deferred compensation plan maintained by the Company, shall be included when calculating Annual Compensation.

(c) "Built In Gain" means an amount equal to: (i) the Highest Sale Price (as hereinafter defined) determined as of the date the Change in Control occurs, multiplied by

the total number of shares of common stock of the Company which the Executive could acquire by exercising all of the options to acquire common stock of the Company which, as of the date the Change in Control occurs, were issued to the Executive, outstanding and unexercised, minus (ii) the Aggregate Exercise Price of such options.

(d) "Change in Control" means, the occurrence of any of the following events:

(i) any "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of more than thirty percent (30%) of the then outstanding voting stock of the Company; or

(ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Company cease for any reason to constitute a majority thereof; or

(iii) the stockholders of the Company approve a merger or consolidation of the Company with any other company, other than a merger or consolidation which would result in the voting securities of the Company immediately prior thereto continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity) at least 80% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or

(iv) the Board of Directors and the stockholders of the Company approve an agreement for the sale or disposition by the Company of all or substantially all the assets of the Company following an approval of such sale by the Board of Directors of the Company.

(e) "Conversion Options" means, an option or options to purchase Successor Equity in the Successor which option or options may be granted by the Successor to the Executive and are exercisable in full, immediately following the Change in Control for an Aggregate Exercise Price which does not exceed the Aggregate Exercise Price of the options to purchase common stock of the Company which were owned by the Executive on the date the Change in Control occurs and which options, if exercised by the Executive in full, immediately following the occurrence of a Change in Control would provide for the ownership by the Executive of Successor Equity which, immediately following the acquisition of such Successor Equity by the Executive, may be sold by the Executive, free of any restrictions imposed on the sale of securities by the Securities Act of 1933, for a price which exceeds the Aggregate Exercise Price of the such options by an amount which is not less than the amount of the Built In Gain. Nothing contained in this Agreement shall be deemed or construed to require the Executive to accept a grant of Conversion Options from the Successor.

(f) "Deferred Compensation" means any compensation, payable to the Executive by the Company, receipt of which is contingent or is deferred pursuant to the terms of any applicable 401(k) plan, Section 125 cafeteria plan or any other deferred compensation plan maintained by the Company together with any interest or earnings, either actually or hypothetically earned on the amount of such compensation.

(g) "Highest Sale Price" means: (i) with respect to the common stock of the Company, the highest closing sale price at which common stock of the Company has been sold, in an established securities market, during the twelve (12) consecutive month period ending on the date as of which the determination of the Highest Sale Price of the common stock of the Company is to be made; and (ii) in the case of any Successor Equity, the highest closing sale price at which such Successor Equity has been sold, in an established securities market,

during the twelve (12) consecutive month period ending on the date as of which the determination of the Highest Sale Price of the Successor Equity is to be determined.

(h) "Successor" means, the person, firm, corporation or other entity which, as a result of the occurrence of a Change in Control, has succeeded, directly or indirectly, to all or substantially all the assets, rights, properties, liabilities and obligations of the Company.

(i) "Successor Equity" means capital stock or any other equity interest in the Successor.

2. Effect of Change in Control. Upon the occurrence of a Change in Control:

(a) the restrictions imposed upon the sale, transfer or other conveyance of any restricted stock held by the Executive pursuant to the terms of any restricted stock agreement or any other plan or agreement shall terminate and cease to exist, and such stock shall thereafter be free from all such restrictions;

(b) any and all Deferred Compensation (except for compensation deferred by the Executive pursuant to the terms of any 401(k) plan maintained by the Company, which deferred compensation shall be paid in accordance with the terms of such 401(k) plan) shall be paid to the Executive in one lump sum payment within thirty (30) days following the occurrence of the Change in Control or, in the case of a Change in Control event described in either subparagraph 1(d)(iii) or 1(d)(iv) hereof, within thirty (30) days following the consummation of the merger or sale transaction referred to in such subparagraphs (the consummation of such merger or sale transaction being hereinafter referred to as a "Merger or Sale Event");

(c) the Company or the Successor, as the case may be, shall, within thirty (30) days after the occurrence of the Change in Control or, in the case of a Change in Control event described in either subparagraph 1(d)(iii) or 1(d)(iv) hereof, within thirty (30) days following the Merger or Sale Event, pay to the Executive, in one (1) lump sum payment, an amount equal to three hundred fifty percent (350%) of the Executive's Annual Compensation;

