

Registration No. 333-65762

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Amendment No. 1

to

FORM S-3  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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 Number)

3556 Lake Shore Road  
P.O. Box 2028  
Buffalo, New York 14219-0228  
(716) 826-6500  
(Address, including zip code, and telephone number, including  
area code, of registrant's principal executive offices)

Brian J. Lipke  
Chairman of the Board and  
Chief Executive Officer  
Gibraltar Steel Corporation  
3556 Lake Shore Road  
P. O. Box 2028  
Buffalo, New York 14219-0228  
(716) 826-6500  
(Name, address, including zip code, and telephone number, including  
area code, of agent for service)

Copies To:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in conjunction with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434,

please check the following box. [ ]

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED \_\_\_\_\_, 2001

PROSPECTUS

[LOGO] Gibraltar

3,000,000 Shares

Gibraltar Steel Corporation

Common Stock  
\$ per share

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We are selling 2,500,000 shares of our common stock and the selling stockholders named in this prospectus are selling 500,000 shares. We will not receive any proceeds from the sale of the shares by the selling stockholders. We have granted the underwriters an option to purchase up to 450,000 additional shares of common stock to cover over-allotments.

Our common stock is quoted on the Nasdaq National Market under the symbol "ROCK." The last reported sale price of our common stock on the Nasdaq National Market on August 29, 2001, was \$19.28 per share.

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Investing in our common stock involves risks. See "Risk Factors" beginning on page 7.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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	Per Share	Total
	-----	-----
Public Offering Price	\$	\$
Underwriting Discount	\$	\$
Proceeds to Gibraltar, before expenses	\$	\$
Proceeds to the selling stockholders, before expenses	\$	\$

The underwriters expect to deliver the shares to purchasers on or about \_\_\_\_\_, 2001.

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Salomon Smith Barney

McDonald Investments Inc.

, 2001

CURRENT U.S. LOCATIONS

[Map of the United States with  
dots indicating the location of current processing,  
manufacturing and distribution facilities of  
Gibraltar Steel Corporation]

You should rely only on the information contained in or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

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## SUMMARY

This summary highlights information contained elsewhere or incorporated by reference in this prospectus. Accordingly, it does not contain all of the information that may be important to you. You should read this entire prospectus carefully, including the information under "Risk Factors" and the consolidated financial statements and the notes thereto included elsewhere in this prospectus before making an investment decision. Unless the context otherwise requires, references to "we," "us" or "our" refer collectively to Gibraltar Steel Corporation and its subsidiaries. Unless otherwise stated, all information contained in this prospectus assumes no exercise of the over-allotment option granted to the underwriters.

### The Company

We are a leading processor, manufacturer and provider of high value-added, high margin steel products and services. Since our initial public offering in 1993, we have continued to build upon our core competencies of processing and manufacturing by expanding into the building and construction products, metal processing and commercial heat-treating markets through strategic acquisitions and internal growth. We are now the second largest domestic commercial heat-treater and have become a major supplier of metal building and construction products. We have broadened our product lines and services, entered new geographic and end-user markets and expanded our customer base through the acquisition of 15 businesses for approximately \$296 million and the investment of approximately \$140 million in capital expenditures. As a result of this growth, we now have 54 facilities in 20 states and Mexico serving more than 10,000 customers in a variety of industries.

Since our initial public offering, our operating approach and the successful execution of our growth strategy have enabled us to outperform most of our publicly traded competitors in the processor and service center industry with respect to net sales, EBITDA and net income growth. During this same period, we achieved eight consecutive fiscal years of record net sales and EBITDA, and our net sales, EBITDA and net income increased at compound annual growth rates of 22.1%, 25.7% and 18.7%, respectively. In addition, our EBITDA margin expanded from 9.7% in 1993 to 12.0% in 2000. As a result of the general economic slowdown, net sales, EBITDA and net income for the first six months of 2001 decreased by 10.0%, 20.6% and 46.6% respectively, as compared to the results generated in the first six months of 2000.

We utilize any one or a combination of more than 25 different processes and services to manufacture and deliver a variety of high-quality steel products. Our cold-rolled strip steel is used in applications that demand more precise widths, improved surface conditions, more diverse chemistries and tighter gauge tolerances than are supplied by primary producers of flat-rolled steel products. Our heavy duty steel strapping is used to close and reinforce packages, such as cartons and crates for shipping. We offer a wide array of building and construction products, many of which are designed to meet and exceed increasingly stringent building codes and insurance company requirements governing both residential and commercial construction. Our building and construction products include steel lumber connectors, metal roofing and accessories, storm panels, ventilation products and mailboxes. We also provide specialized heat-treating services that refine the metallurgical properties of customer-owned metal products for a variety of industries that require critical performance characteristics.

We sell our products both domestically and internationally to manufacturers and distributors and, to a lesser extent, directly to end-users for a wide range of applications. Additionally, we sell our products to consumers through hardware and building products distributors and mass merchandisers. Our major commercial markets include the automotive, automotive supply, building and construction, steel, machinery and general manufacturing industries.

## Our Opportunity

The steel industry is comprised of primary steel producers, service centers, processors and end product manufacturers. Primary steel producers typically focus on the production and sale of standard size and tolerance steel to large volume purchasers, including steel processors. Service centers typically provide services such as storage and shipping, slitting and cutting to length. Steel processors, through the application of various higher value-added processes such as cold-rolling and specialized heat-treating methods, process steel of a precise grade, temper, tolerance and finish. End product manufacturers incorporate the processed steel into finished goods.

We have developed a set of steel and metal processing core competencies as a processor operating between primary steel producers and end product manufacturers. Industry statistics indicate that although the number of service centers and processors has decreased from approximately 7,000 in 1980 to approximately 3,400 in 2000, annual sales by service centers and processors have increased from \$30 billion in 1996 to \$75 billion in 2000.

Our industry has been impacted recently as manufacturers have increasingly outsourced non-core business functions and consolidated their suppliers to improve productivity and cost efficiency. We believe that manufacturer outsourcing and the consolidation of suppliers will continue to become more prevalent, resulting in increased demand for our products and services in the future.

## Our Competitive Strengths

We have established a reputation as an industry leader in quality, service and innovation and have achieved a strong competitive position in our markets. We attribute this primarily to the following competitive strengths:

- . our ability to provide high value-added products and services;
- . our ability to identify and integrate acquisitions;
- . the diversification of our customers, products and services;
- . our commitment to quality;
- . the efficiency of our inventory purchasing and management; and
- . our experienced management team.

## Our Strategy

Our strategic objective is to further enhance our position as a leading processor, manufacturer and provider of high value-added, high margin steel products and services. We plan to achieve this objective through the aggressive pursuit of our business strategy, which includes:

- . a focus on high value-added, high margin steel products and services;
- . a commitment to internal growth and continuous cost reduction;
- . a commitment to external growth through the acquisition of businesses which are immediately accretive to our earnings per share, have long-term growth potential and also complement, expand and enhance our products and services and broaden our markets and customer base; and
- . a dedication to quality, service and customer satisfaction.

## Recent Developments

Consistent with our growth strategy, we recently made two acquisitions. In July 2000, we acquired Milcor, an Ohio-based manufacturer of a complete line of

metal building products. This acquisition strengthens our existing line of registers and vents and expands our product lines to include bath cabinets, access doors, roof hatches and telescoping doors. Milcor's two facilities provide us with manufacturing and distribution operations in new markets and its customer relationships create opportunities to cross-sell our other products.

In February 2001, we acquired Pennsylvania Industrial Heat Treaters, a leading commercial heat-treater of powdered metal parts. This transaction established us as the leading commercial heat-treater of powdered metal parts in the United States. It also extends the geographical reach of our heat-treating services to the northeastern United States.



Corporate Information

Our company was incorporated under the laws of the State of Delaware in 1993. Our executive offices are located at 3556 Lake Shore Road, Buffalo, New York 14219 and our telephone number is (716) 826-6500. Our Internet web site address is [www.gibraltar1.com](http://www.gibraltar1.com). Information contained on our web site is not a part of this prospectus.

The Offering

Common stock being offered by:

Our company.....	2,500,000 shares
The selling stockholders.....	500,000 shares
	-----
Total.....	3,000,000 shares
	=====

Common stock to be outstanding after

this offering.....	15,095,374 shares /(1)/
Use of proceeds.....	We will use the net proceeds to repay a portion of our outstanding bank indebtedness, some of which was used to fund the acquisitions of Milcor and Pennsylvania Industrial Heat Treaters and capital expenditures. We will not receive any proceeds from shares sold by the selling stockholders. See "Use of Proceeds."
Nasdaq National Market symbol.....	ROCK

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/(1)/Excludes (i) an aggregate of 400,000 shares of common stock reserved for issuance under our Non-Qualified Stock Option Plan, of which 247,500 shares were subject to outstanding options as of June 30, 2001 at a weighted average exercise price of \$13.34 per share, (ii) an aggregate of 1,475,000 shares of common stock reserved for issuance under our Incentive Stock Option Plan of which 849,017 shares were subject to outstanding options as of June 30, 2001 at a weighted average exercise price of \$16.57 per share and (iii) an aggregate of 41,000 shares of common stock reserved for issuance under our Restricted Stock Plan.

Summary Consolidated Financial Data

The summary consolidated financial data presented below have been derived from our consolidated financial statements that have been audited by PricewaterhouseCoopers LLP, except that the data for the six-month periods ended June 30, 2000 and 2001 are derived from unaudited consolidated financial statements which, in our opinion, reflect all adjustments necessary for a fair presentation. The consolidated balance sheets as of December 31, 1999 and 2000 and June 30, 2000 and 2001 and the related statements of income, cash flow and shareholders' equity for the three years ended December 31, 2000 and the six-month periods ended June 30, 2000 and 2001 and notes thereto appear elsewhere in this prospectus. Results for the six-month periods are not necessarily indicative of results for the full year. The summary consolidated financial data presented below should be read in conjunction with, and are qualified in their entirety by, "Management's Discussion and Analysis of Financial Condition and Results of Operations," our consolidated financial statements and the notes thereto and other financial information included elsewhere in this prospectus.

	Year Ended December 31,					Six Months Ended	
	1996	1997	1998	1999	2000	2000	2001
	(unaudited)						
	(in thousands, except per share data)						
<b>Income Statement Data:</b>							
Net sales.....	\$342,974	\$449,700	\$557,944	\$621,918	\$677,540	\$349,157	\$314,100
Gross profit.....	61,257	74,163	101,495	127,973	135,797	71,164	60,566
Income from operations before amortization /(1)/.	31,282	33,606	46,567	58,308	63,868	33,654	24,013
Amortization.....	665	1,003	2,112	2,839	3,976	1,920	2,217
Income from operations.....	30,617	32,603	44,455	55,469	59,892	31,734	21,796
Interest expense.....	3,827	5,115	11,389	13,439	18,942	8,425	9,352
Income before income taxes.....	26,790	27,488	33,066	42,030	40,950	23,309	12,444
Net income.....	15,975	16,416	19,840	25,008	24,365	13,869	7,404
<b>Earnings per Share Data:</b>							
Diluted.....	\$ 1.39	\$ 1.30	\$ 1.57	\$ 1.95	\$ 1.92	\$ 1.09	\$ 0.58
Basic.....	\$ 1.42	\$ 1.33	\$ 1.59	\$ 1.99	\$ 1.94	\$ 1.10	\$ 0.59
Weighted average shares outstanding--Diluted.....	11,464	12,591	12,651	12,806	12,685	12,696	12,741
Weighted average shares outstanding--Basic.....	11,261	12,357	12,456	12,540	12,577	12,580	12,583
<b>Other Data:</b>							
EBITDA /(2)/.....	\$ 36,863	\$ 41,081	\$ 57,788	\$ 72,921	\$ 81,080	\$ 42,025	\$ 33,378
Capital expenditures.....	15,477	21,784	22,062	21,999	19,619	9,338	7,915
Depreciation and amortization.....	6,246	8,478	13,333	17,452	21,188	10,291	11,582
Cash dividends per share.....	--	--	--	\$ 0.150	\$ 0.115	\$ 0.055	\$ 0.035
<b>Balance Sheet Data (end of period): /(3)/</b>							
Working capital.....	\$ 68,673	\$ 87,645	\$124,236	\$112,923	\$132,407	\$123,669	\$118,561
Goodwill.....	20,199	30,275	79,971	115,350	130,368	115,372	134,814
Total assets.....	222,507	281,336	438,435	522,080	556,046	538,916	571,425
Total debt.....	49,841	83,024	200,746	236,621	255,853	226,669	239,913
Shareholders' equity.....	121,744	140,044	160,308	185,459	208,348	198,729	214,772

/(1)/Amortization expense is comprised of amortization of goodwill and other intangible assets. Amortization of goodwill was \$557,000, \$880,000, \$1,949,000, \$2,647,000 and \$3,710,000 in 1996, 1997, 1998, 1999 and 2000, respectively, and \$1,749,000 and \$2,068,000 for the six-month periods ended June 30, 2000 and 2001, respectively.

/(2)/EBITDA is defined as the sum of income before income taxes, interest expense, depreciation expense and amortization of intangible assets (including goodwill). EBITDA is commonly used as an analytical indicator and also serves as a measure of leverage capacity and debt servicing ability. EBITDA should not be considered as a measure of financial performance under accounting principles generally accepted in the United States. The items excluded from EBITDA are significant components in understanding and assessing financial performance. EBITDA should not be considered in isolation or as an alternative to net income, cash flows generated by operating, investing or financing activities or other financial statement data presented in our consolidated financial statements as an indicator of financial performance or liquidity. EBITDA as measured in this prospectus is not necessarily comparable with similarly titled measures for other companies.

/(3)/See "Capitalization" for the unaudited pro forma balance sheet data assuming that consummation of this offering and application of the estimated proceeds therefrom to reduce indebtedness had occurred on June 30, 2001.



HISTORICAL FINANCIAL PERFORMANCE

Net Sales  
(in millions)  
CAGR/(2)/=22%

[Bar graph showing the net sales of Gibraltar Steel Corporation for each of the years 1993 through 2000 and for the six-month period ended June 30, 2001 in \$100 million increments ranging from \$0 to \$800.0 million. For each such year, the net sales for the period from January through June are differentiated from that for the period July through December.]

	Jan.-June -----	July-Dec. -----
1993	85,939	81,944
1994	101,265	98,877
1995	135,102	147,731
1996	168,510	174,464
1997	227,490	222,210
1998	261,265	296,679
1999	304,045	317,873
2000	349,157	328,383
2001	314,100	

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EBITDA/(1)/  
(in millions)  
CAGR=26%

[Bar graph showing EBITDA of Gibraltar Steel Corporation for each of the years 1993 through 2000 and for the six-month period ended June 30, 2001 in \$10 million increments ranging from \$0 to \$90 million. For each such year, EBITDA for the period from January through June is differentiated from that for the period July through December.]

	Jan.-June -----	July-Dec. -----
1993	9,701	6,632
1994	10,081	9,543
1995	13,128	11,778
1996	17,901	18,962
1997	22,016	19,065
1998	26,571	31,217
1999	35,198	37,723
2000	42,025	39,055
2001	33,378	

[GRAPHIC OF LEGEND]

Net Income  
(in millions)  
CAGR=19%

[Bar graph showing the net income for Gibraltar Steel Corporation for each of the years 1993 through 2000 and for the six-month period ended June 30, 2001 in increments of \$5 million from \$0 to \$30 million. For each such year, the net income for the period January through June is differentiated from that for the period July through December. Net income for 1993 is presented on a pro forma basis.]

	Jan.-June -----	July-Dec. -----
1993	4,357	2,980
1994	4,702	4,107
1995	5,481	4,241
1996	7,489	8,486
1997	9,143	7,273
1998	9,872	9,968
1999	12,265	12,743
2000	13,869	10,496
2001	7,404	

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/(1)/CAGR refers to compounded annual growth rate for the years 1993 through 2000.

/(2)/EBITDA is defined as the sum of income before income taxes, interest expense, depreciation expense, and amortization of intangible assets (including goodwill). EBITDA is commonly used as an analytical indicator and also serves as a measure of leverage capacity and debt servicing ability. EBITDA should not be considered as a measure of financial performance under accounting principles generally accepted in the United States. The items excluded from EBITDA are significant components in understanding and assessing financial performance. EBITDA should not be considered in isolation or as an alternative to net income, cash flows generated by operating, investing or financing activities or other financial statement data presented in our consolidated financial statements as an indicator of financial performance or liquidity. EBITDA as measured in this prospectus is not necessarily comparable with similarly titled measures for other companies.

/(3)/Pro forma results assume income taxation as a C corporation.

## RISK FACTORS

You should carefully consider the following risks and uncertainties and all other information contained in this prospectus, or incorporated herein by reference, before you decide whether to purchase our common stock. Any of the following risks, should they materialize, could adversely affect our business, financial condition or operating results. As a result, the trading price of our common stock could decline and you could lose all or part of your investment.

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

Our principal raw material is flat-rolled steel, which we purchase from multiple primary steel producers. The steel industry as a whole is very cyclical, and at times pricing can be volatile due to a number of factors beyond our control, including general economic conditions, labor costs, competition, import duties, tariffs and currency exchange rates. This volatility can significantly affect our raw material costs.