(d) if, following the occurrence of a Change in Control (or, in the case of a Change in Control event described in subparagraph 1(d)(iii) or (iv) hereof, following the Merger or Sale Event), the Company's legal existence continues and the proportionate number of the issued and outstanding shares of common stock of the Company (on a fully diluted basis) which may be purchased by the Executive after the occurrence of the Change in Control (or after the Merger or Sale Event) pursuant to the exercise of his options and for a price equal to the Aggregate Exercise Price of the Executive's options (determined immediately prior to the occurrence of the Change in Control), is at least equal to the proportionate number of the issued and outstanding shares of common stock of the Company which could have been purchased by the Executive pursuant to the exercise by the Executive of all of his options, immediately prior to the Change in Control (or, in the case of a Change in Control event described in subparagraph 1(d)(iii) or (iv) above, immediately prior to the Merger or Sale Event) (including any shares of the Company's common stock which may be acquired by the Executive as a result of adjustments made after the occurrence of a Change in Control to the terms of the options which the Executive held prior to the occurrence of the Change in Control, which adjustments provide the Executive the right to acquire more shares of the Company's common stock for the same Aggregate Exercise Price and shares of the Company's common stock which may be acquired by the Executive pursuant to the exercise of additional options granted to the Executive immediately following the Change in Control (or the Merger or Sale Event) which are immediately exercisable in full), then, all options to purchase the

Company's common stock which were granted to the Executive prior to the occurrence of the Change in Control shall immediately become fully exercisable by the Executive; and

(e) if, following the occurrence of a Change in Control (or, in the case of a Change in Control event described in subparagraph 1(d)(iii) or (iv) hereof, following the Merger or Sale Event): (i) the Company's legal existence continues but the number of shares of common stock of the Company which the Executive is entitled to purchase pursuant to the exercise of all options to purchase the Company's common stock which are owned by the Executive immediately following the Change in Control for a price which is not more than the Aggregate Exercise Price of his unexercised options immediately prior to the occurrence of the Change in Control, is not, on a fully diluted basis, at least equal to the same proportion, on a fully diluted basis, of the issued and outstanding shares of common stock of the Company which could have been purchased by the Executive pursuant to the exercise of all of his options immediately prior to the occurrence of the Change in Control; or (ii) the common stock of the Company is no longer listed for trading on an established securities market and the Successor has not, effective as of the date the Change in Control occurs, offered to grant Conversion Options to the Executive in lieu of the options of the Executive to purchase common stock of the Company; or (iii) the common stock of the Company is no longer listed for trading on an established securities market and the Successor has offered to grant Conversion Options to the Executive effective as of the date the Change in Control occurs (in lieu of the Executive's options to purchase common stock of the Company) but the Executive has elected not to accept such grant of Conversion Options; then (iv) the Executive shall be paid, in one lump sum payment not later than 90 days following the occurrence of the Change in Control (or, in the case of a Change in Control event described in subparagraph 1(d)(iii) or (iv) hereof, not later than ninety (90) days following the Merger or Sale Event), the amount of the Built In Gain on the options to purchase common stock of the Company which were issued to the Executive and outstanding and unexercised on the date the Change in Control occurs and, thereafter, all such options shall be cancelled and shall for all purposes be deemed and construed to be null and void.

3. Effect of Termination of Employment. If the Executive's employment with the Company is terminated for any reason whatsoever during the two (2) year period following the occurrence of a Change in Control and, in the case of a Change in Control event described in subparagraph 1(d)(iii) or (iv) hereof, prior to the adoption by the Board of Directors of the Company of a resolution which acknowledges or confirms that the merger or sale transaction which was previously approved by the stockholders of the Company and which formed the basis of the Change in Control described in subparagraph 1(d)(iii) or (iv) will not occur and which resolution further provides that the approval by the stockholders of the Company of such merger or sale shall no longer constitute a Change in Control for purposes of this Agreement, then:

(a) if the Executive's options to purchase common stock of the Company have not been cancelled as provided for in Section 2(e) above, to the extent that the Executive has any unexercised options to purchase common stock of the Company, which options are exercisable at the time the Executive's employment with the Company is terminated, the Company shall pay to the Executive in one lump sum payment within thirty (30) days following the date the Executive's employment with the Company is terminated, an amount equal to: (i) the Highest Sale Price of the common stock of the Company determined as of the date the Executive's employment with the Company is terminated; multiplied by (ii) the aggregate number of shares of Common Stock of the Company which the Executive is entitled to purchase pursuant to the terms of all options to purchase any common stock of the Company which are

owned by the Executive and exercisable on the date the Executive's employment with the Company is terminated; minus (iii) the Aggregate Exercise Price of the issued and outstanding unexercised options to purchase common stock of the Company which are owned by the Executive as of the date the Executive's employment with the Company is terminated to the extent that such options are exercisable as of such date; and

(b) if the Executive has elected to accept a grant of Conversion Options from the Successor and, at the time that the Executive's employment with the Company is terminated, the Executive owns Conversion Options or any other options to acquire any Successor Equity which are exercisable at the time the Executive's employment with the Company is terminated, but any such Conversion Options and other options to purchase Successor Equity have not been exercised by the Executive, the Successor shall pay to the Executive in one lump sum payment within thirty (30) days following the date the Executive's employment with the Company is terminated, an amount equal to: (i) the Highest Sale Price, determined as of the date the Executive's employment with the Company is terminated, of each unit of Successor Equity which could be acquired by the Executive upon the exercise of all outstanding Conversion Options and other options to purchase Successor Equity on the date the Executive's employment with the Company is terminated; multiplied by (ii) the aggregate number of units of Successor Equity which the Executive is entitled to purchase pursuant to the terms of all options to purchase Successor Equity which are owned by the Executive and exercisable on the date the Change in Control occurs; minus (iii) the Aggregate Exercise Price of all issued and outstanding unexercised Conversion Options and other options to purchase Successor Equity which were owned by the Executive and exercisable as of the date the Executive's employment with the Company is terminated.