We are required to maintain substantial inventories of steel to accommodate the short lead times and just-in-time delivery requirements of our customers. Accordingly, we purchase steel on a regular basis in an effort to maintain our inventory at levels that we believe are sufficient to satisfy the anticipated needs of our customers based upon historic buying practices and market conditions. In an environment of increasing raw material prices, competitive conditions will impact how much of the steel price increases we can pass on to our customers. To the extent we are unable to pass on future price increases in our raw materials to our customers, the profitability of our business could be adversely affected.

The building and construction industry and the automotive industry account for a significant portion of our sales and reduced demand from these industries is likely to adversely affect our profitability.

Sales of our products for use in the building and construction industry accounted for approximately 49%, 50%, 51% and 55% of our net sales in 1998, 1999, 2000 and for the first six months of 2001, respectively. These sales were made primarily to retail home center chains and wholesale distributors. The building and construction industry is cyclical, with product demand based on numerous factors such as interest rates, general economic conditions, consumer confidence and other factors beyond our control.

Sales of our products for use in the automotive industry accounted for approximately 30%, 32%, 30% and 27% of our net sales in 1998, 1999, 2000 and for the first six months of 2001, respectively. Such sales include sales directly to auto manufacturers and to manufacturers of automotive components and parts. The automotive industry experiences significant fluctuations in demand based on numerous factors such as general economic conditions, consumer confidence and other factors beyond our control.

We also sell our products to customers in other industries that experience cyclical demand for products, such as the steel and machinery and equipment industries. None of these industries individually represented more than 10% of our annual net sales in 2000.

Downturns in demand from the building and construction industry, the automotive industry or any of the other industries we serve, or a decrease in the prices that we can realize from sales of our products to customers in any of these industries, could adversely affect our profitability.

The success of our business is affected by general economic conditions and our business could be adversely impacted by an economic slowdown or recession.

Periods of economic slowdown or recession in the United States or other countries, or the public perception that one may occur, could decrease the demand for our products, affect the availability and price of our products and adversely impact our business. In 2000, for example, we were somewhat impacted by the general slowing in the economy. That impact has continued, and in the first two quarters of 2001 we did not maintain the same level

of sales or profitability as in the first two quarters of 2000. Excluding the impact of any additional acquisitions that we may make during 2001, it may be difficult to achieve the same level of sales volume and net income in 2001 as we achieved last year.

We may not be able to successfully identify, manage and integrate future acquisitions, and if we are unable to do so, we are unlikely to sustain our historical growth rates and our stock price may decline.

Historically, we have grown through a combination of internal growth and external expansion through acquisitions and a joint venture. Although we intend to actively pursue our growth strategy in the future, we cannot provide any assurance that we will be able to identify appropriate acquisition candidates or, if we do, that we will be able to successfully negotiate the terms of an acquisition, finance the acquisition or integrate the acquired business effectively and profitably into our existing operations. Integration of an acquired business could disrupt our business by diverting management away from day-to-day operations. Further, failure to successfully integrate any acquisition may cause significant operating inefficiencies and could adversely affect our profitability and the price of our stock. Consummating an acquisition could require us to raise additional funds through additional equity or debt financing. Additional equity financing could depress the market price of our common stock. Additional debt financing could require us to accept covenants that limit our ability to pay dividends.

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

The principal markets that we serve are highly competitive. Competition is based primarily on the precision and range of achievable tolerances, quality, price, raw materials and inventory availability and the ability to meet delivery schedules dictated by customers. Our competition in the markets in which we participate comes from companies of various sizes, some of which have greater financial and other resources than we do and some of which have more established brand names in the markets we serve. Increased competition could force us to lower our prices or to offer additional services at a higher cost to us, which could reduce our gross profit and net income.

Principal stockholders have the ability to exert significant control in matters requiring stockholder vote and could delay, deter or prevent a change in control of our company.

Upon the consummation of this offering, approximately 38% (or approximately 37% if the underwriters' over-allotment option is exercised in full) of our outstanding common stock, including shares of common stock issuable under options granted which are exercisable within 60 days will be owned by Brian J. Lipke, Neil E. Lipke and Eric R. Lipke, each of whom is an executive officer of our company, Meredith A. Lipke, an employee of our company and Curtis W. Lipke, all of whom are siblings, Patricia K. Lipke, mother of the Lipke siblings, and certain trusts for the benefit of each of them. As a result, the Lipke family will continue to have significant influence over all actions requiring stockholder approval, including the election of our board of directors. Through their concentration of voting power, the Lipke family could delay, deter or prevent a change in control of our company or other business combinations that might otherwise be beneficial to our other stockholders. In deciding how to vote on such matters, the Lipke family may be influenced by interests that conflict with yours.

Certain provisions of our charter documents and Delaware law could discourage potential acquisition proposals and could deter, delay or prevent a change in control of our company that our stockholders consider favorable and could depress the market value of our common stock.

Certain provisions of our certificate of incorporation and by-laws, as well as provisions of the Delaware General Corporation Law, could have the effect of deterring takeovers or delaying or preventing changes in control or management of our company that our stockholders consider favorable and could depress the market value of our common stock.





Our certificate of incorporation provides that certain mergers, sales of assets, issuances of securities, liquidations or dissolutions, reclassifications or recapitalizations involving interested stockholders must be approved by holders of at least 80% of the outstanding voting stock, unless such transactions are approved by a majority of the disinterested directors or certain minimum price, form of consideration and procedural requirements are satisfied. An interested stockholder is defined as a holder of stock representing 20% or more of the shares of voting stock then outstanding. Our certificate of incorporation further provides that the affirmative vote of the holders of 80% of the total votes eligible to be cast in the election of directors is required to amend, alter, change or repeal such provisions. The requirement of such a super-majority vote could enable a minority of our stockholders to exercise veto powers over such amendments, alterations, changes or repeals.

We are a Delaware corporation subject to the provisions of Section 203 of the Delaware General Corporation Law, an anti-takeover law. Generally, this statute prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which such person became an interested stockholder, unless the business combination is approved in a prescribed manner. A business combination includes a merger, asset sale or other transaction resulting in a financial benefit to the stockholder. We anticipate that the provisions of Section 203 may encourage parties interested in acquiring us to negotiate in advance with our board of directors because the stockholder approval requirement would be avoided if a majority of the directors then in office approve either the business combination or the transaction that results in the stockholder becoming an interested stockholder.

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

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

We are a holding company and rely on distributions from our subsidiaries to meet our financial obligations.

We have no direct business operations other than our ownership of the capital stock of our subsidiaries. As a holding company, we are dependent on dividends or other intercompany transfers of funds from our subsidiaries to enable us to pay dividends and to meet our direct obligations.

Future sales of our common stock could depress our market price and diminish the value of your investment.

Future sales of shares of our common stock could adversely affect the prevailing market price of our common stock. If our existing stockholders sell a large number of shares, or if we issue a large number of shares, the market price of our common stock could significantly decline. Moreover, the perception in the public market that these stockholders might sell shares of common stock could depress the market for our common stock.

Although, we, our directors, our executive officers and the selling stockholders have entered into lock-up agreements with Salomon Smith Barney, as representative of the underwriters, whereby we and they will not offer, sell, contract to sell, pledge, grant or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for shares of our common stock, except for the shares of common stock to be sold in this offering and certain other exceptions, for a period of 90 days from the date of this prospectus, without the prior written consent of Salomon Smith Barney, we and/or any of these persons may be released from this obligation, in whole or in part, by Salomon Smith Barney in its sole discretion at any time with or without notice.

We are subject to various environmental laws which may require us to incur substantial costs thereby reducing our profits.

Our facilities are subject to many federal, state and local laws and regulations relating to the protection of the environment. Failure to comply with environmental laws, regulations and permits, or changes in such laws, including the imposition of more stringent standards for discharges into the environment, could result in substantial operating costs and capital expenditures in order to maintain compliance and could also include fines and civil or criminal sanctions, third party claims for property damage or personal injury, cleanup costs or temporary or permanent discontinuance of operations. Certain of our facilities have been in operation for many years and, over time, we and other predecessor operators of these facilities have generated, used, handled and disposed of hazardous and other regulated wastes. Environmental liabilities could exist, including cleanup obligations at these or at other locations where materials from our operations were disposed of, which could result in future expenditures that cannot be currently quantified and which could reduce our profits.

A write-down of our goodwill may be required by recent accounting pronouncements which could materially impair our net worth.

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141 Business Combinations and Statement of Financial Accounting Standards No. 142 Goodwill and Other Intangible Assets. FAS 141 requires that all business combinations be accounted for under the purchase method only and that certain acquired intangible assets in a business combination be recognized as assets apart from goodwill. FAS 142 requires that ratable amortization of goodwill be replaced with periodic tests of the goodwill's impairment and that intangible assets other than goodwill should be amortized over their useful lives. As a result of our acquisition strategy, we have a material amount of goodwill recorded on our financial statements. If, as a result of the implementation of FAS 141 and/or FAS 142, we are required to write-down any of our goodwill, our net worth will be reduced. Since our credit agreement contains a covenant requiring us to maintain a minimum net worth, this reduction in net worth, if substantial, may result in an event of default under the credit agreement which would prevent us from borrowing additional funds and limit our ability to pay dividends.

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

Our revenues are generally lower in the first and fourth quarters primarily due to customer plant shutdowns in the automotive industry due to holidays and model changeovers, as well as reduced activity in the building and construction industry due to weather. In addition, quarterly results may be affected by the timing of large customer orders, by periods of high vacation concentration and by the timing and magnitude of acquisition costs. Therefore, our cash flow from operations may vary from quarter to quarter. If, as a result of any such fluctuation, our quarterly cash flow were significantly reduced, we may not be able to service the indebtedness under our credit agreement. A default in our credit agreement would prevent us from borrowing additional funds and limit our ability to pay dividends, and allow our lenders to enforce their liens against our personal property.

#### FORWARD LOOKING STATEMENTS

This prospectus and the documents incorporated by reference contain forward looking statements, including, without limitation, statements concerning conditions in the markets we serve and our business, financial condition and operating results and including, in particular, statements relating to our growth strategies. We use words like "believe," "expect," "anticipate," "intend," "future" and other similar expressions to identify forward looking statements. Purchasers of our common stock should not place undue reliance on these forward looking statements, which speak only as of their respective dates. These forward looking statements are based on our current expectations and are subject to a number of risks and uncertainties, including, without limitation, those identified under "Risk Factors" and elsewhere in this prospectus. Our actual operating results could differ materially from those predicted in these forward looking statements and any other events anticipated

in the forward looking statements may not actually occur.

## USE OF PROCEEDS

We expect to receive net proceeds of approximately \$45.0 million from this offering (\$53.3 million if the underwriters exercise their over-allotment in full), after deducting underwriting discounts, commissions and our estimated offering expenses, based on an assumed offering price to the public of \$19.28 per share (the last reported sale price on August 29, 2001). We will not receive any proceeds from the sale of the shares of common stock being sold by the selling stockholders.

We intend to use the net proceeds from this offering to repay a portion of the borrowings outstanding under our existing credit facility, which expires in April 2003. In the past year, borrowings under our credit facility were used primarily to fund the acquisitions of Milcor and Pennsylvania Industrial Heat Treaters and capital expenditures. Our credit facility provides for a revolving credit line of up to \$310 million. The amounts outstanding under our credit facility bear interest at various rates above the London InterBank Offered Rate (LIBOR) or at the agent bank's prime rate, as selected by us. We have entered into interest rate swap agreements which convert certain of our borrowings under the credit facility from variable interest indebtedness to fixed interest indebtedness. At June 30, 2001, amounts outstanding under our credit facility were approximately \$234.4 million, bearing interest at a weighted average interest rate of 5.89%. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

Our credit facility is secured by substantially all of our accounts receivable, inventory, equipment and fixtures and other personal property, now owned or hereafter acquired. Our credit facility contains covenants restricting our ability to make capital expenditures, incur additional indebtedness, sell a substantial portion of our assets, merge or make acquisitions or investments in an amount in excess of \$20 million, and obligates us to meet certain financial requirements. In addition, our credit facility contains certain restrictions on our ability to pay dividends.

CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2001 (i) on an actual basis and (ii) as adjusted to give effect to this offering and the application of the estimated net proceeds received by us to repay indebtedness under our credit facility. See "Use of Proceeds." You should read this table together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the notes thereto included elsewhere in this prospectus.

	As of June 30, 2001	
	----- Actual	As Adjusted -----
	(in thousands)	
Total short-term debt.....	\$ 329 =====	\$ 329 =====
Long-term debt, net of current portion.....	\$239,584 -----	\$194,544 -----
Shareholders' equity:		
Common stock, \$.01 par value, 50,000,000 shares authorized, 12,595,374 shares issued and outstanding (15,095,374 shares issued and outstanding, as adjusted)/ (1)/.	126	151
Additional paid-in capital.....	68,952	113,967
Retained earnings.....	146,333	146,333
Accumulated comprehensive loss.....	(639)	(639)
Total shareholders' equity.....	214,772 -----	259,812 -----
Total capitalization.....	\$454,356 =====	\$454,356 =====

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/(1)/Excludes (i) an aggregate of 400,000 shares of common stock reserved for issuance under our Non-Qualified Stock Option Plan, of which 247,500 shares were subject to outstanding options as of June 30, 2001 at a weighted average exercise price of \$13.34 per share, (ii) an aggregate of 1,475,000 shares of common stock reserved for issuance under our Incentive Stock Option Plan of which 849,017 shares were subject to outstanding options as of June 30, 2001 at a weighted average exercise price of \$16.57 per share and (iii) an aggregate of 41,000 shares of common stock reserved for issuance under our Restricted Stock Plan.

PRICE RANGE OF COMMON STOCK

Our common stock is traded on the Nasdaq National Market under the symbol "ROCK." The following table sets forth, for the calendar periods indicated, the high and low sale prices per share for our common stock as reported on the Nasdaq National Market.

	Common Stock Price	
	High	Low
Year Ended December 31, 1999		
First Quarter.....	\$23.500	\$17.000
Second Quarter.....	25.250	19.750
Third Quarter.....	25.750	20.125
Fourth Quarter.....	26.000	21.750
Year Ended December 31, 2000		
First Quarter.....	24.000	14.750
Second Quarter.....	18.813	12.813
Third Quarter.....	19.375	14.000
Fourth Quarter.....	18.000	11.500
Year Ended December 31, 2001		
First Quarter.....	18.125	14.250
Second Quarter.....	22.000	15.688
Third Quarter (through August 29, 2001).....	20.220	18.880

On August 29, 2001, the last reported sale price of our common stock on the Nasdaq National Market was \$19.28 per share. As of June 30, 2001, there were 140 holders of record of our common stock.

DIVIDEND POLICY

Since March 1999, we have declared quarterly cash dividends on our common stock as set forth in the table below. We may reconsider or revise this policy from time to time based upon conditions then existing, including, without limitation, our earnings, financial condition, capital requirements or other conditions our board of directors may deem relevant. In addition, our credit facility contains covenants that may restrict our ability to pay dividends. Such covenants include, among others, a requirement that we maintain a minimum net worth equal to \$120 million plus 50% of our cumulative net income from June 30, 1997 (\$161.9 million as of June 30, 2001) and comply with other financial ratios relating to our ability to pay our current obligations. Although we expect to continue to declare and pay cash dividends on our common stock in the future if earnings are available, we cannot assure you that either cash or stock dividends will be paid in the future on our common stock or that, if paid, the dividends will be in the same amount or at the same frequency as paid in the past.

	Dividend per Share -----
Year Ended December 31, 1999	
First Quarter.....	\$0.075 /(1)/
Second Quarter.....	0.025
Third Quarter.....	0.025
Fourth Quarter.....	0.025
	-----
Total.....	\$0.150
	=====
Year Ended December 31, 2000	
First Quarter.....	\$0.025
Second Quarter.....	0.030
Third Quarter.....	0.030
Fourth Quarter.....	0.030
	-----
Total.....	\$0.115
	=====
Year Ended December 31, 2001	
First Quarter.....	\$0.035

-----  
/(1)/Includes a special dividend of \$0.05 per share.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data presented below have been derived from our consolidated financial statements that have been audited by PricewaterhouseCoopers LLP, except that the data for the six-month periods ended June 30, 2000 and 2001 are derived from unaudited consolidated financial statements which, in our opinion, reflect all adjustments necessary for a fair presentation. The consolidated balance sheets as of December 31, 1999 and 2000 and June 30, 2000 and 2001 and the related statements of income, cash flow and shareholders' equity for the three years ended December 31, 2000 and the six-month periods ended June 30, 2000 and 2001 and notes thereto appear elsewhere in this prospectus. Results for the six-month periods are not necessarily indicative of results for the full year. The selected consolidated financial data presented below should be read in conjunction with, and are qualified in their entirety by, "Management's Discussion and Analysis of Financial Condition and Results of Operations," our consolidated financial statements and the notes thereto and other financial information included elsewhere in this prospectus.