4. Additional Payments by the Company. (a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties being hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) Subject to the provisions of Section 4(c) hereof, all determinations required to be made under this Section 4, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, shall be made by any nationally recognized firm of certified public accountants (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within 60 business days following the occurrence a Change in Control. When calculating the amount of the Gross-Up Payment, the Executive shall be deemed to pay:

(i) Federal income taxes at the highest applicable marginal rate of Federal income taxation for the calendar year in which the Gross-Up Payment is to be made; and

(ii) any applicable state and local income taxes at the highest applicable marginal rate of taxation for the calendar year in which the Gross-Up Payment is to be made, net of the maximum reduction in Federal income

taxes which could be obtained from deduction of such state and local taxes if paid in such year.

If the Accounting Firm has performed services for the entity that caused the Change of Control or any affiliate thereof, the Executive may select an alternative accounting firm from any nationally recognized firm of certified public accountants. If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall furnish the Executive with an opinion that he has substantial authority not to report any Excise Tax on his federal income tax return. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 4(c) hereof, and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive knows of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the thirty-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) give the Company any information reasonably requested by the Company relating to such claim;

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company;

(iii) cooperate with the Company in good faith in order to effectively contest such claim; and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 4(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a

court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 4(c) hereof, the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 4(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon by the taxing authority after deducting any taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 4(c) hereof, a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid under Section 4(a) hereof. The forgiveness of such advance shall be considered part of the Gross-Up Payment and subject to gross-up for any taxes (including interest or penalties) associated therewith.

5. Effect on Terms and Conditions of Employment. The Executive hereby acknowledges and agrees that, except as otherwise specifically set forth in this Agreement, the terms of this Agreement shall not be deemed or construed to modify, alter or otherwise amend the terms and conditions of the employment relationship between the Executive and the Company as it now exists or as it may exist in the future. Accordingly, the Executive hereby agrees that nothing contained in this Agreement shall be deemed or construed to entitle the Executive to remain in the employment of the Company and that nothing contained in this Agreement shall be deemed or construed to limit or otherwise restrict any rights which the Company now has or in the future have to terminate the employment of the Executive. The Company hereby acknowledges and agrees that, except as otherwise specifically set forth in this Agreement, nothing in this Agreement shall be deemed or construed to modify, alter, amend, limit or restrict, in any way, any rights which the Executive may now or in the future have to payment of any compensation or benefits from the Company or any employee plan, program or arrangement maintained by the Company and which the Executive is a participant in.

6. Confidentiality. During the period of the Executive's employment by the Company or any Successor, the Executive shall not, except as may be required in connection with the performance by the Executive of the duties of his employment with the Company or the Successor, disclose to any person, firm, corporation or other entity, any information concerning matters affecting or relating to the services, marketing, long range plans, financial strategies or other business of the Company or, if applicable, the Successor, or any of their respective customers so long as such information is

not generally available to the public other than as a result of disclosure by the Executive or any other third party which is prohibited from disclosing such information by a contractual or fiduciary obligation.

7. Litigation Expenses. In the event that any dispute shall arise under this Agreement between the Executive and the Company, the Company shall be responsible for the payment of all reasonable expenses of all parties to such dispute, including reasonable attorney fees, regardless of the outcome thereof.

8. Amendments. This Agreement may not be amended or modified orally, and no provision hereof may be waived, except in writing signed by both the parties hereto.

9. Assignment. This Agreement may not be assigned by either party hereto except with the written consent of the other.

10. Successors, Binding Effect. (a) This Agreement shall be binding upon and inure to the benefit of the personal representatives and successors in interest of the Executive. In addition, this Agreement shall be binding upon any successor (whether direct or indirect, by purchase, merger, amalgamation or otherwise) to all or substantially of the business and/or assets of the Company. The Company expressly agrees that it shall have no right, power or authority to consummate any sale of all or substantially all the business and/or assets of the Company or to consummate any merger, consolidation or other transaction as a result of which all or substantially all the business and/or assets of the Company are not owned by the Company or any of its direct or indirect wholly owned subsidiaries unless the party that will own all or substantially all the business and/or assets of the Company following the consummation of such transaction executes and delivers an agreement with the Company expressly providing for the assumption by such party of all of the Company's obligations under this Agreement; provided that, notwithstanding the foregoing, no such agreement shall be necessary to make the obligations of the Company under the terms of this Agreement binding on such successor to the business and/or assets of the Company.

(b) This Agreement shall inure to the benefit of and be enforceable by Executive's personal and legal representatives, executors and administrators. If Executive dies while any amount is still payable to him hereunder, all such amounts shall be paid in accordance with the terms of this Agreement to the Executive's personal representative or the executor or administrator of the Executive's estate within ten (10) days from the date such personal representative, executor or administrator is appointed. In addition, the obligation of the Company or, if applicable, the Successor to pay to the Executive the amounts required to be paid under the terms of this Agreement shall not be released, discharged or otherwise affected by any disability which may be suffered by the Executive after he becomes entitled to payment of any amounts which he is entitled to be paid pursuant to the terms of this Agreement.

11. Applicable Law. This Agreement shall be governed and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed wholly within such State except with respect to the internal affairs of the Company and its stockholders, which shall be governed by the General Company Law of the State of Delaware.

12. Notices. All notices and other communications given pursuant to this Agreement shall be deemed to have been properly given or delivered if hand-delivered, or if mailed, by certified mail or registered mail postage prepaid, addressed to the Executive at the address first above written or if to the Company, at its address set forth above, with a copy to the attention of Gerald S. Lippes, 700 Guaranty Building, Buffalo, New York 14202.

From time to time, any party hereto may designate by written notice any other address or party to which such notice or communication or copies thereof shall be sent.

13. Severability of Provisions. In case any one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby and this Agreement shall be interpreted as if such invalid, illegal or unenforceable provision was not contained herein.

14. Headings. The headings of the Sections and Articles of this Agreement are inserted for convenience only and shall not constitute a part hereof or affect in any way the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the undersigned have caused this Change in Control Agreement to be executed as of the day and year first above written.

/x/ Brian J. Lipke
Brian J. Lipke

GIBRALTAR STEEL COMPANY

By:/x/ Neil E. Lipke
Neil E. Lipke,
Executive Vice President

CHANGE IN CONTROL AGREEMENT

This Agreement is made as of this ninth day of July, 1998, by and between Gibraltar Steel Corporation, a Delaware corporation with offices at 3556 Lake Shore Road, Buffalo New York (the "Company") and _____, an individual residing at _____ (the "Executive").

RECITALS:

This Agreement is intended to help assure a continuing dedication by the Executive to the performance of his duties to the Company in the event of a change in control.

The Company and the Executive desire to set forth in writing the terms of the benefits which the Executive will be entitled to receive in the event of a change in the control of the Company occurs.

CONSIDERATION:

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants set forth in this Agreement, the parties hereto agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

(a) "Aggregate Exercise Price" means: (i) in the case of options to acquire common stock of the Company which are owned by the Executive, the total amount of cash or immediately available funds which the Executive would be required to pay to the Company in order to purchase all of the common stock of the Company which, as of the date that the determination of the Aggregate Exercise Price is to be made, the Executive is entitled to purchase under the terms of all issued, outstanding and unexercised options to purchase common stock of the Company which are outstanding and exercisable on the date the determination of the Aggregate Exercise Price is to be made; and (ii) in the case of options to acquire Successor Equity (as hereinafter defined) the total amount of cash or immediately available funds which the Executive would be required to pay to the Successor (as hereinafter defined) in order to purchase all the Successor Equity which, as of the date that the determination of the Aggregate Exercise Price is to be made, the Executive is entitled to purchase under the terms of all issued, outstanding and unexercised options to purchase Successor Equity which are outstanding and exercisable on the date the determination of the Aggregate Exercise Price of such options is to be made.

(b) "Annual Compensation" means the sum of: (i) the amount of the annual base salary of the Executive which is in effect during the calendar year preceding the calendar year in which the Executive's employment with the Company is terminated in a termination which constitutes a Change in Control Termination (as hereinafter defined); and (ii) the average of the annual bonuses paid to the Executive by the Company during the three (3) calendar years preceding the calendar year in which the Executive's employment with the Company is terminated in a termination which constitutes a Change in Control Termination. The amount of any compensation which the Executive has affirmatively elected to defer his receipt of, including without limitation, compensation deferred pursuant to any applicable 401(k) plan, any Section 125 plan, any cafeteria plan or any other deferred compensation plan maintained by the Company, shall be included when calculating Annual Compensation.

(c) "Built In Gain" means an amount equal to: (i) the Highest Sale Price (as hereinafter defined) determined as of the date the Change in Control occurs, multiplied by the total number of shares of common stock of the Company which the Executive could acquire by exercising all of the options to acquire common stock of the Company which, as of the date the Change in Control occurs, were issued to the Executive, outstanding and unexercised, minus (ii) the Aggregate Exercise Price of such options.