	Year Ended December 31,					Six Months Ended June 30,	
	1996	1997	1998	1999	2000	2000	2001
	(unaudited)						
	(in thousands, except per share data)						
<b>Income Statement Data:</b>							
Net sales.....	\$342,974	\$449,700	\$557,944	\$621,918	\$677,540	\$349,157	\$314,100
Gross profit.....	61,257	74,163	101,495	127,973	135,797	71,164	60,566
Income from operations before amortization/ (1)/.	31,282	33,606	46,567	58,308	63,868	33,654	24,013
Amortization.....	665	1,003	2,112	2,839	3,976	1,920	2,217
Income from operations.....	30,617	32,603	44,455	55,469	59,892	31,734	21,796
Interest expense.....	3,827	5,115	11,389	13,439	18,942	8,425	9,352
Income before income taxes.....	26,790	27,488	33,066	42,030	40,950	23,309	12,444
Net income.....	15,975	16,416	19,840	25,008	24,365	13,869	7,404
<b>Earnings per Share Data:</b>							
Diluted.....	\$1.39	\$1.30	\$1.57	\$1.95	\$1.92	\$1.09	\$0.58
Basic.....	\$1.42	\$1.33	\$1.59	\$1.99	\$1.94	\$1.10	\$0.59
Weighted average shares outstanding--Diluted.....	11,464	12,591	12,651	12,806	12,685	12,696	12,741
Weighted average shares outstanding--Basic.....	11,261	12,357	12,456	12,540	12,577	12,580	12,583
<b>Other Data:</b>							
EBITDA /(2)/.....	\$ 36,863	\$ 41,081	\$ 57,788	\$ 72,921	\$ 81,080	\$ 42,025	\$ 33,378
Capital expenditures.....	15,477	21,784	22,062	21,999	19,619	9,338	7,915
Cash dividends per share.....	--	--	--	\$ 0.150	\$ 0.115	\$ 0.055	\$ 0.035
<b>Balance Sheet Data (end of period): /(3)/</b>							
Working capital.....	\$ 68,673	\$ 87,645	\$124,236	\$112,923	\$132,407	\$123,669	\$118,561
Goodwill.....	20,199	30,275	79,971	115,350	130,368	115,372	134,814
Total assets.....	222,507	281,336	438,435	522,080	556,046	538,916	571,425
Total debt.....	49,841	83,024	200,746	236,621	255,853	226,669	239,913
Shareholders' equity.....	121,744	140,044	160,308	185,459	208,348	198,729	214,772

/(1)/Amortization expense is comprised of amortization of goodwill and other intangible assets. Amortization of goodwill was \$557,000, \$880,000, \$1,949,000, \$2,647,000 and \$3,710,000 in 1996, 1997, 1998, 1999 and 2000, respectively, and \$1,749,000 and \$2,068,000 for the six-month periods ended June 30, 2000 and 2001, respectively.

/(2)/EBITDA is defined as the sum of income before income taxes, interest expense, depreciation expense and amortization of intangible assets (including goodwill). EBITDA is commonly used as an analytical indicator and also serves as a measure of leverage capacity and debt servicing ability. EBITDA should not be considered as a measure of financial performance under accounting principles generally accepted in the United States. The items excluded from EBITDA are significant components in understanding and assessing financial performance. EBITDA should not be considered in isolation or as an alternative to net income, cash flows generated by operating, investing or financing activities or other financial statement data presented in our consolidated financial statements as an indicator of financial performance or liquidity. EBITDA as measured in this prospectus is not necessarily comparable with similarly titled measures for other companies.

/(3)/See "Capitalization" for the unaudited pro forma balance sheet data assuming that consummation of this offering and application of the estimated proceeds therefrom to reduce indebtedness had occurred on June 30, 2001.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITION AND RESULTS OF OPERATIONS

Introduction

Since our initial public offering in 1993, our operations have been characterized by the four key elements of our business strategy: a focus on high value-added, high margin steel products and services; a commitment to internal growth and continuous cost reduction; a commitment to external expansion through the acquisition of related businesses with long-term growth potential; and a dedication to quality, service and customer satisfaction. Because of changes in our activities from year to year, the results of operations for prior periods may not necessarily be comparable to, or indicative of, results of operations for current or future periods. Implementation of our business strategy has resulted in a compound annual growth rate for net sales of approximately 22.1% for the years 1993 through 2000, and a compound annual growth rate for income from operations of approximately 24.5% during the same period.

Results of Operations

The following tables set forth for each of the periods presented certain income statement data in dollars and as a percentage of net sales. With respect to the interim periods presented, see the discussion of "Seasonality" below.

	Year Ended December 31,			Six Months Ended June 30,	
	1998	1999	2000	2000	2001
	-----				
	(unaudited)				
	(dollar amounts in thousands)				
Net sales.....	\$557,944	\$621,918	\$677,540	\$349,157	\$314,100
Cost of sales.....	456,449	493,945	541,743	277,993	253,534
	-----				
Gross profit.....	101,495	127,973	135,797	71,164	60,566
Selling, general and administrative, before amortization.....	54,928	69,665	71,929	37,510	36,553
	-----				
Income from operations before amortization.	46,567	58,308	63,868	33,654	24,013
Amortization.....	2,112	2,839	3,976	1,920	2,217
	-----				
Income from operations.....	44,455	55,469	59,892	31,734	21,796
Interest expense.....	11,389	13,439	18,942	8,425	9,352
	-----				
Income before taxes.....	33,066	42,030	40,950	23,309	12,444
Income taxes.....	13,226	17,022	16,585	9,440	5,040
	-----				
Net income.....	\$ 19,840	\$ 25,008	\$ 24,365	\$ 13,869	\$ 7,404
	=====				
Net sales.....	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales.....	81.8	79.4	80.0	79.6	80.7
	-----				
Gross profit.....	18.2	20.6	20.0	20.4	19.3
Selling, general and administrative, before amortization.....	9.8	11.2	10.6	10.7	11.6
	-----				
Income from operations before amortization.	8.4	9.4	9.4	9.7	7.7
Amortization.....	0.4	0.5	0.6	0.6	0.7
	-----				
Income from operations.....	8.0	8.9	8.8	9.1	7.0
Interest expense.....	2.0	2.2	2.8	2.4	3.0
	-----				
Income before taxes.....	6.0	6.7	6.0	6.7	4.0
Income taxes.....	2.4	2.7	2.4	2.7	1.6
	-----				
Net income.....	3.6%	4.0%	3.6%	4.0%	2.4%
	=====				

	Quarter Ended							
	March 31, 2000		June 30, 2000		March 31, 2001		June 30, 2001	
	(unaudited)							
	(dollar amounts in thousands)							
Net sales.....	\$167,634	100.0%	\$181,523	100.0%	\$150,550	100.0%	\$163,550	100.0%
Cost of sales.....	133,086	79.4	144,907	79.8	122,065	81.1	131,469	80.4
Gross profit.....	34,548	20.6	36,616	20.2	28,485	18.9	32,081	19.6
Selling, general and administrative, before amortization.....	19,271	11.5	18,239	10.1	17,661	11.7	18,892	11.6
Income from operations before amortization..	15,277	9.1	18,377	10.1	10,824	7.2	13,189	8.0
Amortization.....	959	0.6	961	0.5	1,082	0.7	1,135	0.7
Income from operations.....	14,318	8.5	17,416	9.6	9,742	6.5	12,054	7.3
Interest expense.....	4,208	2.5	4,217	2.3	4,892	3.3	4,460	2.7
Income before taxes.....	10,110	6.0	13,199	7.3	4,850	3.2	7,594	4.6
Income taxes.....	4,095	2.4	5,345	3.0	1,964	1.3	3,076	1.8
Net income.....	\$ 6,015	3.6%	\$ 7,854	4.3%	\$ 2,886	1.9%	\$ 4,518	2.8%

#### Six Months Ended June 30, 2001 Compared to Six Months Ended June 30, 2000

Net sales of \$314.1 million for the six months ended June 30, 2001, which included net sales of Milcor (acquired July 17, 2000) and Pennsylvania Industrial Heat Treaters (acquired February 13, 2001), decreased 10.0% from sales of \$349.2 million for the six months ended June 30, 2000. This decrease resulted primarily from changes in the general economy, particularly in the automotive industry.

Cost of sales increased to 80.7% of net sales for the first six months of 2001 from 79.6% for the six months ended June 30, 2000. This increase was primarily due to higher health care and utility costs.

Selling, general and administrative expenses as a percentage of net sales increased to 12.3% for the first six months of 2001 from 11.3% for the six months ended June 30, 2000. This increase was primarily due to costs from the two companies we acquired, which have higher costs as a percentage of net sales, offset by decreases in incentive based compensation.

Interest expense increased by \$0.9 million for the six months ended June 30, 2001 over the prior year's comparable period, primarily due to higher average borrowings during 2001 to finance acquisitions and capital expenditures, offset by decreases in interest rates.

As a result of the above, income before taxes decreased by \$10.9 million for the six months ended June 30, 2001 from the same period in 2000.

Income taxes for the six months ended June 30, 2001 approximated \$5.0 million resulting in an effective tax rate of 40.5% in 2001.

#### Year Ended December 31, 2000 Compared to Year Ended December 31, 1999

Net sales increased \$55.6 million, or 8.9%, to \$677.5 million in 2000 from \$621.9 million in 1999, despite the elimination of \$19.4 million in sales from disposed of operations that were included in 1999 sales and a slowdown in the automotive and building and construction products markets in the fourth quarter of 2000. This increase primarily resulted from including the net sales of Milcor (acquired July 17, 2000) from its acquisition date, and a full year of net sales of Southeastern Heat Treating (acquired April 1, 1999), Weather Guard (acquired July 1, 1999), Hi-Temp (acquired August 1, 1999), Brazing Concepts (acquired November 1, 1999) and Hughes (acquired December 1, 1999), together with sales growth at existing operations.

Cost of sales increased \$47.8 million, or 9.7%, to \$541.7 million in 2000 from \$493.9 million in 1999. Cost of sales as a percentage of net sales increased to 80.0% in 2000 from 79.4% in 1999 primarily due to the impact of the slowdown in the automotive and construction products markets in the fourth quarter of 2000.

Selling, general and administrative expenses increased \$3.4 million, or 4.7%, to \$75.9 million in 2000 from \$72.5 million in 1999. Selling, general and administrative expenses as a percentage of net sales decreased to 11.2% in 2000 from 11.7% in 1999 primarily due to the elimination of expenses from disposed of operations and decreases in performance based compensation, partially offset by higher costs attributable to the 1999 and 2000 acquisitions.

Interest expense increased \$5.5 million from 1999 to 2000 due to higher borrowings as a result of the acquisitions and current year capital expenditures and due to a higher effective interest rate in 2000 than in 1999.

As a result of the above, income before taxes decreased \$1.1 million, or 2.6%, to \$40.9 million in 2000 from \$42.0 million in 1999.

Income taxes approximated \$16.6 million in 2000, resulting in a 40.5% effective tax rate.

#### Year Ended December 31, 1999 Compared to Year Ended December 31, 1998

Net sales increased \$64.0 million, or 11.5%, to \$621.9 million in 1999 from \$557.9 million in 1998. This increase primarily resulted from including the net sales of Southeastern Heat Treating (acquired April 1, 1999), Weather Guard (acquired July 1, 1999), Hi-Temp (acquired August 1, 1999), Brazing Concepts (acquired November 1, 1999) and Hughes (acquired December 1, 1999) from their respective acquisition dates, and a full year of net sales of Solar (acquired March 1, 1998), Appleton (acquired April 1, 1998), USP (acquired June 1, 1998) and Harbor (acquired October 1, 1998), together with sales growth at existing operations.

Cost of sales increased \$37.5 million, or 8.2%, to \$493.9 million in 1999 from \$456.4 million in 1998. Cost of sales as a percentage of net sales decreased to 79.4% in 1999 from 81.8% in 1998. This improvement was due to the 1999 and 1998 acquisitions, which have historically generated higher margins than our existing operations, and lower raw material costs at existing operations.

Selling, general and administrative expenses increased \$15.5 million, or 27.1%, to \$72.5 million in 1999 from \$57.0 million in 1998. Selling, general and administrative expenses as a percentage of net sales increased to 11.7% in 1999 from 10.2% in 1998. This increase was due to higher costs as a percentage of net sales attributable to the 1999 and 1998 acquisitions, and performance-based compensation linked to our sales and profitability.

Interest expense increased by \$2.0 million from 1998 to 1999 primarily due to higher borrowings in 1999 as a result of our current year acquisitions and capital expenditures and due to a higher effective interest rate in 1999 than in 1998.

As a result of the above, income before taxes increased \$9.0 million, or 27.1%, to \$42.0 million in 1999 from \$33.1 million in 1998.

Income taxes approximated \$17.0 million in 1999, resulting in a 40.5% effective tax rate compared with a 40.0% effective tax rate in 1998.

#### Liquidity and Capital Resources

Our principal capital requirements are to fund our operations, including working capital requirements, the purchase and funding of improvements to our property and equipment and to fund acquisitions.

Our working capital increased approximately 17.3% to \$132.4 million at December 31, 2000 from \$112.9 million at December 31, 1999. This increase resulted primarily from the inclusion of inventories from the Milcor acquisition in July 2000 and a decrease in accounts payable and accrued expenses resulting from decreased purchases during the fourth quarter of 2000 in response to the slowdown in the automotive and construction

products markets. Working capital decreased \$13.8 million to \$118.6 million at June 30, 2001 from December 31, 2000, primarily due to the use of working capital to pay down our revolving credit facility. Long-term debt decreased to 55.1% of total capitalization at December 31, 2000, despite increasing by \$20.2 million to \$255.5 million. Long-term debt decreased \$15.9 million to \$239.6 million, or 52.7% of total capitalization, at June 30, 2001. Additionally, shareholders' equity increased 12.3% to \$208.3 million at December 31, 2000 and increased 3.1% to \$214.8 million at June 30, 2001.

Our primary sources of liquidity are cash provided by operating activities and our revolving credit facility. Net cash provided by operating activities primarily represents net income plus non-cash charges for depreciation and amortization and changes in working capital positions. Net cash provided by operating activities for 1998, 1999, 2000 and the six months ended June 30, 2001 was \$13.3 million, \$60.7 million, \$34.1 million and \$32.2 million, respectively.

Net cash used for investing activities for 1998, 1999, 2000 and the six months ended June 30, 2001 was \$121.3 million, \$84.5 million, \$54.7 million and \$18.6 million, respectively. A significant portion of the net cash used for investment activities represents capital expenditures and our acquisitions of Solar, USP, Appleton and Harbor Metal in 1998; Southeastern Heat Treating, Weather Guard, Hi-Temp, Brazing Concepts and Hughes in 1999; Milcor in 2000 and Pennsylvania Industrial Heat Treaters in February 2001.

Our credit facility, which expires in April 2003, was amended in 2000 to increase the capacity of our revolving credit line to \$310 million. Borrowings thereunder are secured with our accounts receivable, inventories and personal property and equipment. At June 30, 2001, \$234.4 million was outstanding under our credit facility. At June 30, 2001, we had interest rate swap agreements outstanding which effectively converted \$50 million of borrowings under our revolving credit agreement to fixed rates ranging from 7.47% to 8.18%. We account for interest rate swap agreements on an accrual basis. Additional borrowings under the revolving credit facility carry interest at LIBOR plus a fixed rate. The weighted average interest rate of these borrowings was 5.89% at June 30, 2001.

We intend to use the net proceeds of this offering to repay a portion of outstanding borrowings under our credit facility. See "Use of Proceeds." Upon consummation of this offering and application of the net proceeds therefrom, aggregate borrowings outstanding under the credit facility will be approximately \$188.6 million. We anticipate that we will be able to satisfy such obligations out of funds generated from operations.

The availability under our credit facility after application of the net proceeds of this offering will be approximately \$121.4 million. We believe that this availability, together with funds generated from operations, will be sufficient to provide us with the liquidity and capital resources necessary to fund our anticipated working capital requirements for at least the next twelve months. In addition, we believe that we will have the financial capability to incur additional long-term indebtedness if that becomes appropriate in connection with our internal and external expansion strategies.

#### Effects of Inflation

We do not believe that inflation has had a material effect on our results of operations over the periods presented.

#### Seasonality

Our revenues are generally lower in the first and fourth quarters primarily due to customer plant shutdowns in the automotive industry due to holidays, as well as model changeovers and reduced activity in the building and construction industry due to weather. In addition, quarterly results may be affected by the timing of large customer orders, by periods of high vacation concentration and by the timing and magnitude of acquisition costs. Therefore, our operating results for any particular quarter are not necessarily indicative of results for any subsequent quarter or for the full year.

## Quantitative and Qualitative Disclosures about Market Risk

In the ordinary course of business, we are exposed to various market risk factors, including changes in general economic conditions, competition and raw materials pricing and availability. In addition, we are exposed to market risk, primarily related to our long-term debt. To manage interest rate risk, we use fixed and variable rate debt. We also enter into interest rate swap agreements that convert our variable rate debt to fixed rate debt. At June 30, 2001, we had \$50 million of revolving credit borrowings that was fixed rate debt pursuant to these agreements.

The following table summarizes the principal cash flows and related interest rates of our long-term debt at December 31, 2000 by expected maturity dates. The weighted average interest rates are based on the actual rates that existed at December 31, 2000. The variable rate debt consists primarily of the credit facility, of which \$250,251,000 is outstanding at December 31, 2000. The credit facility matures during 2003 and we anticipate extending this facility. A 1% increase or decrease in interest rates would change the 2001 interest expense by approximately \$2.0 million.