(d) "Change in Control" means, the occurrence of any of the following events:

(i) any "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of more than thirty percent (30%) of the then outstanding voting stock of the Company; or

(ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Company cease for any reason to constitute a majority thereof; or

(iii) the stockholders of the Company approve a merger or consolidation of the Company with any other company, other than a merger or consolidation which would result in the voting securities of the Company immediately prior thereto continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity) at least 80% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or

(iv) the Board of Directors and the stockholders of the Company approve an agreement for the sale or disposition by the Company of all or substantially all the assets of the Company following an approval of such sale by the Board of Directors of the Company.

(e) "Change in Control Termination" means a termination of the Executive's employment with the Company other than a Termination For Cause (as hereinafter defined), a termination which results from the Executive's death or a termination (whether by the Company or by the Executive) which results from the Executive's disability (as determined under the provisions of the long term disability plan of the Company which is in effect at the time the Change in Control occurs), which termination:

(i) is initiated:

(A) by the Company; or

(B) by the Executive as a result of the occurrence of either of the following events:

(I) a reduction in the Executive's annual base salary as in effect at the time the Change in Control occurs; or

(II) a change in the terms upon which the bonus payable to the Executive is determined, as a result of which, the amount of the bonus which the Executive is able to earn after the occurrence of the Change in Control is significantly less than the amount of the bonus which the Executive was able to earn immediately prior to the occurrence of a Change in Control; and

(ii) occurs:

(A) in the case of a Change in Control event described in subparagraph 1(d)(i) or (ii) above, at any time prior to the end of the two (2) year period immediately following the occurrence of such Change in Control; or

(B) in the case of a Change in Control event described in subparagraph 1(d)(iii) or (iv) above, at any time prior to the earliest to occur of:

(I) the end of the two (2) year period immediately following the occurrence of such Change in Control; and

(II) the adoption by the Board of Directors of the Company of a resolution which acknowledges or confirms that the merger or sale transaction which was previously approved by the stockholders of the Company and which formed the basis for the occurrence of a Change in Control described in subparagraph 1(d)(iii) or (iv) will not occur and which resolution further provides that the approval by the stockholders of the Company of such merger or sale shall no longer constitute a Change in Control for purposes of this Agreement.

(f) "Conversion Options" means, an option or options to purchase Successor Equity in the Successor which option or options may be granted by the Successor to the Executive and are exercisable in full, immediately following the Change in Control for an Aggregate Exercise Price which does not exceed the Aggregate Exercise Price of the options to purchase common stock of the Company which were owned by the Executive on the date the Change in Control occurs and which options, if exercised by the Executive in full, immediately following the occurrence of a Change in Control would provide for the ownership by the Executive of Successor Equity which, immediately following the acquisition of such Successor Equity by the Executive, may be sold by the Executive, free of any restrictions imposed on the sale of securities by the Securities Act of 1933, for a price which exceeds the Aggregate Exercise Price of the such options by an amount which is not less than the amount of the Built In Gain. Nothing contained in this Agreement shall be deemed or construed to require the Executive to accept a grant of Conversion Options from the Successor.

(g) "Deferred Compensation" means any compensation, payable to the Executive by the Company, receipt of which is contingent or is deferred pursuant to the terms of any applicable 401(k) plan, Section 125 cafeteria plan or any other deferred compensation plan maintained by the Company together with any interest or earnings, either actually or hypothetically earned on the amount of such compensation.

(h) "Highest Sale Price" means: (i) with respect to the common stock of the Company, the highest closing sale price at which common stock of the Company has been sold, in an established securities market, during the twelve (12) consecutive month period ending on the date as of which the determination of the Highest Sale Price of the common stock of the Company is to be made; and (ii) in the case of any Successor Equity, the highest closing sale price at which such Successor Equity has been sold, in an established securities market, during the twelve (12) consecutive month period ending on the date as of which the determination of the Highest Sale Price of the Successor Equity is to be determined.

(i) "Successor" means, the person, firm, corporation or other entity which, as a result of the occurrence of a Change in Control, has succeeded, directly or indirectly, to all or substantially all the assets, rights, properties, liabilities and obligations of the Company.

(j) "Successor Equity" means capital stock or any other equity interest in the Successor.

(k) "Termination for Cause" means the termination by the Company of the Executive's employment with the Company for any of the following reasons:

(i) willful and continued failure by the Executive to substantially perform his duties other than any such failure resulting from the Executive's incapacity due to physical or mental illness;

(ii) intentional falsification of records or reports or any other act or acts of dishonesty constituting a felony and resulting, or intended to result, directly or indirectly, in personal gain or enrichment of the Executive at the expense of the Company;

(iii) excessive and/or chronic use of alcohol, narcotics or other controlled substances (other than under the supervision of a licensed physician); or

(iv) willful engagement in gross misconduct materially injurious to the Company.

2. Effect of Change in Control. Upon the occurrence of a Change in Control:

(a) the restrictions imposed upon the sale, transfer or other conveyance of any restricted stock held by the Executive pursuant to the terms of any restricted stock agreement or any other plan or agreement shall terminate and cease to exist, and such stock shall thereafter be free from all such restrictions;

(b) any and all Deferred Compensation (except for compensation deferred by the Executive pursuant to the terms of any 401(k) plan maintained by the Company, which deferred compensation shall be paid in accordance with the terms of such 401(k) plan) shall be paid to the Executive in one lump sum payment within thirty (30) days following the occurrence of the Change in Control or, in the case of a Change in Control event described in either subparagraph 1(d)(iii) or 1(d)(iv) hereof, within thirty (30) days following the consummation of the merger or sale transaction referred to in such subparagraphs (the consummation of such merger or sale transaction being hereinafter referred to as a "Merger or Sale Event");

(c) if, following the occurrence of a Change in Control (or, in the case of a Change in Control event described in subparagraph 1(d)(iii) or (iv) hereof, following the Merger or Sale Event), the Company's legal existence continues and the proportionate number of the issued and outstanding shares of common stock of the Company (on a fully diluted basis) which may be purchased by the Executive after the occurrence of the Change in Control (or after the Merger or Sale Event) pursuant to the exercise of his options and for a price equal to the Aggregate Exercise Price of the Executive's options (determined immediately prior to the occurrence of the Change in Control), is at least equal to the proportionate number of the issued and outstanding shares of common stock of the Company which could have been purchased by the Executive pursuant to the exercise by the Executive of all of his options, immediately prior to the Change in Control (or, in the case of a Change in Control event described in subparagraph 1(d)(iii) or (iv) above, immediately prior to the Merger or Sale Event) (including any shares of the Company's common stock which may be acquired by the Executive as a result of adjustments made after the occurrence of a Change in Control to the terms of the options which the Executive held prior to the occurrence of the Change in Control, which adjustments provide the Executive the right to acquire more shares of the Company's common stock for the same Aggregate Exercise Price and shares of the Company's common stock which may be acquired by the Executive pursuant to the exercise of additional options granted to the Executive immediately following the Change in Control (or the Merger or Sale Event) which are immediately exercisable in full), then, all options to purchase the Company's common stock which were granted to the Executive prior to the occurrence of the Change in Control shall immediately become fully exercisable by the Executive; and

(d) if, following the occurrence of a Change in Control (or, in the case of a Change in Control event described in subparagraph 1(d)(iii) or (iv) hereof, following the Merger or Sale Event): (i) the Company's legal existence continues but the number of shares of common stock of the

Company which the Executive is entitled to purchase pursuant to the exercise of all options to purchase the Company's common stock which are owned by the Executive immediately following the Change in Control for a price which is not more than the Aggregate Exercise Price of his unexercised options immediately prior to the occurrence of the Change in Control, is not, on a fully diluted basis, at least equal to the same proportion, on a fully diluted basis, of the issued and outstanding shares of common stock of the Company which could have been purchased by the Executive pursuant to the exercise of all of his options immediately prior to the occurrence of the Change in Control; or (ii) the common stock of the Company is no longer listed for trading on an established securities market and the Successor has not, effective as of the date the Change in Control occurs, offered to grant Conversion Options to the Executive in lieu of the options of the Executive to purchase common stock of the Company; or (iii) the common stock of the Company is no longer listed for trading on an established securities market and the Successor has offered to grant Conversion Options to the Executive effective as of the date the Change in Control occurs (in lieu of the Executive's options to purchase common stock of the Company) but the Executive has elected not to accept such grant of Conversion Options; then (iv) the Executive shall be paid, in one lump sum payment not later than 90 days following the occurrence of the Change in Control (or, in the case of a Change in Control event described in subparagraph 1(d)(iii) or (iv) hereof, not later than ninety (90) days following the Merger of Sale Event), the amount of the Built In Gain on the options to purchase common stock of the Company which were issued to the Executive and outstanding and unexercised on the date the Change in Control occurs and, thereafter, all such options shall be cancelled and shall for all purposes be deemed and construed to be null and void.

3. Effect of Change in Control Termination. In the event of a Change in Control Termination:

(a) the Company or the Successor, as the case may be, shall, within thirty (30) days after the occurrence of such Change in Control Termination, pay to the Executive, in one (1) lump sum payment, the following amounts which shall be in lieu of any rights which the Executive may have to continuation of salary, compensation, benefits and perquisites:

(i) the amount of any Deferred Compensation, except for compensation deferred pursuant to the terms of any applicable 401(k) plan maintained by the Company, which shall remain subject to and shall be payable in accordance with the terms of such plan; and

(ii) an amount equal to two-hundred twenty-five percent (225%) of the Executive's Annual Compensation;