	2001	2002	2003	2004	2005	2006 and After	Total
	-----	-----	-----	-----	-----	-----	-----
	(in thousands)						
Long-term debt (fixed)	\$ 127	\$ 413	\$ 124	\$ 129	\$ 80	\$1,229	\$ 2,102
Weighted average interest rate	6.95%	6.99%	6.86%	6.93%	7.00%	7.00%	
Long-term debt (variable)	\$ 200	\$ 400	\$250,751	\$ 500	\$ 400	\$1,500	\$253,751
Weighted average interest rate	8.66%	8.66%	8.66%	5.58%	5.58%	5.58%	
Interest rate swaps (notional amount)	\$50,000	\$50,000	\$ 50,000	\$50,000	\$10,000	--	
Interest pay rate	7.99%	7.99%	7.99%	7.99%	7.47%	--	
Interest receive rate	8.70%	8.70%	8.70%	8.70%	8.70%	--	

The fair value of the long-term debt is \$253,751,000 at December 31, 2000.

### Recent Accounting Pronouncements

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 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. This Statement was implemented in 2001 and did not have a material impact on our earnings.

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141 Business Combinations and Statement of Financial Accounting Standards No. 142 Goodwill and Other Intangible Assets. FAS No. 141 requires that all business combinations be accounted for under the purchase method only and that certain acquired intangible assets in a business combination be recognized as assets apart from goodwill. FAS No. 142 requires that ratable amortization of goodwill be replaced with periodic tests of the goodwill's impairment and that intangible assets other than goodwill should be amortized over their useful lives. Implementation of FAS No. 141 and FAS No. 142 is required for fiscal 2002. The Financial Accounting Standards Board published FAS No. 141 and FAS No. 142 in late July 2001. Management is currently assessing the impact FAS No. 141 and FAS No. 142 will have on our results of operations.

## BUSINESS

### General

We are a leading processor, manufacturer and provider of high value-added, high margin steel products and services. We utilize any one or a combination of several different processes at each of our operating facilities to add substantial value to raw materials acquired from primary steel and other metal producers. Underlying each of these processes and services is a common set of core competencies in steel and metal processing. These core competencies are the foundation upon which all of our operations and products and services are based.

Our processed cold-rolled strip steel products comprise a part of the cold-rolled sheet steel market that is defined by more precise widths, improved surface conditions, more diverse chemistry, and tighter gauge tolerances than are supplied by primary producers of flat-rolled steel products. Our cold-rolled strip steel products are sold to manufacturers in the automotive, automotive supply, power and hand tool and hardware industries, as well as to other customers who demand critical specifications in their raw material needs. Our coated sheet steel products, which include galvanized, galvalume and pre-painted sheet products, are sold primarily to the commercial and residential metal building industry for roofing and siding applications. Our heavy duty steel strapping products are used to close and reinforce packages such as cartons and crates for shipping. We also provide specialized heat-treating services, which refine the metallurgical properties of customer-owned metal products for a variety of consumer and industrial applications where critical performance characteristics are required.

Since our initial public offering in 1993, we have expanded our steel processing operations to include the manufacturing of metal building and construction products and mailboxes at 26 facilities in 16 states. Our building and construction products are sold to major home center stores, lumber and building material wholesalers, buying groups, discount stores, HVAC distributors and general contractors engaged in residential, industrial and commercial construction.

The following table sets forth the principal products and services we provide and our respective end-user markets:

Products/Services -----	Description -----	End-User Markets -----
Cold-rolled Strip Steel, Strapping and Precision Metals	Precision-rolled high and low carbon and alloy steel from 3/8" to 50" wide and .010" to .250" thick, with special edges and finishes on ribbon wound and oscillated coils; high-tensile steel strapping and packaging supplies; tools and tool repairs and hot-rolled, cold-rolled and coated sheets and coils which are slit, edged, cut-to-length and oscillated.	Automotive; power and hand tool; chains and hardware; home and office furniture; steel; aluminum; lumber; office equipment; power transmission; stampers and electrical.
Building and Construction Products	Metal trims, utility sheds, steel lumber connectors, builder's hardware, metal framing, metal roofing, drywall products, gutters and down spouts, ventilation products, storm panel systems for residential and commercial properties, registers, vents, bath cabinets, access doors, roof hatches and telescoping doors; mailboxes and galvanized, galvalume and pre-painted sheet steel in coils and cut lengths.	Home centers; lumber/building material wholesalers; buying groups; discount stores; HVAC distributors; general contractors in residential, industrial and commercial construction; construction products; metal building and roofing; spiral pipe; insulated panels; walk-in coolers and trailers.
Heat-Treating and Other Services	Case-hardening, neutral-hardening and through-hardening processes using methods such as annealing, normalizing, vacuum hardening, carburizing, nitriding and brazing; pickling and inbound inspection, storage, just-in-time delivery, electronic data interchange and communication with supplier and end-user.	Automotive; stampers; electrical; textile; fabricators; platers; foundries; hardware; machinery; aerospace; office equipment; tool and die; medical equipment and construction and farm equipment.

#### Our Position in the Industry

The steel industry consists of primary steel producers, service centers, processors and end product manufacturers. Primary steel producers typically focus on the production and sale of standard size and tolerance steel to large volume purchasers, including steel processors. Service centers typically provide services such as storage and shipping, slitting and cutting to length. Steel processors, through the application of various higher value-added processes such as cold-rolling and specialized heat-treating methods, process steel of a precise grade, temper, tolerance and finish. End product manufacturers incorporate the processed steel into finished goods.

We have developed a set of steel and metal processing core competencies operating as a processor between primary steel producers and end product manufacturers. Industry statistics indicate that although the number of service centers and processors has decreased from approximately 7,000 in 1980 to approximately 3,400 in 2000, annual sales by service centers and processors have increased from \$30 billion in 1996 to \$75 billion in 2000.

Over the past five years, we have built upon our core competencies to increase our production of end products and have become the second largest domestic commercial heat-treater and a major supplier of metal building and construction products. Our successful expansion into end product manufacturing has given us access to new, attractive markets, including the home improvement industry with its \$200 billion in annual sales, the metal roofing market with its \$500 million in annual sales and the commercial heat-treating market with its \$2 billion in annual sales. We are also the largest domestic manufacturer of mailboxes and the second largest domestic manufacturer of steel lumber connectors.

Our industry has been impacted recently as manufacturers have increasingly outsourced non-core business functions and consolidated their suppliers to improve productivity and cost efficiency. These trends have created opportunities for our company to provide additional products and services to new customers and markets. We have been able to capitalize on these trends because of:

- . the breadth of our products and services;
- . our reputation for quality and customer service; and
- . our ability to meet our customers' requirements for critical specifications and demanding tolerances.

As a result, the demand for our products and services has grown in recent years. We believe that manufacturer outsourcing and the consolidation of suppliers will continue to become more prevalent, resulting in increased demand for our products and services in the future.

#### Our Competitive Strengths

We have established a reputation as an industry leader in quality, service and innovation and have achieved a strong competitive position in our markets. We attribute this primarily to the following competitive strengths:

**Ability to Provide High Value-Added Products and Services.** Our sophisticated technology, state-of-the-art equipment and exacting quality control measures have allowed us to provide high value-added products and services utilizing the most complex and demanding processes in our industry. These capabilities have enabled us to focus on the manufacture of end products and to realize higher margins than many of our competitors who provide less complex processes and services.

**Identification and Integration of Accretive Acquisitions.** Our growth has been driven largely by our ability to identify and integrate strategic acquisitions that are immediately accretive to our earnings per share, expand our customer base, provide access to new markets, product lines and services and promote long-term growth. As an active acquiror, we are continually presented with acquisition opportunities and are frequently considered the acquiror of choice. Our experience has enabled us to identify those acquisitions that provide us with the greatest likelihood of immediate profitability and growth potential. Generally, we retain the existing management and corporate identity of our acquired companies and preserve their customer and supplier relationships, facilitating a seamless transition. We provide our acquired businesses with access to our management, operating expertise, capital, infrastructure and other resources.

**Diversified Customers, Products and Services.** As a result of our growth, we have diversified our customers, products and services. Currently we have more than 10,000 active customers across all 50 states, Canada and Mexico. No single customer accounted for more than 7% of our net sales in 2000. We offer a wide variety of processing, including heat-treating, to customers in the automotive, steel, machinery, power and hand tool, furniture and general manufacturing industries. We derive a greater percentage of our sales from high margin, end-user products than many publicly traded steel processors. In fiscal 2000, approximately one-half of



our revenue came from the sale of our more than 5,000 manufactured end products to home centers, building material wholesalers, buying groups, discount stores, HVAC distributors and residential, industrial and commercial contractors. Our diversification reduces our dependence on any particular customer, product or service.

**Commitment to Quality.** We place great importance on providing our customers with high-quality products for critical use applications. By carefully selecting our raw material vendors, primarily flat-rolled steel producers, and using computerized inspection and analysis, we ensure that the steel entering our production processes will meet the most critical specifications of our customers. To ensure that such specifications are met, we follow carefully documented procedures utilizing statistical process control systems linked directly to processing equipment in order to monitor all stages of production. Physical, chemical and metallurgical analyses are performed throughout the production process to verify that mechanical and dimensional properties, cleanliness, surface characteristics and chemical content are within specification. In addition, all of our facilities that provide services or products to the automotive industry, including 13 of our heat-treating facilities, are QS 9000 certified. QS 9000 is the quality designation that the automotive industry requires of its suppliers.

**Efficient Inventory Purchasing and Management.** Our inventory consists primarily of flat-rolled steel. We purchase our inventory from numerous suppliers under short-term contracts of one year or less and, to a lesser extent, on the spot market on an as-needed basis. In 2000, we purchased \$1 million or more of steel and other metals from 39 different suppliers. Through careful purchasing and close monitoring, our inventory turned an average of 5.3 times per year over our last five fiscal years, compared to an industry average for steel processors and service centers of approximately 4.5 times per year over the same period. Our inventory purchasing and management strategy allows us to react quickly to pricing and demand fluctuations in the metals markets, enabling us to manage our working capital more efficiently.

**Experienced Management Team.** We have established and continue to maintain a strong management team. The seven most senior members of our management team have more than 200 years of combined service with our company. The management team has successfully guided us through various economic cycles and business environments and continues to provide us with a depth and continuity of experience. Under their leadership, we have been profitable every year since 1976.

## Business Strategy

Our strategic objective is to further enhance our position as a leading processor, manufacturer and provider of high value-added, high margin steel products and services. We plan to achieve this objective through the aggressive pursuit of our business strategy, which includes:

**Focus on High Value-Added, High Margin Products and Services.** We concentrate on processing, manufacturing and providing high value-added steel products and services that typically generate high margins. This focus, together with our ability to deliver consistently reliable products and services, has significantly contributed to profitability. Unlike many of our competitors, approximately half of our revenue is derived from manufactured end products. Since our initial public offering, we have entered the high margin building and construction products and commercial heat-treating markets.

**Commitment to Internal Growth and Continuous Cost Reduction.** We have an ongoing commitment to grow and improve the profitability of our existing operations. To achieve this goal, we seek to expand our existing product lines into new markets and related products and focus on rigorous cost containment. We have made ongoing investments in new and existing production equipment to improve yield, lower overall manufacturing costs and expand capacity. Since 1993, we have invested approximately \$140 million in capital expenditures to improve our existing businesses. Additionally, we seek to reduce costs in the area of inventory management by using a proprietary inventory control system to purchase, monitor and allocate inventory throughout the entire production process.

Commitment to External Expansion. We remain committed to expansion through the acquisition of businesses immediately accretive to our earnings per share with long-term growth potential that also complement our existing businesses, expand and enhance our products and services, broaden our markets and increase our customer base. Implementing our strategy of acquiring companies to increase our business, customer and geographic diversification, since our initial public offering we have made the following 15 acquisitions for an aggregate cash purchase price of approximately \$296 million:

Date Acquired	Company	Business Description
February 2001	Pennsylvania Industrial Heat Treaters	Provider of heat-treating to parts that have been manufactured using powdered metallurgy
July 2000	Milcor	Manufacturer of metal building products, including registers, vents, bath cabinets, access doors, roof hatches and telescoping doors
December 1999	Hughes Manufacturing	Provider of steel lumber connectors and other building products
November 1999	Brazing Concepts	Provider of heat-treating processes
August 1999	Hi-Temp	Provider of heat-treating processes
July 1999	Weather Guard	Manufacturer and distributor of metal building products, including rain-carrying systems (gutters and gutter accessories), metal roofing and roofing accessories and assorted other products such as soffit and fascia
April 1999	Southeastern Heat Treating	Provider of heat-treating processes
October 1998	Harbor Metal Treating	Provider of heat-treating processes
June 1998	United Steel Products	Manufacturer of steel lumber connectors and other building products
April 1998	Appleton Supply	Manufacturer of metal building products, including roof edging and flashing
March 1998	The Solar Group	Manufacturer of metal building products, including ventilation products and accessories and a complete line of mailboxes
May 1997	Specialty Heat Treating	Provider of heat-treating processes
January 1997	Southeastern Metals Manufacturing	Manufacturer of galvanized steel, aluminum and copper products, including metal roofing and storm panel systems
February 1996	Carolina Commercial Heat Treating	Provider of heat-treating processes
April 1995	Hubbell Steel	Processor and supplier of galvanized, galvalume and pre-painted steel products

Dedication to Quality, Service and Customer Satisfaction. We are dedicated to providing our customers with high-quality products for just-in-time delivery, enabling us to establish strong relationships with existing customers as well as attract new customers. Accordingly, we have made significant investments in state-of-the-art equipment, technology and facilities. In addition, our experienced team of skilled computer technicians and managers provide solutions to our customers' inventory control problems. We have an inventory control system that allows customers to directly enter orders, monitor work in progress and receive invoices electronically. All of our facilities that provide services or products to the automotive industry, including 13 of our heat-treating facilities, are QS 9000 certified. As a result of our dedication to quality, service and customer satisfaction, we have received preferred supplier awards from many of our customers, including each of the major domestic automobile manufacturers.

#### Products and Services

We utilize any one or a combination of more than 25 different processes and services to manufacture and deliver a variety of high-quality steel products. Our cold-rolled strip steel is used in applications which demand more precise widths, improved surface conditions and tighter gauge tolerances than are supplied by primary producers of flat-rolled steel products. Our heavy duty steel strapping, a banding and packaging material, is used to close and reinforce packages such as cartons and crates for shipping. Our wide array of building and construction products include steel lumber connectors, metal roofing and accessories, ventilation products and mailboxes. We also provide specialized heat-treating services which refine the metallurgical properties of customer-owned metal products for a variety of industries that require critical performance characteristics.

We sell our products both domestically and internationally to manufacturers and distributors and, to a lesser extent, directly to end-users for a wide range of applications. Additionally, we sell our products to consumers through hardware and building products distributors and mass merchandisers. Our major commercial markets include the automotive, automotive supply, building and construction, steel, machinery and general manufacturing markets.

#### Cold-rolled Strip Steel, Strapping and Precision Metals

Cold-rolled Strip Steel. Consistent with our strategy of focusing on high value-added products and services, we produce a broad range of fully processed cold-rolled strip steel products. We buy wide, open tolerance sheet steel in coils from primary steel producers and process it to specific customer orders by performing such computer-aided processes as cold reduction, annealing, edge rolling, slitting and cutting to length. Cold reduction is the rolling of steel to a specified thickness, temper and finish. Annealing is a thermal process which changes hardness and certain metallurgical characteristics of steel. Edge rolling involves conditioning edges of processed steel into square, full round or partially round shapes. Slitting is the cutting of steel to specified widths. Depending on customer specifications, one or more of these processes are utilized to produce strip steel of a precise grade, temper, tolerance and finish. Customers for our strip steel products include manufacturers in the automotive, hand tool, hardware and other industries.

We operate nine rolling mills at our facilities in Cleveland, Ohio and Buffalo, New York, all of which are QS 9000 certified. Equipment at these facilities includes a computerized, three-stand, four-high tandem mill and eight single-stand, two- and four-high mills. We have the capability to process coils up to a maximum of 72 inch outside diameter and roll widths of up to 50 inches. Our rolling mills include automatic gauge control systems with hydraulic screwdowns allowing for microsecond adjustments during processing. Our computerized mills enable us to satisfy industry demand for a wide range of steel from heavier gauge and special alloy steels to low carbon and light gauge steels, in each case having a high-quality finish and precision gauge tolerance. This equipment can process flat-rolled steel to specific customer requirements for thickness tolerances as close as .00025 inches. We also operate a 56-inch reversing mill which we believe is one of the widest of its type in the specialty strip steel industry.

Our rolling facilities are further complemented by 15 high convection annealing furnaces, which allow for shorter annealing times than conventional annealers. Three of our furnaces and bases employ state-of-the-art technology, incorporating the use of a hydrogen atmosphere for the production of cleaner and more uniform steel. As a result of our annealing capabilities, we are able to produce cold-rolled strip with improved consistency in terms of thickness, hardness, molecular grain structure and surface.