(b) if the options to purchase common stock of the Company have not been cancelled as provided for in Section 2(d) above, to the extent that the Executive has any unexercised options to purchase common stock of the Company, which options are exercisable at the time the Executive experiences the Change in Control Termination, the Company shall pay to the Executive in one lump sum payment within thirty (30) days following the date the Change in Control Termination occurs, an amount equal to: (i) the Highest Sale Price of the common stock of the Company determined as of the date the Change in Control Termination occurs; multiplied by (ii) the aggregate number of shares of Common Stock of the Company which the Executive is entitled to purchase pursuant to the terms of all options to purchase any common stock of the Company which are owned by the Executive and exercisable on the date the Change in Control Termination occurs; minus (iii) the Aggregate Exercise Price of the issued and outstanding unexercised options to purchase common stock of the Company which are owned by the Executive as of the date the Change in Control Termination occurs to the extent that such options are exercisable as of such

date; and

(c) if the Executive has elected to accept a grant of Conversion Options from the Successor and, at the time that the Executive's employment is terminated in a termination which constitutes a Change in Control Termination, the Executive owns Conversion Options or any other options to acquire any Successor Equity which are exercisable at the time the Executive's Change in Control Termination occurs, but any such Conversion Options and other options to purchase Successor Equity have not been exercised by the Executive, the Successor shall pay to the Executive in one lump sum payment within thirty (30) days following the date the Change in Control Termination occurs, an amount equal to: (i) the Highest Sale Price, determined as of the date the Change in Control Termination occurs, of each unit of Successor Equity which could be acquired by the Executive upon the exercise of all outstanding Conversion Options and other options to purchase Successor Equity on the date the Change in Control Termination occurs; multiplied by (ii) the aggregate number of units of Successor Equity which the Executive is entitled to purchase pursuant to the terms of all options to purchase Successor Equity which are owned by the Executive and exercisable on the date the Change in Control Termination occurs; minus (iii) the Aggregate Exercise Price of all issued and outstanding unexercised Conversion Options and other options to purchase Successor Equity which were owned by the Executive and exercisable as of the date the Change in Control Termination occurs.

4. Additional Payments by the Company. (a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties being hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) Subject to the provisions of Section 4(c) hereof, all determinations required to be made under this Section 4, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, shall be made by any nationally recognized firm of certified public accountants (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within 60 business days of a Change in Control Termination. When calculating the amount of the Gross-Up Payment, the Executive shall be deemed to pay:

(i) Federal income taxes at the highest applicable marginal rate of Federal income taxation for the calendar year in which the Gross-Up Payment is to be made; and

(ii) any applicable state and local income taxes at the highest applicable marginal rate of taxation for the calendar year in which the Gross-Up Payment is to be made, net of the maximum reduction in Federal income taxes which could be obtained from deduction of such state and local taxes if paid in such year.

If the Accounting Firm has performed services for the entity that caused the Change of Control or any affiliate thereof, the Executive may select an alternative accounting firm from any nationally

recognized firm of certified public accountants. If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall furnish the Executive with an opinion that he has substantial authority not to report any Excise Tax on his federal income tax return. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 4(c) hereof, and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive knows of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the thirty-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) give the Company any information reasonably requested by the Company relating to such claim;

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company;

(iii) cooperate with the Company in good faith in order to effectively contest such claim; and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 4(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest free basis and shall indemnify and hold the Executive harmless, on an after-tax basis,

from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 4(c) hereof, the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 4(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon by the taxing authority after deducting any taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 4(c) hereof, a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid under Section 4(a) hereof. The forgiveness of such advance shall be considered part of the Gross-Up Payment and subject to gross-up for any taxes (including interest or penalties) associated therewith.

5. Effect on Terms and Conditions of Employment. The Executive hereby acknowledges and agrees that, except as otherwise specifically set forth in this Agreement, the terms of this Agreement shall not be deemed or construed to modify, alter or otherwise amend the terms and conditions of the employment relationship between the Executive and the Company as it now exists or as it may exist in the future. Accordingly, the Executive hereby agrees that nothing contained in this Agreement shall be deemed or construed to entitle the Executive to remain in the employment of the Company and that nothing contained in this Agreement shall be deemed or construed to limit or otherwise restrict any rights which the Company now has or in the future have to terminate the employment of the Executive. The Company hereby acknowledges and agrees that, except as otherwise specifically set forth in this Agreement, nothing in this Agreement shall be deemed or construed to modify, alter, amend, limit or restrict, in any way, any rights which the Executive may now or in the future have to payment of any compensation or benefits from the Company or any employee plan, program or arrangement maintained by the Company and which the Executive is a participant in.

6. Confidentiality. During the period of the Executive's employment by the Company or any Successor, the Executive shall not, except as may be required in connection with the performance by the Executive of the duties of his employment with the Company or the Successor, disclose to any person, firm, corporation or other entity, any information concerning matters affecting or relating to the services, marketing, long range plans, financial strategies or other business of the Company or, if applicable, the Successor, or any of their respective customers so long as such information is not generally available to the public other than as a result of disclosure by the Executive or any other third party which is prohibited from disclosing such information by a contractual or fiduciary obligation.