We can produce certain strip steel products on oscillated coils, which wind strip steel similar to the way fishing line is wound on a reel. Oscillating the steel strips enables us to put at least six times greater volume of finished product on a coil than standard ribbon winding, allowing customers to achieve longer production runs by reducing the number of equipment shut-downs to change coils. Customers are thus able to increase productivity, reduce downtime, improve yield and lengthen die life. These benefits to customers allow us to achieve higher margins on oscillated products. To our knowledge, only a few other steel processors are able to produce oscillated coils, and we are not aware of any competitor that can produce 12,000 pound oscillated coils, the maximum size we produce.

**Steel Strapping Products.** Steel strapping is a banding and packaging material used to close and reinforce shipping units such as bales, boxes, cartons, coils, crates and skids. We are one of only four domestic manufacturers of high-tensile steel strapping, which is subject to strength requirements imposed by the American Society for Testing and Materials for packaging of different products for common carrier transport. This high tensile steel strapping is essential to producers of large, heavy products such as steel, paper and lumber where reliability of the packaging material is critical to the safe transport of the product. Our steel strapping facility is located in Buffalo, New York.

Our QS 9000 certified strapping facility manufactures high tensile steel strapping by slitting, oscillating, heat-treating, painting and packaging cold-rolled coils.

Steel strapping is cold-rolled to precise gauge on one of our rolling mills, which incorporates hydraulic screwdowns and automatic gauge controls with statistical charting. This process ensures strapping product of the most uniform gauge available and produces the maximum amount of strapping per pound of steel. All products are tested by on-site laboratory personnel for width, thickness and other physical and metallurgical properties.

To meet the differing needs of our customers, we offer our strapping products in various thicknesses, widths and coil sizes. We also manufacture custom color and printed strapping. In addition, we offer related strapping products, such as seals and tools, and are able to manufacture tensional strapping for lighter duty applications.

**Precision Metals.** Our precision metal products are comprised primarily of higher value-added flat-rolled sheet steel. We operate a precision metals facility in Buffalo, New York that primarily processes flat-rolled sheet steel. In addition to slitting and cutting to length, this precision metals facility can produce higher value-added products which are held to close tolerances and tight specifications through cold-rolling, annealing, blanking, oscillating and edge rolling.

#### Building and Construction Products

In addition to processing steel and other metal, we manufacture over 5,000 building and construction products for sale throughout the United States to home centers, building material wholesalers, buying groups, discount stores, HVAC distributors and residential, industrial and commercial contractors. Our building and construction products are manufactured primarily from galvanized and painted steel, as well as from aluminum and copper. Many of our wide array of building and construction products are designed to meet and exceed increasingly stringent building codes and insurance company requirements governing both residential and commercial construction. One such product is steel lumber connectors, of which we are the second largest manufacturer in the United States. Our other products include ventilation products and accessories; mailboxes; roof edging and flashing; aluminum soffit; drywall corner bead, wind brace and starter strip; painted coil stock;

metal roofing and accessories; steel framing; rain-carrying systems, including gutters and accessories; bath cabinets; access doors; roof hatches and smoke vents; builders' hardware, such as door knockers, door stops, shelving and closet rods; and grills, registers and defusers. Our coated steel products include pre-painted single bill packages, spiral pipe, purlin stock and liner panel stock and sheet product. We are capable of providing steel in more than 500 colors and in a variety of coatings, including galvanized and galvalume.

Our 26 building and construction product facilities are located in Ohio, Michigan, Florida, Tennessee, Texas, Mississippi, Wisconsin, Missouri, Minnesota, California, North Carolina, New Jersey, Colorado, Georgia, Illinois and Alabama.

#### Heat-Treating and Other Services

Heat-Treating. As the second largest commercial heat treater in the United States, we provide a wide range of metallurgical heat-treating processes in which customer-owned metal parts are exposed to precise temperatures, atmospheres and quenchants and other conditions to improve their mechanical properties, durability and wear resistance. These processes include case-hardening, neutral-hardening and through-hardening, annealing, normalizing, vacuum hardening, carburizing, nitriding and brazing, as well as a host of other processes. These heat-treating processes can harden, soften or otherwise impart desired properties to parts made of steel, aluminum, copper, powdered metals and various alloys and other metals.

We operate 14 heat-treating facilities in Pennsylvania, North Carolina, South Carolina, Tennessee, Georgia, Alabama, Michigan, Indiana and Illinois. We maintain a metallurgical laboratory at each facility with trained metallurgists providing a range of testing capabilities to add value to treated parts and enhance quality control. Consistent quality control is maintained by application of a statistical process control system and QS 9000 registration. Additionally, we maintain a fleet of trucks and trailers to provide rapid turnaround time for our customers.

Due to time and costs associated with transporting materials and customers' need for just-in-time delivery of heat-treated products, the commercial heat-treating industry has developed as a regional industry concentrated in major industrial areas of the country. In addition, the commercial heat-treating industry has realized significant growth in recent years as many companies involved in the manufacture of metal components outsource their heat-treating requirements. We believe that our heat-treating facilities are strategically located to meet the needs of customers from a geographically diverse base of operations and to capitalize on the growing trend in outsourcing of heat-treating operations.

Materials Management. We operate two state-of-the-art materials management facilities that link primary steel producers and end-user manufacturers by integrating the inventory purchasing, receiving, inspection, billing, storage and shipping functions and producing true just-in-time delivery of materials. Our facilities receive shipments of steel by rail and truck from primary steel producers, which retain ownership of the steel until it is delivered to the end-user manufacturer. We inspect the steel and store it in a climate-controlled environment on a specialized stacker crane and rack system. When an order is placed, we can deliver the steel to the end-user manufacturer within one hour using trucks that have been custom designed for facilitating the loading and unloading process.

These facilities have proprietary and commercially available data processing systems that link the primary steel producer with the end-user manufacturer and also link both parties to the facilities. This gives them direct computer access to inventory on hand, in transit and on order, and enables such manufacturers to transmit their required release schedule through the computer. The shipping personnel are then notified via computer of customer orders that have been released and materials are promptly retrieved and shipped.

We believe our materials management facilities provide benefits to primary steel producers and end-user manufacturers. The primary steel producers can ship materials to the facilities by rail rather than by truck,

thereby enabling them to ship products more efficiently. In addition, utilizing the specialized facilities allows primary steel producers to deliver shipments just-in-time and with minimal transportation damage. The end-user manufacturers can devote space previously used for raw material storage to more productive uses. The end-user manufacturers also reduce their inventory carrying costs because possession of inventory is not taken until shipped from the facilities. This enables end-user manufacturers to reduce their raw material inventory from several days or weeks to hours.

**Steel Pickling Joint Venture.** We have a 31% interest in a joint venture that has two steel pickling operations in Ohio. After the hot-rolling process, the surface of sheet steel is left with a residue known as scale, which must be removed prior to further processing by a cleaning process known as pickling. This joint venture pickles steel on a toll basis, receiving fees for pickling services without acquiring ownership of the steel.

#### Quality Control

We place great importance on providing our customers with high-quality products for critical use applications. By carefully selecting our raw material vendors, primarily flat-rolled steel producers, and using computerized inspection and analysis, we ensure that the steel entering our production processes will meet the most critical specifications of our customers. To ensure that such specifications are met, we follow carefully documented procedures utilizing statistical process control systems linked directly to processing equipment in order to monitor all stages of production. Physical, chemical and metallurgical analyses are performed throughout the production process to verify that mechanical and dimensional properties, cleanliness, surface characteristics and chemical content are within specification. In addition, all of our facilities that provide services or products to the automotive industry, including 13 of our heat-treating facilities, are QS 9000 certified.

#### Management Information Systems and Inventory Management

We operate various data processing systems to purchase, monitor and allocate inventory throughout our production facilities, enabling us to effectively manage inventory costs and consistently achieve a high annual inventory turnover rate. For the year ended December 31, 2000, our inventory turned more than five times.

We use a computerized order entry system that enables customers to link their computer system to ours for direct electronic communication with respect to order entry, inventory status, work-in-process status, billing and payment. This service is designed to improve productivity for both customers and us. A number of key customers have taken advantage of this service, and we believe the availability of this service is becoming an important consideration in customers' purchasing decisions.

In addition, we have linked our production equipment to our computer system to allow for the gathering of production data as each order is being processed. This information is stored in a database to be used as a basis for preparing cost estimates for future orders. This system enhances our ability to analyze costs on an ongoing basis and allows for expeditious response time on quotation requests.

We continue to update and upgrade our proprietary and commercially available systems and computer hardware in order to maximize our efficiency and effectiveness.

#### Suppliers and Raw Materials

Steel and metal processing companies are required to maintain substantial inventories of raw materials in order to accommodate the short lead times and just-in-time delivery requirements of their customers. Accordingly, we generally maintain our inventory of raw materials at levels that we believe are sufficient to satisfy the anticipated needs of our customers based upon historic buying practices and market conditions. The primary raw material we process is flat-rolled steel purchased at regular intervals on an as-needed basis from numerous suppliers located primarily in North America. In 2000, we purchased \$1 million or more of metals from 39 suppliers, of which only eight were located in non-NAFTA countries. We do not have long-term commitments with any of our suppliers.

## Technical Services

We employ a staff of engineers and other technical personnel and maintain fully equipped, modern laboratories to support our operations. These facilities enable us to verify, analyze and document the physical, chemical, metallurgical and mechanical properties of our raw materials, finished products and services. Technical service personnel also work in connection with our sales force to determine the types of flat-rolled steel required for the needs of our customers.

Our technical services personnel provide a wide range of support services in connection with the manufacture of our building and construction products. Our engineering staff employs a range of CAD/CAM programs to design highly specialized and technically precise products, including truss hangers, hurricane enclosures and custom designed building products.

All of our heat-treating facilities employ full-time metallurgists and process engineers. We also maintain laboratories equipped with advanced instrumentation at each of our heat-treating facilities.

## Sales and Marketing

We have a multifaceted sales and marketing program for our products and services. Our outside sales personnel travel throughout a geographic region to maintain and expand relationships with current customers and cultivate new accounts. We also have inside sales personnel, who remain at our facilities to service and support existing and prospective customers. All of our sales people receive incentive compensation based on profitability and performance.

We support our sales and marketing activities through participation in leading trade shows, such as the National Hardware Show. We also advertise our products in a number of trade publications and through co-op programs with our customers.

We also use the Internet to support and enhance our sales and marketing activities. We operate web sites that provide information on products and services, pricing and other essential pieces of information. We are continually evaluating new technologies in an effort to improve service, lower costs and increase sales.

## Customers and Distribution

We have approximately 10,000 customers located throughout the United States, Canada and Mexico, principally in the automotive, automotive supply, building and construction, steel, machinery and fastener industries. Major customers include automobile manufacturers and suppliers, building and construction product distributors and commercial and residential contractors. No single customer accounted for 10% or more of our net sales for 1998, 1999 or 2000.

We manufacture products exclusively to customer order rather than for inventory, except for building and construction products. Although we negotiate annual sales orders with a majority of our customers, these orders are subject to customer confirmation as to product amounts and delivery dates.

## Competition

The steel processing market is highly competitive. We compete with a small number of other steel processors, some of which also focus on fully processed, high value-added steel products, on the basis of the precision and range of achievable tolerances, quality, price, inventory availability and the ability to meet delivery schedules dictated by customers. We also compete with numerous suppliers of building and construction products, as well as service centers, a small number of regional commercial heat-treaters and steel strapping manufacturers, on the basis of quality, price, products, range of sizes offered and the ability to meet delivery schedules dictated by customers.

## Employees

At June 30, 2001, we employed approximately 3,500 people, of whom approximately 500 were represented under five separate collective bargaining agreements which terminate at various times between July 27, 2001 and February 20, 2004. The collective bargaining agreement at our Milcor facility in Lima, Ohio, covering approximately 230 employees expires July 27, 2001. Negotiations for the renewal of this agreement have commenced. We have never experienced a work stoppage at our existing facilities. We believe that our relationship with our employees is good. Over 80% of our employees participate in performance-based incentive compensation programs. We are committed to such programs because we believe they motivate employees to enhance our profitability.

## Backlog

Because of the nature of our products and the short lead time order cycle, we do not believe that backlog is a significant factor in our business.

## Properties

We maintain our corporate headquarters in Buffalo, New York and conduct our processing, manufacturing and distribution operations at 54 facilities located in 20 states and Mexico. We believe that our properties have been adequately maintained, are in generally good condition and are suitable for our business as presently conducted. We believe our existing facilities provide sufficient production capacity for our present needs and for our anticipated needs in the foreseeable future. We also believe that upon the expiration of our current leases, we either will be able to secure renewal terms or enter into leases for alternative locations at market terms.

## Governmental Regulation

Our processing centers and manufacturing facilities are subject to many federal, state and local laws and regulations relating to the protection of the environment. Some of our operations require environmental permits and controls to prevent and reduce air and water pollution which are subject to modification, renewal and revocation by government authorities. We believe that we are in material compliance with all environmental laws, regulations and permits, and we do not anticipate any material expenditures to meet current or pending environmental requirements. However, we could incur operating costs or capital expenditures in complying with future or more stringent environmental requirements or with current requirements if they are applied to our facilities in a way we do not anticipate.

Since 1993, we have acquired 15 new businesses with a broad variety of product lines and services. As a result of this expansion and our use of a greater variety of raw materials, chemicals and equipment, we have become subject to a wider set of environmental laws and regulations. In 1995, we retained an environmental consulting firm to assist us in evaluating the regulatory compliance and permit status of each business and in developing a comprehensive environmental management and audit program at the corporate level. We are continuing to develop and implement environmental compliance and management systems.

Our operations are also governed by many other laws and regulations, including those relating to workplace safety and worker health, principally the Occupational Safety and Health Act and regulations thereunder which, among other requirements, establish noise and dust standards. We believe that we are in material compliance with these laws and regulations and do not believe that future compliance with such laws and regulations will have a material adverse effect on our results of operations or financial condition.

## Legal Proceedings

From time to time, we are named a defendant in legal actions arising out of the normal course of business. We are not a party to any pending legal proceeding the resolution of which we believe will have a material adverse effect on our results of operations or financial condition or to any other pending legal proceedings other than ordinary, routine litigation incidental to our business. We maintain liability insurance against risks arising out of the normal course of business.



MANAGEMENT

Directors and Executive Officers

Our directors and executive officers and their ages as of June 30, 2001 are as follows:

Name	Age	Position(s) Held
Brian J. Lipke /(1)/.....	49	Chairman of the Board, Chief Executive Officer and Director
Walter T. Erazmus.....	54	President
Neil E. Lipke /(1)/.....	44	Senior Executive Vice President, Secretary and Director
Joseph A. Rosenecker.....	57	Executive Vice President
Carl P. Spezio.....	56	Executive Vice President
Eric R. Lipke /(1)/.....	41	Vice President
Andrew S. Tsakos.....	55	Vice President
John E. Flint.....	54	Vice President and Chief Financial Officer
Richard A. Pytak Jr.....	39	Treasurer
Gerald S. Lippes /(2)(3)/...	61	Director
Arthur A. Russ, Jr.....	58	Director
David N. Campbell /(2)/.....	59	Director
William P. Montague/ (2)(3)/	54	Director

/(1)/Brian J. Lipke, Neil E. Lipke and Eric R. Lipke are brothers.  
 /(2)/Member of the Audit Committee.  
 /(3)/Member of the Compensation Committee.

Our board of directors is divided into three classes serving staggered terms. One-third of the directors are elected at each annual meeting of stockholders for a term of three years to hold office until their successors are elected and qualified. The terms of office of Brian J. Lipke, Arthur A. Russ, Jr. and William P. Montague expire in 2002; the term of office of David N. Campbell expires in 2003; and the terms of office of Neil E. Lipke and Gerald S. Lippes expire in 2004. All of our officers serve at the discretion of our board of directors.

Brian J. Lipke has been our Chairman of the Board and Chief Executive Officer and a director of our company since its formation. He has been President and Chief Executive Officer of Gibraltar Steel Corporation of New York, a predecessor and current subsidiary of our company, since 1987, and has been in charge of our other subsidiaries since their formation. From 1972 to 1987 Mr. Lipke held various positions with Gibraltar New York in production, purchasing and divisional management. He is a member of the JPMorgan Chase Upstate Regional Advisory Board.

Walter T. Erazmus has been our President since June 1999. Previously, he served as our Executive Vice President - Finance and Chief Financial Officer of our company since November 1994 and of Gibraltar New York since 1977. Mr. Erazmus was our Vice President - Finance and Chief Financial Officer from our formation to November 1994.

Neil E. Lipke has been an Executive Vice President and a director of our company since its formation and our secretary since 1999. He has been Executive Vice President of Gibraltar New York since 1988 and has been employed by Gibraltar New York since 1973 in various production, sales and marketing capacities.

Joseph A. Rosenecker has been an Executive Vice President of our company since November 1994. He served as our Vice President - Sales from our formation until November 1994 and has been the director of Gibraltar New York's cold-rolled strip operations since 1989. He was President of Gibraltar New York's strip and strapping divisions from 1978 to 1989.

Carl P. Spezio has been an Executive Vice President of our company since November 1994. Previously, he was our Vice President - Manufacturing and Quality Control since our formation. He has been the director of Gibraltar New York's metal processing operations since 1989. He was President of the precision metals division of Gibraltar New York from 1977 to 1989.

Eric R. Lipke has been a Vice President of our company since its formation. Mr. Lipke has held various positions with Gibraltar New York since 1976, primarily in the areas of administration and executive support.

Andrew S. Tsakos has been a Vice President of our company since May 1998. Mr. Tsakos has held various positions with Gibraltar New York since 1970, primarily in the areas of sales, sales management, purchasing and distribution services.

John E. Flint was named Vice President and Chief Financial Officer of our company in 1999. He was our Vice President of Accounting since our incorporation and of Gibraltar New York since 1985. Previously, he served as Corporate Controller of Gibraltar New York. Mr. Flint began his career with us as Controller of the Gibraltar Metals Division of Gibraltar New York in 1977.

Richard A. Pytak Jr. was named our Treasurer in 1999 and has been with us since June 1998. Previously, Mr. Pytak was a Senior Manager at PricewaterhouseCoopers LLP with 14 years of experience providing public accounting and business advisory services.

Gerald S. Lippes has served as a director of our company since our formation. He has been engaged in the private practice of law since 1965 and is a partner of the firm of Lippes, Silverstein, Mathias & Wexler LLP, Buffalo, New York, which provided services to us in 2000 and the current year. Mr. Lippes is also a director of several private companies.

Arthur A. Russ, Jr. has served as a director of our company since its formation. He has been engaged in the private practice of law since 1969 and is a partner of the firm of Phillips, Lytle, Hitchcock, Blaine & Huber, LLP, Buffalo, New York, which provided services to our company in 2000 and the current year. Mr. Russ also serves as a trustee of the Lipke trusts, which hold shares of our common stock. Mr. Russ shares voting and investment power with respect to the shares of common stock held by the Lipke trusts and disclaims beneficial ownership of such shares.

David N. Campbell has served as a director of our company since the consummation of our initial public offering. Mr. Campbell served as President and Chief Executive Officer of Xpedior, Inc. from September 1999 through November 2000. Previously, from July 1995 to September 1999, he was President of BBN Systems & Technologies and its successor, GTE Laboratories and Technologies. Mr. Campbell also is the former Chairman of the Board and Chief Executive Officer of Computer Task Group, Incorporated and the former Chairman of the Board of Dunlop Tire Corporation. Mr. Campbell also serves as a director of Tektronix Corporation.

William P. Montague has served as a director of our company since the consummation of our initial public offering. He served as Executive Vice President and Chief Financial Officer of Mark IV Industries, Inc. from 1986 to February 1996 and, since March 1996, as President of that company. He is also a director of IIMAK (International Imaging Materials, Inc.).

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of our common stock as of June 30, 2001, and as adjusted to reflect the sale of 2,500,000 shares of common stock by our company and the sale of 500,000 shares of common stock by the selling stockholders, by (i) each person who is known by us to own beneficially more than five percent of the outstanding common stock (ii) each of our directors and executive officers and (iii) all of our directors and executive officers as a group:

Name	Beneficial Ownership Prior to Offering		Shares Offered	Beneficial Ownership After Offering	
	Number	Percentage		Number	Percentage
Brian J. Lipke /(1)(2)(3)/.....	1,342,143	10.66%	100,000	1,242,143	8.23%
Neil E. Lipke /(2)(4)/.....	1,294,742	10.28	100,000	1,194,742	7.91
Eric R. Lipke /(2)(5)/.....	1,245,713	9.89	100,000	1,145,713	7.59
Meredith A. Lipke /(2)(6)/.....	1,226,778	9.74	100,000	1,126,778	7.46
Curtis W. Lipke/ (2)(7)/.....	1,072,424	8.51	100,000	972,424	6.44
Gerald S. Lippes /(8)/..... 700 Guaranty Building 28 Church Street Buffalo, New York 14202	100,705	*	--	100,705	*
William P. Montague /(9)/..... 501 John James Audubon Parkway P.O. Box 810 Amherst, New York 14226-0810	65,705	*	--	65,705	*
Arthur A. Russ, Jr. /(10)/..... 3400 HSBC Center Buffalo, New York 14203	55,750	*	--	55,750	*
David N. Campbell /(11)/..... 389 River Road Carlisle, Massachusetts 01741	31,250	*	--	31,250	*
Walter T. Erazmus /(2)(12)/.....	83,109	*	--	83,109	*
Carl P. Spezio /(2)(13)/.....	73,558	*	--	73,558	*
Joseph A. Rosenecker /(2)(14)/.....	73,043	*	--	73,043	*
All Directors and Executive Officers as a Group (13 persons) /(15)/.....	4,421,898	35.11	300,000	4,121,898	27.31
Liberty Wanger Asset Management, L.P. /(16)/ 277 West Monroe Street, Suite 3000 Chicago, Illinois 60606	1,125,000	8.93	--	1,125,000	7.45
Franklin Resources, Inc. /(17)/..... 777 Mariners Island Boulevard San Mateo, California 94403	1,074,700	8.53	--	1,074,700	7.12
T. Rowe Price Associates, Inc./ (18)/..... 100 E. Pratt Street Baltimore, Maryland 21202	830,200	6.59	--	830,200	5.50
Merrill Lynch & Co., Inc./ (19)/..... World Trade Center North Tower 250 Vesey Street New York, New York 10381	811,973	6.45	--	811,973	5.38

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/\* /Less than 1%.

- (1) Unless otherwise indicated in the footnotes, each of the stockholders named in this table has sole voting and investment power with respect to the shares shown as beneficially owned by such stockholder, except to the extent that authority is shared by spouses under applicable law.
- (2) The address of each of the executive officers and of Meredith A. Lipke, Curtis W. Lipke and Eric R. Lipke is 3556 Lake Shore Road, P.O. Box 2028, Buffalo, New York 14219-0228.
- (3) Includes (i) 1,058,882 shares of common stock held by two trusts for the benefit of Brian J. Lipke, (ii) 11,945 shares of common stock held by trusts for the benefit of the daughters of Brian J. Lipke, (iii) 3,480 shares of common stock held in a custodial account for the benefit of a daughter of Brian J. Lipke, (iv) 40,000 shares of common stock issuable under currently exercisable options pursuant to our Non-Qualified Stock Option Plan, (v) 40,625 shares of common stock issuable under currently exercisable options granted to Brian J. Lipke pursuant to our Incentive Stock Option Plan, (vi) 3,283 shares of common stock allocated to Brian J. Lipke's self-directed account under our 401(k) Retirement Savings Plan and (vii) 150,463 shares of common stock, representing Brian J. Lipke's pecuniary interest in Rush Creek Investment Co., L.P. Rush Creek owns 758,000 shares of common stock as to which Brian J. Lipke disclaims beneficial ownership, except to the extent of his pecuniary interest. Excludes 21,875 shares of common stock under options granted to Brian J. Lipke pursuant to our Incentive Stock Option Plan that are not exercisable within 60 days. Also excludes (i) 61,085 shares of common stock held by the Trust U/W of Kenneth E. Lipke f/b/o Patricia K. Lipke, as to which Brian J. Lipke serves as one of three trustees and shares voting and investment power and as to which he disclaims beneficial ownership, (ii) 3,830,915 shares of common stock held by trusts for the benefit of each of Neil E. Lipke, Curtis W. Lipke, Eric R. Lipke and Meredith A. Lipke, as to each of which Brian J. Lipke serves as one of three trustees and shares voting and investment power and as to which he disclaims beneficial ownership, (iii) 30,000 shares of common stock held by a trust for the benefit of Meredith A. Lipke, as to which Brian J. Lipke serves as one of five trustees and shares voting and investment power and as to which he disclaims beneficial ownership, (iv) 5,605 shares of common stock held by a trust for the benefit of the daughter of Meredith A. Lipke, as to which Brian J. Lipke serves as one of four trustees and shares voting and investment power and as to which he disclaims beneficial ownership and (v) 11,500 shares of common stock held by trusts for the benefit of the children of Eric R. Lipke, as to which Brian J. Lipke serves as one of three trustees and shares voting and investment power and as to which he disclaims beneficial ownership.
- (4) Includes (i) 1,011,502 shares of common stock held by a trust for the benefit of Neil E. Lipke, (ii) 30,000 shares of common stock issuable under currently exercisable options granted to Neil E. Lipke pursuant to our Non-Qualified Stock Option Plan, (iii) 20,000 shares of common stock issuable under currently exercisable options granted to Neil E. Lipke pursuant to our Incentive Stock Option Plan, (iv) 1,272 shares of common stock allocated to Neil E. Lipke's self-directed account under our 401(k) Retirement Savings Plan and (v) 150,463 shares of common stock, representing Neil E. Lipke's pecuniary interest in Rush Creek. Rush Creek owns 758,000 shares of common stock as to which Neil E. Lipke disclaims beneficial ownership, except to the extent of his pecuniary interest. Excludes 15,000 shares of common stock under options granted to Neil E. Lipke pursuant to our Incentive Stock Option Plan that are not exercisable within 60 days. Also excludes (i) 60,880 shares of common stock held by a trust for the benefit of Brian J. Lipke and 30,000 shares of common stock held by a trust for the benefit of Meredith A. Lipke, as to each of which Neil E. Lipke serves as one of five trustees and shares voting and investment power and as to which he disclaims beneficial ownership, (ii) 11,945 shares of common stock held by trusts for the benefit of the daughters of Brian J. Lipke, as to which Neil E. Lipke serves as one of three trustees and shares voting and investment power and as to which he disclaims beneficial ownership and (iii) 11,500 shares of common stock held by trusts for the benefit of the children of Eric R. Lipke, as to which Neil E. Lipke serves as one of three trustees and shares voting and investment power and as to which he disclaims beneficial ownership.
- (5) Includes (i) 975,501 shares of common stock held by a trust for the benefit of Eric R. Lipke, (ii) 11,500 shares of common stock held by trusts for the benefit of the children of Eric R. Lipke, (iii) 20,000 shares of common stock issuable under currently exercisable options granted to Eric R. Lipke pursuant to our Non-Qualified Stock Option Plan, (iv) 10,625 shares of common stock issuable under currently exercisable options granted to Eric R. Lipke pursuant to our Incentive Stock Option Plan, (v) 3,360 shares of common stock held in custodial accounts for the benefit of the children of Eric R. Lipke, (vi) 1,069 shares of common stock allocated to Eric R. Lipke's self-directed account under our 401(k) Retirement Savings Plan and (vii) 150,463 shares of common stock, representing Eric R. Lipke's pecuniary interest in Rush Creek. Rush Creek owns 758,000 shares of common stock as to which Eric R. Lipke disclaims beneficial ownership, except to the extent of his pecuniary interest. Excludes 14,375 shares of common stock issuable

under options granted to Eric R. Lipke pursuant to our Incentive Stock Option Plan that are not exercisable within 60 days. Also excludes (i) 998,002 shares of common stock held by a trust for the benefit of Brian J. Lipke, as to which Eric R. Lipke serves as one of three trustees and shares voting and investment power and as to which Eric R. Lipke disclaims beneficial ownership, (ii) 60,880 shares of common stock held by a trust for the benefit of Brian J. Lipke and 30,000 shares of common stock held by a trust for the benefit of Meredith A. Lipke, as to each of which Eric R. Lipke serves as one of five trustees and shares voting and investment power and as to which he disclaims beneficial ownership and (iii) 11,945 shares of common stock held by trusts for the benefit of the children of Brian J. Lipke, as to which Eric R. Lipke serves as one of three trustees and shares voting and investment power and as to which he disclaims beneficial ownership.

/(6)/Includes (i) 1,053,536 shares of common stock held by three trusts for the benefit of Meredith A. Lipke, (ii) 2,500 shares of common stock issuable under currently exercisable options granted to Meredith A. Lipke pursuant to our Non-Qualified Stock Option Plan, (iii) 1,875 shares of common stock issuable under currently exercisable options granted to Meredith A. Lipke pursuant to our Incentive Stock Option Plan, (iv) 5,075 shares of common stock held in a custodial account for the benefit of the daughter of Meredith A. Lipke pursuant to the New York Uniform Gift to Minors Act, (v) 5,605 shares of common stock held by a trust for the benefit of the daughter of Meredith A. Lipke, (vi) 616 shares of common stock allocated to Meredith A. Lipke's self-directed account under our 401(k) Retirement Savings Plan and (vi) 150,463 shares of common stock, representing Meredith A. Lipke's pecuniary interest in Rush Creek. Rush Creek

owns 758,000 shares of common stock as to which Meredith A. Lipke disclaims beneficial ownership, except to the extent of her pecuniary interest. Excludes 3,125 shares of common stock issuable under options granted to Meredith A. Lipke pursuant to our Incentive Stock Option Plan that are not exercisable within 60 days and (ii) 60,880 shares of common stock held by a trust for the benefit of Brian J. Lipke, as to which Meredith A. Lipke serves as one of five trustees and shares voting and investment power and as to which she disclaims beneficial ownership.

/(7)/Includes (i) 849,456 shares of common stock held by a trust for the benefit of Curtis W. Lipke and (ii) 150,463 shares of common stock, representing Curtis W. Lipke's pecuniary interest in Rush Creek. Rush Creek owns 758,000 shares of common stock as to which Curtis W. Lipke disclaims beneficial ownership, except to the extent of his pecuniary interest. Excludes (i) 60,880 shares of common stock held by a trust for the benefit of Brian J. Lipke and 30,000 shares of common stock held by a trust for the benefit of Meredith A. Lipke, as to each of which Curtis W. Lipke serves as one of five trustees and shares voting and investment power and as to which he disclaims beneficial ownership, (ii) 5,605 shares of common stock held by a trust for the benefit of the daughter of Meredith A. Lipke, as to which Curtis W. Lipke serves as one of four trustees and shares voting and investment power and as to which he disclaims beneficial ownership, (iii) 11,945 shares of common stock held by trusts for the benefit of the children of Brian J. Lipke, as to which Curtis W. Lipke serves as one of three trustees and shares voting and investment power and as to which he disclaims beneficial ownership and (iv) 11,500 shares of common stock held by trusts for the benefit of the children of Eric R. Lipke, as to which Curtis W. Lipke serves as one of three trustees and shares voting and investment power and as to which he disclaims beneficial ownership.

/(8)/Includes 51,250 shares of common stock issuable under currently exercisable options granted to Mr. Lippes pursuant to our Non-Qualified Stock Option Plan.

/(9)/Includes 26,250 shares of common stock issuable under currently exercisable options granted to Mr. Montague pursuant to our Non-Qualified Stock Option Plan.

/(10)/Includes (i) 51,250 shares of common stock issuable under currently exercisable options granted to Mr. Russ pursuant to our Non-Qualified Stock Option Plan and (ii) an aggregate of 1,500 shares of common stock held by three trusts for the benefit of the Russ' children as to each of which Mr. Russ serves as a trustee. Excludes an aggregate of (i) 4,828,917 shares of common stock owned by trusts for the benefit of each of Brian J. Lipke, Neil E. Lipke, Curtis W. Lipke, Eric R. Lipke and Meredith A. Lipke, as to each of which Mr. Russ serves as one of three trustees and shares voting and investment power and as to which he disclaims beneficial ownership, (ii) 61,085 shares of common stock held by the Kenneth E. Lipke Trust, as to which Mr. Russ serves as one of three trustees and shares voting and investment power and as to which he disclaims beneficial ownership and (iii) 758,000 shares of common stock held by Rush Creek as to which Mr. Russ serves as trustee of the sole limited partner and as to which he disclaims beneficial ownership.

/(11)/Includes (i) 26,250 shares of common stock issuable under currently exercisable options granted to Mr. Campbell pursuant to our Non-Qualified Stock Option Plan, (ii) 2,500 shares of common stock held by an Individual Retirement Account for the benefit of Mr. Campbell and (iii) 1,500 shares of common stock held by the Campbell Foundation of which Mr. Campbell serves as a trustee.

/(12)/Includes (i) 57,250 shares of common stock issuable under currently exercisable options granted to Mr. Erasmus under our Incentive Stock Option Plan, (ii) 800 shares of common stock held by an Individual Retirement Account for the benefit of Mr. Erasmus, (iii) 500 shares of common stock held by an Individual Retirement Account for the benefit of the spouse of Mr. Erasmus and (iv) 5,559 shares of common stock allocated to Mr. Erasmus's self-directed account under our 401(k) Retirement Savings Plan. Excludes 17,500 shares of common stock issuable under options granted to Mr. Erasmus pursuant to our Incentive Stock Option Plan that are not exercisable within 60 days.

/(13)/Includes (i) 52,875 shares of common stock issuable under currently exercisable options granted to Mr. Spezio under our Incentive Stock Option Plan and (ii) 3,656 shares of common stock allocated to Mr. Spezio's self-directed account under our 401(k) Retirement Savings Plan. Excludes 14,375 shares of common stock issuable under options granted to Mr. Spezio pursuant to our Incentive Stock Option Plan that are not exercisable within 60 days.

/(14)/Includes 52,875 shares of common stock issuable under currently exercisable options granted to Mr. Rosenecker under our Incentive Stock Option Plan and (ii) 3,668 shares of common stock allocated to Mr. Rosenecker's self-directed account under our 401(k) Retirement Savings Plan. Excludes 14,375 shares of common stock issuable under options granted to Mr. Rosenecker pursuant to our Incentive Stock Option Plan that are not exercisable within 60 days.