7. Litigation Expenses. The Company shall have no liability or obligation for payment of any costs or

expenses (including reasonable attorneys fees) which may be incurred by the Executive to enforce its rights to payment of the amount which the Company is required to pay to the Executive pursuant to this Agreement unless the Company unreasonably fails or refuses to pay the Executive any portion of or only pays to the Executive an insignificant portion of the Change in Control benefits the Executive is entitled to receive pursuant to this Agreement. It is the intent of this provision that the Company shall not be obligated to pay any costs and expenses which may be incurred by the Executive to enforce his rights under this Agreement in the event that such expenses are incurred by the Executive in a dispute over the amount of the Change in Control payments which the Executive is entitled to receive pursuant to this Agreement if the difference between the amount which the Executive claims to be entitled to receive from the Company and the amount which the Company claims it is obligated to pay to the Executive is not material and if the Company's determination of the amount which it is obligated to pay to the Executive is based on a reasonable good faith interpretation of the provisions of this Agreement. However, it is also the intent of this provision that, if the Company arbitrarily denies that it is obligated to make the payments to the Executive provided for by this Agreement or if the Company refuses to pay the Executive any portion of or only pays to the Executive an insignificant portion of the Change in Control benefits which the Executive is entitled to receive pursuant to this Agreement without any reasonable basis for such refusal, the Company shall be obligated to pay any and all expenses, including reasonable attorneys fees, which may be incurred by the Executive to enforce his rights under this Agreement.

8. Amendments. This Agreement may not be amended or modified orally, and no provision hereof may be waived, except in writing signed by both the parties hereto.

9. Assignment. This Agreement may not be assigned by either party hereto except with the written consent of the other.

10. Successors, Binding Effect. (a) This Agreement shall be binding upon and inure to the benefit of the personal representatives and successors in interest of the Executive. In addition, this Agreement shall be binding upon any successor (whether direct or indirect, by purchase, merger, amalgamation or otherwise) to all or substantially of the business and/or assets of the Company. The Company expressly agrees that it shall have no right, power or authority to consummate any sale of all or substantially all the business and/or assets of the Company or to consummate any merger, consolidation or other transaction as a result of which all or substantially all the business and/or assets of the Company are not owned by the Company or any of its direct or indirect wholly owned subsidiaries unless the party that will own all or substantially all the business and/or assets of the Company following the consummation of such transaction executes and delivers an agreement with the Company expressly providing for the assumption by such party of all of the Company's obligations under this Agreement; provided that, notwithstanding the foregoing, no such agreement shall be necessary to make the obligations of the Company under the terms of this Agreement binding on such successor to the business and/or assets of the Company.

(b) This Agreement shall inure to the benefit of and be enforceable by Executive's personal and legal representatives, executors and administrators. If Executive dies while any amount is still payable to him hereunder, all such amounts shall be paid in accordance with the terms of this Agreement to the Executive's personal representative or the executor or administrator of the Executive's estate within ten (10) days from the date such personal representative, executor or administrator is appointed. In addition, the obligation of the Company or, if applicable, the Successor to pay to the Executive

the amounts required to be paid under the terms of this Agreement shall not be released, discharged or otherwise affected by any disability which may be suffered by the Executive after he becomes entitled to payment of any amounts which he is entitled to be paid pursuant to the terms of this Agreement.

11. Applicable Law. This Agreement shall be governed and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed wholly within such State except with respect to the internal affairs of the Company and its stockholders, which shall be governed by the General Company Law of the State of Delaware.

12. Notices. All notices and other communications given pursuant to this Agreement shall be deemed to have been properly given or delivered if hand-delivered, or if mailed, by certified mail or registered mail postage prepaid, addressed to the Executive at the address first above written or if to the Company, at its address set forth above, with a copy to the attention of Gerald S. Lippe, 700 Guaranty Building, Buffalo, New York 14202. From time to time, any party hereto may designate by written notice any other address or party to which such notice or communication or copies thereof shall be sent.

13. Severability of Provisions. In case any one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby and this Agreement shall be interpreted as if such invalid, illegal or unenforceable provision was not contained herein.

14. Headings. The headings of the Sections and Articles of this Agreement are inserted for convenience only and shall not constitute a part hereof or affect in any way the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the undersigned have caused this Change in Control Agreement to be executed as of the day and year first above written.

GIBRALTAR STEEL COMPANY

By: _____

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS ON FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1000
US DOLLARS

9-MOS		
	DEC-31-1998	
	JAN-01-1998	
	SEP-30-1998	
	1	2,314
	0	
	83,613	
	1,464	
	112,000	
	200,853	200,956
	43,923	
	441,725	
75,236		188,713
0		0
		125
		155,278
441,725		413,893
	413,893	
		339,149
	339,149	
	42,026	
	0	
	7,688	
	25,030	
	10,012	
15,018		0
	0	
		0
	15,018	
	1.21	
	1.19	