/(15)/Includes options to purchase an aggregate of 281,000 shares of common stock issuable to certain of our executive officers under our Incentive Stock Option Plan and an aggregate of 245,000 shares of common stock

issuable to certain of our executive officers and directors under our Non-Qualified Stock Option Plan, all of which are exercisable within 60 days. Excludes options to purchase an aggregate of 116,250 shares of common stock issued to certain of our executive officers under our Incentive Stock Option Plan that are not exercisable within 60 days.

- /(16)/Based on information set forth in a statement on Schedule 13G/A filed with the Securities and Exchange Commission in February 2001 by Liberty Wanger Asset Management, L.P. on behalf of itself, its affiliate, WAM Acquisition GP, Inc. and Liberty Acorn Trust.
- /(17)/Based on information set forth in a statement on Schedule 13G/A filed with the Securities and Exchange Commission in January 2000 by Franklin Resources, Inc. on behalf of itself and its affiliates, Charles B. Johnson, Rupert H. Johnson, Jr. and Franklin Advisors, Inc.
- /(18)/Based on information set forth in a statement on Schedule 13G/A filed with the Securities and Exchange Commission in February 2001 by T. Rowe Price Associates, Inc.
- /(19)/Based on information set forth in a statement on Schedule 13G/A filed with the Securities and Exchange Commission in February 2001 by Merrill Lynch & Co., Inc. on behalf of Merrill Lynch Investment Managers.

## DESCRIPTION OF CAPITAL STOCK

Our authorized capital stock consists of 50 million shares of common stock and 10 million shares of undesignated preferred stock, \$.01 par value per share. As of June 30, 2001, there were 12,595,374 shares of common stock issued and outstanding. Upon completion of this offering, there will be 15,095,374 shares of common stock issued and outstanding, assuming no exercise of the underwriters' over-allotment option. There are no shares of our preferred stock outstanding.

### Common Stock

**Voting Rights.** Each share of common stock is entitled to one vote on all matters submitted to a vote of our stockholders, including the election of directors. There is no cumulative voting. Therefore, the holders of a majority of the shares of common stock voted in an election of directors can elect all of the directors then standing for election, subject to any rights of the holders of any outstanding preferred stock.

**Dividends, Distributions and Stock Splits.** Holders of shares of common stock are entitled to receive dividends, if, as and when such dividends are declared by our board of directors out of assets legally available therefor after payment of dividends required to be paid on shares of outstanding preferred stock.

**Liquidation.** In the event of any dissolution, liquidation or winding up of our affairs, whether voluntary or involuntary, after payment of our debts and other liabilities and making provision for the holders of outstanding preferred stock, if any, our remaining assets will be distributed ratably among the holders of our common stock.

### Preferred Stock

Our board of directors has the authority to issue preferred stock in one or more series and to establish the rights and restrictions granted to or imposed on any unissued shares of preferred stock and to fix the number of shares constituting any series without any further vote or action by our stockholders. Our board of directors has the authority, without approval of our stockholders, to issue preferred stock that has voting and conversion rights superior to our common stock, which could have the effect of deterring, delaying or preventing a change in control. We currently have no plans to issue any shares of preferred stock.

### Certain Provisions of the Certificate of Incorporation and By-Laws

Our certificate of incorporation contains certain provisions permitted under the Delaware General Corporation Law relating to the liability of our directors. These provisions eliminate a director's personal liability to us or our stockholders for monetary damages resulting from a breach of fiduciary duty, except in certain circumstances involving certain wrongful acts, including:

- . for any breach of the director's duty of loyalty to us or our stockholders;
- . for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- . under Section 174 of the Delaware General Corporation Law; or
- . for any transaction in which the director derives an improper benefit.

These provisions do not eliminate our right or those of any of our stockholders to seek non-monetary relief, such as an injunction or rescission, in the event of a breach of a director's fiduciary duty. These provisions will not alter a director's liability under federal securities laws. Our by-laws also contain certain provisions indemnifying our directors and officers to the fullest extent permitted by the Delaware General Corporation Law. We believe that these provisions are necessary to attract and retain qualified individuals to serve as directors and officers.



Our certificate of incorporation also contains provisions dividing our board of directors into three classes serving staggered three-year terms. Our directors can be removed from office only for cause and only by the affirmative vote of the holders of a majority of the voting power of the then outstanding shares of our capital stock entitled to vote generally in the election of directors (the "Voting Stock"), voting together as a single class. Vacancies on our board of directors may only be filled by the remaining directors and not by our stockholders.

Our by-laws establish an advance notice procedure with regard to the nomination, other than by or at the direction of the board of directors, of candidates for election as directors and with regard to certain matters to be brought before an annual meeting of our stockholders. In general, notice must be received by us not less than 60 nor more than 90 days prior to the date of the prior year's annual meeting and must contain certain specified information concerning the person to be nominated or the matter to be brought before the meeting and concerning the stockholder submitting the proposal.

Annual meetings of our stockholders shall be held to elect our board of directors and to transact such other business as may be properly brought before the meeting. Special meetings of our stockholders may be called only by our Chairman of the Board, President or a majority of our board of directors. Our certificate of incorporation provides that any action required or permitted to be taken by our stockholders may be effected only at a duly called annual or special meeting of our stockholders and may not be effected by written consent of our stockholders.

Our certificate of incorporation also provides that certain mergers, sales of assets, issuances of securities, liquidations or dissolutions, reclassifications or recapitalizations involving Interested Stockholders must be approved by holders of at least 80% of the outstanding Voting Stock, unless such transactions are approved by a majority of the Disinterested Directors (as defined in our certificate of incorporation) or certain minimum price, form of consideration and procedural requirements are satisfied. An Interested Stockholder is defined as a holder of stock representing 20% or more of the shares of Voting Stock then outstanding. Our certificate of incorporation further provides that the affirmative vote of the holders of 80% of the total votes eligible to be cast in the election of directors is required to amend, alter, change or repeal such provisions. The requirement of such a super-majority vote could enable a minority of our stockholders to exercise veto powers over such amendments, alterations, changes or repeals.

#### Delaware Anti-Takeover Law

Our company is a Delaware corporation subject to the provisions of Section 203 of the Delaware General Corporation Law, an anti-takeover law. Generally, this statute prohibits a publicly-held Delaware corporation from engaging in a business combination with an "interested stockholder" for a period of three years after the date of the transaction in which such person became an interested stockholder, unless the business combination is approved in a prescribed manner. A "business combination" includes a merger, asset sale or other transaction resulting in a financial benefit to the stockholder. For purposes of Section 203, an "interested stockholder" is defined to include any person that is:

- . the owner of 15% or more of the outstanding voting stock of a corporation;
- . an affiliate or associate of a corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within three years immediately prior to the date on which it is sought to be determined whether such person is an interested stockholder; and
- . an affiliate or associate of the persons described above.

Stockholders may, by adopting an amendment to the corporation's certificate of incorporation or by-laws, elect for the corporation not to be governed by Section 203, effective 12 months after adoption. Neither our certificate of incorporation nor our by-laws exempt us from the restrictions imposed under Section 203. We anticipate that the provisions of Section 203 may encourage parties interested in acquiring us to negotiate in

advance with our board of directors because the stockholder approval requirement would be avoided if a majority of the directors then in office approve either the business combination or the transaction that results in the stockholder becoming an interested stockholder.

#### Transfer Agent and Registrar

The Transfer Agent and Registrar for our common stock is American Stock Transfer & Trust Company, New York, New York.

UNDERWRITING

Salomon Smith Barney Inc. is acting as representative of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus, each underwriter named below has agreed to purchase, and we and the selling stockholders have agreed to sell to that underwriter, the number of shares set forth opposite the underwriter's name.

Underwriter	Number of shares
Salomon Smith Barney Inc.....	
McDonald Investments Inc.....	----
Total.....	====

The underwriting agreement provides that the obligations of the underwriters to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the shares (other than those covered by the over-allotment option described below) if they purchase any of the shares.

The underwriters propose to offer some of the shares directly to the public at the public offering price set forth on the cover page of this prospectus and some of the shares to dealers at the public offering price less a concession not to exceed \$ per share. The underwriters may allow, and dealers may reallocate, a concession not to exceed \$ per share on sales to other dealers. If all of the shares are not sold at the initial offering price, the representatives may change the public offering price and the other selling terms.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to 450,000 additional shares of common stock at the public offering price less the underwriting discount. The underwriters may exercise the option solely for the purpose of covering over-allotments, if any, in connection with this offering. To the extent the option is exercised, each underwriter must purchase a number of additional shares approximately proportionate to that underwriter's initial purchase commitment.

We, our officers and directors, and the selling stockholders have agreed that, for a period of 90 days from the date of this prospectus, we and they will not, without the prior written consent of Salomon Smith Barney, dispose of or hedge any shares of our common stock or any securities convertible into or exchangeable for our common stock, except that our officers and directors and the selling stockholders may dispose of such shares as bona fide gifts. Salomon Smith Barney in its sole discretion may release any of the securities subject to these lock-up agreements at any time without notice.

The common stock is quoted on the Nasdaq National Market under the symbol "ROCK."

The following table shows the underwriting discounts and commissions that we and the selling stockholders are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares of common stock.

	Paid by Gibraltar		Paid by selling stockholders	
	No Exercise	Full Exercise	No Exercise	Full Exercise
Per share	\$	\$	\$	\$
Total....	\$	\$	\$	\$

In connection with the offering, Salomon Smith Barney, on behalf of the underwriters, may purchase and sell shares of common stock in the open market. These transactions may include short sales, syndicate covering transactions and stabilizing transactions. Short sales involve syndicate sales of common stock in excess of the number of shares to be purchased by the underwriters in the offering, which creates a syndicate short position. "Covered" short sales are sales of shares made in an amount up to the number of shares represented by the underwriters' over-allotment option. In determining the source of shares to close out the covered syndicate short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. Transactions to close out the covered syndicate short involve either purchases of the common stock in the open market after the distribution has been completed or the exercise of the over-allotment option. The underwriters may also make "naked" short sales of shares in excess of the over-allotment option. The underwriters must close out any naked short position by purchasing shares of common stock in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of bids for or purchases of shares in the open market while the offering is in progress.

The underwriters also may impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when Salomon Smith Barney repurchases shares originally sold by that syndicate member in order to cover syndicate short positions or make stabilizing purchases.

Any of these activities may have the effect of preventing or retarding a decline in the market price of the common stock. They may also cause the price of the common stock to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on the Nasdaq National Market or in the over-the-counter market, or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

We and the selling stockholders estimate that our respective portions of the total expenses of this offering will be \$ and \$ .

Under rule 2710(e)(8) of the Conduct Rules of the National Association of Securities Dealers, Inc., special considerations apply to a public offering of securities where more than 10% of the net proceeds thereof will be paid to members of the NASD that are participating in the offering, or persons affiliated or associated with such members. Certain of the underwriters or their respective affiliates have lent money to the company under existing credit facilities. In the event more than 10% of the proceeds of the offering will be used to repay such money lent by any underwriter or its affiliates, the offering will be conducted in conformity with Rule 2710(e)(8).

The underwriters have performed investment banking and advisory services for us from time to time for which they have received customary fees and expenses. The underwriters may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business.

A prospectus in electronic format may be made available on the web sites maintained by one or more of the underwriters. The representatives may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. The representatives will allocate shares to underwriters that may make Internet distributions on the same basis as other allocations. In addition, shares may be sold by the underwriters to securities dealers who resell shares to online brokerage account holders.

We and the selling stockholders have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

## LEGAL MATTERS

Certain legal matters with respect to the validity of the issuance of the shares of common stock offered by this prospectus will be passed upon for us by Lippes, Silverstein, Mathias & Wexler LLP, Buffalo, New York. Certain legal matters related to this offering will be passed upon for the underwriters by Cravath, Swaine & Moore, New York, New York.

Gerald S. Lippes, a partner of Lippes, Silverstein, Mathias & Wexler LLP, is a director of our company. Mr. Lippes beneficially owns 49,455 shares of common stock and has been awarded options to purchase an additional 51,250 shares of common stock. As of June 30, 2001, other members of Lippes, Silverstein, Mathias & Wexler LLP owned an aggregate of approximately 1,500 shares of common stock.

## EXPERTS

Our consolidated financial statements as of December 31, 1999 and 2000 and for each of the three years in the period ended December 31, 2000, included in this prospectus and the registration statement on Form S-3, have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in accounting and auditing.

## WHERE YOU CAN FIND ADDITIONAL INFORMATION

We are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission, or SEC. We have also filed a registration statement on Form S-3, including exhibits and schedules, under the Securities Act of 1933, as amended, with respect to the common stock offered by this prospectus. You may read and copy any document we file at the SEC's Public Reference Room at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549 and at the regional offices of the Commission located at Seven World Trade Center, 13th Floor, New York, New York 10048 and the Northwest Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. You can request copies of these documents by writing to the SEC and paying a fee for the copying cost. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. Our SEC filings are also available to the public at the SEC's web site at [www.sec.gov](http://www.sec.gov). In addition, our common stock is listed for trading on the Nasdaq National Market. You can read and copy reports and other information concerning us at the offices of Nasdaq Operations at 1735 K Street, N.W., Washington, D.C. 20006.

This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules thereto. For further information with respect to us and the shares of common stock offered hereby, reference is made to the registration statement, including the exhibits and schedules thereto. Statements contained in this prospectus as to the contents of any contract or other document are not necessarily complete and, where any such contract or document is an exhibit to the registration statement, each statement with respect to such contract or document is qualified in all respects by the provisions of the relevant exhibit, to which reference is hereby made.

## INCORPORATION BY REFERENCE

The Securities and Exchange Commission, or SEC, allows us to incorporate by reference into this prospectus the information that we file with the SEC in other documents. This means that we can disclose important information to you by referring to other documents that contain that information. The information may include documents filed after the date of this prospectus which update and supersede the information you read in this prospectus. We incorporate by reference the documents listed below, except to the extent information in those documents is different from the information contained in this prospectus, and all future documents filed with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended, until we terminate the offering of these shares:

- . Our Annual Report on Form 10-K for the year ended December 31, 2000;
- . Our Quarterly Report on Form 10-Q for the quarter ended June 30, 2001; and
- . A description of our common stock contained in a registration statement on Form 8-A filed with the SEC on September 24, 1993, as amended by Amendment No. 1 on Form 8-A/A filed with the SEC on November 4, 1993.

You may request a copy of these documents, at no cost, by written or oral request to:

Gibraltar Steel Corporation  
Attn: Director of Investor Relations  
3356 Lake Shore Road  
P.O. Box 2028  
Buffalo, New York 14219-0228  
(716) 826-6500

This prospectus may contain information that updates, modifies or is contrary to information in one or more of the documents incorporated by reference in this prospectus. Reports we file with the SEC after the date of this prospectus may also contain information that updates, modifies or is contrary to information in this prospectus or in documents incorporated by reference in this prospectus. Investors should review these reports as they may disclose a change in our business, prospects, financial condition or other affairs after the date of this prospectus.

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and  
Shareholders of Gibraltar Steel Corporation

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Gibraltar Steel Corporation and its subsidiaries at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP  
January 24, 2001



## GIBRALTAR STEEL CORPORATION

CONSOLIDATED BALANCE SHEET  
(in thousands, except share and per share data)

	December 31,	
	2000	1999
<b>Assets</b>		
Current assets:		
Cash and cash equivalents.....	\$ 1,701	\$ 4,687
Accounts receivable.....	78,358	78,418
Inventories.....	100,987	94,994
Other current assets.....	6,548	4,492
	-----	-----
Total current assets.....	187,594	182,591
Property, plant and equipment, net.....	229,159	216,030
Goodwill.....	130,368	115,350
Other assets.....	8,925	8,109
	-----	-----
	\$556,046	\$522,080
	=====	=====
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable.....	\$ 39,285	\$ 48,857
Accrued expenses.....	15,575	19,492
Current maturities of long-term debt.....	327	1,319
	-----	-----
Total current liabilities.....	55,187	69,668
Long-term debt.....	255,526	235,302
Deferred income taxes.....	34,325	29,328
Other non-current liabilities.....	2,660	2,323
Shareholders' equity:		
Preferred shares, \$.01 par value; authorized: 10,000,000 shares; none outstanding.....	--	--
Common shares, \$.01 par value; authorized: 50,000,000 shares; outstanding: 12,567,147 shares in 2000 and 12,577,464 shares in 1999...	126	126
Additional paid-in capital.....	68,475	68,323
Retained earnings.....	139,747	117,010
	-----	-----
Total shareholders' equity.....	208,348	185,459
	-----	-----
	\$556,046	\$522,080
	=====	=====

The accompanying notes are an integral part of these financial statements.

GIBRALTAR STEEL CORPORATION

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

	Year Ended December 31,		
	2000	1999	1998
Net sales.....	\$677,540	\$621,918	\$557,944
Cost of sales.....	541,743	493,945	456,449
Gross profit.....	135,797	127,973	101,495
Selling, general and administrative expense.....	75,905	72,504	57,040
Income from operations.....	59,892	55,469	44,455
Interest expense.....	18,942	13,439	11,389
Income before taxes.....	40,950	42,030	33,066
Provision for income taxes.....	16,585	17,022	13,226
Net income.....	\$ 24,365	\$ 25,008	\$ 19,840
Net income per share--Basic.....	\$ 1.94	\$ 1.99	\$ 1.59
Weighted average shares outstanding--Basic.....	12,577	12,540	12,456
Net income per share--Diluted.....	\$ 1.92	\$ 1.95	\$ 1.57
Weighted average shares outstanding--Diluted.....	12,685	12,806	12,651

The accompanying notes are an integral part of these financial statements.

GIBRALTAR STEEL CORPORATION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
(in thousands)

	Year Ended December 31,		
	2000	1999	1998
<b>Cash Flows From Operating Activities</b>			
Net income.....	\$ 24,365	\$ 25,008	\$ 19,840
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization.....	21,188	17,452	13,333
Provision for deferred income taxes.....	5,252	2,383	1,693
Undistributed equity investment income.....	(253)	(466)	(284)
Other noncash adjustments.....	116	697	304
Increase (decrease) in cash resulting from changes in (net of effects from acquisitions):			
Accounts receivable.....	5,660	(118)	(5,363)
Inventories.....	(206)	6,873	(6,309)
Other current assets.....	(2,829)	(272)	(1,430)
Accounts payable and accrued expenses.....	(16,551)	10,242	(7,572)
Other assets.....	(2,622)	(1,130)	(899)
Net cash provided by operating activities.....	34,120	60,669	13,313
<b>Cash Flows From Investing Activities</b>			
Acquisitions, net of cash acquired.....	(42,880)	(65,380)	(99,415)
Investments in property, plant and equipment.....	(19,619)	(21,999)	(22,062)
Net proceeds from sale of property and equipment.....	7,753	2,838	187
Net cash used in investing activities.....	(54,746)	(84,541)	(121,290)
<b>Cash Flows From Financing Activities</b>			
Long-term debt reduction.....	(63,157)	(67,160)	(61,508)
Proceeds from long-term debt.....	82,389	94,081	168,825
Repurchase of common stock.....	(181)	--	--
Net proceeds from issuance of common stock.....	36	1,014	100
Payment of dividends.....	(1,447)	(1,253)	--
Net cash provided by financing activities.....	17,640	26,682	107,417
Net (decrease) increase in cash and cash equivalents.....	(2,986)	2,810	(560)
Cash and cash equivalents at beginning of year.....	4,687	1,877	2,437
Cash and cash equivalents at end of year.....	\$ 1,701	\$ 4,687	\$ 1,877

The accompanying notes are an integral part of these financial statements.

GIBRALTAR STEEL CORPORATION

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY  
(in thousands)

	Common Shares		Additional Paid-in Capital	Retained Earnings
	Shares	Amount		
Balance at December 31, 1997.....	12,410	\$ 124	\$ 66,190	\$ 73,730
Net income.....	--	--	--	19,840
Stock options exercised and tax benefit.....	8	--	119	--
Restricted stock granted.....	55	1	--	--
Earned portion of restricted stock....	--	--	87	--
Profit-sharing plan contribution.....	11	--	217	--
Balance at December 31, 1998.....	12,484	125	66,613	93,570
Net income.....	--	--	--	25,008
Stock options exercised and tax benefit.....	72	1	1,124	--
Cash dividends--\$0.125 per share.....	--	--	--	(1,568)
Earned portion of restricted stock....	--	--	116	--
Profit-sharing plan contributions.....	21	--	470	--
Balance at December 31, 1999.....	12,577	126	68,323	117,010
Net income.....	--	--	--	24,365
Stock options exercised and tax benefit.....	3	--	36	--
Cash dividends--\$0.115 per share.....	--	--	--	(1,447)
Earned portion of restricted stock....	--	--	116	--
Repurchase of common stock.....	(13)	--	--	(181)
Balance at December 31, 2000.....	12,567	\$ 126	\$ 68,475	\$139,747

The accompanying notes are an integral part of these financial statements.

GIBRALTAR STEEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Gibraltar Steel Corporation and subsidiaries (the Company). Significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, checking accounts and all highly liquid investments with a maturity of three months or less.

Inventories

Inventories are valued at the lower of cost or market. Cost is determined using the first-in, first-out method.

Property, Plant and Equipment

Property, plant and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method. Accelerated methods are used for income tax purposes. Interest is capitalized in connection with construction of qualified assets. Under this policy, interest of \$552,000, \$357,000 and \$404,000 was capitalized in 2000, 1999 and 1998, respectively.

Goodwill

Goodwill is amortized over 35 years. Amortization expense related to goodwill was \$3,710,000, \$2,647,000 and \$1,949,000 in 2000, 1999, and 1998, respectively. Accumulated amortization was \$9,961,000 and \$6,251,000 at December 31, 2000 and 1999.

Shareholders' Equity

In 1999 and 1998, the Company issued 20,572 and 11,000, respectively, of its common shares as contributions to its profit-sharing plans. The Company did not contribute any of its shares to its profit-sharing plans during 2000.

During 2000 and 1999, the Company declared dividends of \$1,447,000 and \$1,568,000, respectively, of which \$377,000 and \$315,000 are accrued at December 31, 2000 and 1999, respectively.

During 2000, the Company purchased 12,572 shares of its outstanding common stock at a cost of \$14.38 per share. The Company did not repurchase any shares of its common stock in prior years.

Interest Rate Exchange Agreements

Interest rate swap agreements, which are used by the Company in the management of interest rate risk, are accounted for on an accrual basis. Amounts to be paid or received under interest rate swap agreements are recognized as interest expense or income in the periods in which they accrue. Swaps are not used for trading purposes.

Income Taxes

The financial statements of the Company have been prepared using the asset and liability approach in accounting for income taxes which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of other assets and liabilities.

GIBRALTAR STEEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Earnings Per Share

Basic net income per share equals net income divided by the weighted average shares outstanding during the year. The computation of diluted net income per share includes all dilutive common stock equivalents in the weighted average shares outstanding.

2. ACQUISITIONS

On July 17, 2000, the Company purchased all the outstanding capital stock of Milcor Limited Partnership (Milcor) for approximately \$43 million in cash. Milcor manufactures a complete line of metal building products, including registers, vents, bath cabinets, access doors, roof hatches and telescoping doors.

On December 1, 1999, the Company purchased all the outstanding capital stock of Hughes Manufacturing, Inc. (Hughes) for approximately \$11.5 million in cash. Hughes manufactures a broad line of fully engineered, code-approved steel lumber connectors and other metal hardware products.

On November 1, 1999, the Company purchased all the outstanding capital stock of Brazing Concepts Company (Brazing Concepts) for approximately \$25 million in cash. Brazing Concepts provides a wide variety of value-added brazing (i.e., metal joining), assembly and other metallurgical heat-treating services on customer-owned materials.

On August 1, 1999, the Company purchased the assets and business of Hi-Temp Incorporated (Hi-Temp) for approximately \$24 million in cash. Hi-Temp provides metallurgical heat-treating services in which customer-owned parts are exposed to precise temperature and other conditions to improve their material properties, strength and durability.

On July 1, 1999, the Company purchased all the outstanding capital stock of K & W Metal Fabricators, Inc. d/b/a Weather Guard Building Products (Weather Guard) for approximately \$7 million in cash. Weather Guard manufactures a full line of metal building products, including rain-carrying systems, metal roofing and roofing accessories, for industrial, commercial and residential applications.

These acquisitions have been accounted for under the purchase method with the results of their operations 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 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, 1999. 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, 1999 and are not necessarily indicative of future results of the combined companies.

	Year Ended December 31,	
	2000	1999
	-----	-----
	(in thousands, except per share data)	
	-----	-----
	(unaudited)	
Net sales.....	\$704,349	\$712,383
	=====	=====
Income before taxes.....	\$ 41,449	\$ 44,891
	=====	=====
Net income.....	\$ 24,662	\$ 26,647
	=====	=====
Net income per share--Basic.....	\$ 1.96	\$ 2.12
	=====	=====

GIBRALTAR STEEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

3. ACCOUNTS RECEIVABLE

Accounts receivable are expected to be collected within one year and are net of reserves for doubtful accounts of \$1,643,000 and \$1,511,000 at December 31, 2000 and 1999, respectively.

4. INVENTORIES

Inventories at December 31 consist of the following:

	2000	1999
	-----	
	(in thousands)	
Raw material.....	\$ 54,640	\$ 59,899
Finished goods and work-in-process.....	46,347	35,095
	-----	
Total inventories.....	\$100,987	\$ 94,994
	=====	=====

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost less accumulated depreciation, at December 31 consists of the following:

	2000	1999
	-----	
	(in thousands)	
Land and land improvements.....	\$ 7,507	\$ 6,961
Building and improvements.....	61,968	54,782
Machinery and equipment.....	222,811	204,012
Construction in progress.....	10,101	8,758
	-----	
	302,387	274,513
Less accumulated depreciation and amortization.....	73,228	58,483
	-----	
Property, plant and equipment, net.....	\$229,159	\$216,030
	=====	=====

6. OTHER ASSETS

Other assets at December 31 consist of the following:

	2000	1999
	-----	
	(in thousands)	
Equity interest in partnership.....	\$ 4,738	\$ 4,485
Other.....	4,187	3,624
	-----	
Total other assets.....	\$ 8,925	\$ 8,109
	=====	=====

The Company's 31% partnership interest is accounted for using the equity method of accounting. The partnership provides a steel cleaning process called pickling to steel mills and steel processors, including the Company.

GIBRALTAR STEEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

7. DEBT

Long-term debt at December 31 consists of the following:

	2000	1999
	-----	
	(in thousands)	
Revolving credit notes payable.....	\$250,251	\$228,128
Industrial Development Revenue Bonds.....	3,500	6,362
Other debt.....	2,102	2,131
	-----	
	255,853	236,621
Less current maturities.....	327	1,319
	-----	
Total long-term debt.....	\$255,526	\$235,302
	=====	=====

In 2000, the Company amended its debt agreement increasing its revolving credit facility to \$310,000,000. The facility is secured by the Company's accounts receivable, inventories, and property and equipment and is committed through April 2003. This facility has various interest rate options which are no greater than the bank's prime rate. In addition, the Company may enter into interest rate exchange agreements (swaps) to manage interest costs and exposure to changing interest rates. At December 31, 2000 the Company had interest rate swap agreements outstanding which effectively converted \$50,000,000 of floating rate debt to fixed rates ranging from 7.47% to 8.18%. At December 31, 2000, additional credit facility borrowings consisted of \$200,251,000 with an interest rate of LIBOR plus a fixed rate. The weighted average interest rate of these borrowings was 8.70% at December 31, 2000.

In addition, the Company has Industrial Development Revenue Bonds payable in installments through September 2018, with interest rates ranging from a fixed rate of 4.22% to variable rates of up to 5.20% at December 31, 2000, which financed the cost of the expansion of its Coldwater, Michigan heat-treating facility, under a capital lease agreement. The cost of the facility and equipment equals the amount of the bonds and includes accumulated amortization of \$186,000. The agreement provide for the purchase of the facility and equipment at any time during the lease term at scheduled amounts or at the end of the lease for a nominal amount.

The aggregate maturities on long-term debt including lease purchase obligations for the five years following December 31, 2000 as follows: 2001, \$327,000; 2002, \$813,000; 2003, \$250,875,000; 2004, \$629,000; and 2005, \$480,000. The Company had no amounts outstanding under short-term borrowing for the years ended December 31, 2000 and 1999.

The various loan agreements, which do not require compensating balances, contain provisions that limit additional borrowings and require maintenance of minimum net worth and financial ratios. The Company is in compliance with the terms and provisions of all its financing agreements.

Total cash paid for interest in the years ended December 31, 2000, 1999 and 1998 was \$19,935,000, \$13,357,000 and \$11,257,000, respectively.

8. LEASES

The Company leases certain facilities and equipment under operating leases. Rent expense under operating leases for the years ended December 31, 2000, 1999 and 1998 was \$5,187,000, \$4,899,000 and \$3,554,000,



GIBRALTAR STEEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

respectively. Future minimum lease payments under these operating leases are \$5,067,000, \$3,980,000, \$2,969,000, \$1,867,000 and \$1,244,000 for the years 2001, 2002, 2003, 2004 and 2005, respectively, and \$7,470,000 thereafter through 2038.

9. EMPLOYEE RETIREMENT PLANS

Certain subsidiaries participate in the Company's 401(k) Plan. In addition, certain subsidiaries have multi-employer non-contributory retirement plans providing for defined contributions to union retirement funds.

A supplemental pension plan provides defined pension benefits to certain salaried employees upon retirement. Net unfunded periodic pension costs of \$171,000 and \$199,000 were accrued under this plan in 2000 and 1999, respectively, and consisted primarily of service cost using a discount rate of 8.0% in each year.

Total expense for all retirement plans was \$2,204,000, \$1,957,000 and \$1,774,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

During 1998, the Company adopted the provisions of Statement of Financial Accounting Standards No. 132 Employers' Disclosures about Pensions and Other Post-Retirement Benefits (FAS No. 132). Adoption of FAS No. 132 did not affect the Company's results of operations or financial position.

10. OTHER POST-RETIREMENT BENEFITS

Certain subsidiaries of the Company provide health and life insurance to substantially all of their employees and to a number of retirees and their spouses. The net periodic post-retirement benefit cost charged to expense consisting of service cost, interest cost and amortization of transition obligations was \$261,000, \$291,000 and \$255,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

The approximate unfunded accumulated post-retirement benefit obligation at December 31, consists of the following (in thousands):

	Benefit Obligation at January 1	Service Cost	Interest Cost	Actuarial (Gain)/Loss	Benefit Payments	Benefit Obligation at December 31
2000	\$1,844	71	145	(1)	(76)	\$1,983
1999	\$2,105	90	135	(445)	(41)	\$1,844

The accumulated post-retirement benefit obligation was determined using a weighted average discount rate of 8.0% in 2000 and 1999. The medical inflation rate was assumed to be 5.0% in 2000 and thereafter. The effect of a 1% increase or decrease in the annual medical inflation rate would increase or decrease the accumulated post-retirement benefit obligation at December 31, 2000 by approximately \$312,000 and \$266,000, respectively, and increase or decrease the annual service and interest costs by approximately \$38,000.

One of the Company's subsidiaries also provides post-retirement health care benefits to its unionized employees through contributions to a multi-employer health care plan.

GIBRALTAR STEEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

11. INCOME TAXES

The provision for income taxes consists of the following:

	2000	1999	1998
	-----		
	(in thousands)		
Current tax expense			
Federal.....	\$ 9,507	\$ 12,332	\$ 9,749
State.....	1,826	2,307	1,784
	-----		
Total current.....	11,333	14,639	11,533
	-----		
Deferred tax expense			
Federal.....	4,593	2,040	1,628
State.....	659	343	65
	-----		
Total deferred.....	5,252	2,383	1,693
	-----		
Total provision.....	\$ 16,585	\$ 17,022	\$ 13,226
	=====	=====	=====

Deferred tax liabilities (assets) at December 31 consist of the following:

	2000	1999
	-----	
	(in thousands)	
Depreciation.....	\$ 33,773	\$ 29,460
Goodwill.....	3,167	1,770
Other.....	1,002	1,685
	-----	
Gross deferred tax liabilities.....	37,942	32,915
	-----	
State taxes.....	(1,652)	(1,382)
Other.....	(4,504)	(4,999)
	-----	
Gross deferred tax assets.....	(6,156)	(6,381)
	-----	
Net deferred tax liabilities.....	\$ 31,786	\$ 26,534
	=====	=====

The provision for income taxes differs from the amount of income tax determined by applying the applicable U.S. statutory federal income tax rate to income before taxes as a result of the following differences:

	2000	1999	1998
	-----		
	(in thousands)		
Statutory U.S. tax rates.....	\$ 14,333	\$ 14,711	\$ 11,573
Increase in rates resulting from:			
State and local taxes, net.....	1,615	1,723	1,202
Other.....	637	588	451
	-----		
	\$ 16,585	\$ 17,022	\$ 13,226
	=====	=====	=====

Cash paid for income taxes, net of tax refunds, in the years ended December 31, 2000, 1999 and 1998 was \$16,189,000, \$11,857,000 and \$9,180,000, respectively.

GIBRALTAR STEEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

12. EARNINGS PER SHARE

Statement of Financial Accounting Standards No. 128 Earnings Per Share requires dual presentation of basic and diluted earnings per share on the face of the income statement. The reconciliation between the computations is as follows:

	Income	Basic Shares	Basic EPS	Diluted Shares	Diluted EPS
2000.....	\$24,365,000	12,577,240	\$1.94	12,685,072	\$1.92
1999.....	\$25,008,000	12,540,105	\$1.99	12,806,338	\$1.95
1998.....	\$19,840,000	12,455,554	\$1.59	12,651,119	\$1.57

Included in diluted shares are common stock equivalents of 107,832, 266,233 and 195,565 relating to options for the years ended December 31, 2000, 1999 and 1998, respectively.

13. STOCK OPTIONS

The Company may grant non-qualified stock options to officers, employees, non-employee directors and advisers at an exercise price equal to 100% of market price, and incentive stock options to officers and other key employees at an exercise price not less than 100% of market price, up to an aggregate of 400,000 and 1,475,000 shares, respectively. The options may be exercised over a four year period from the grant date and expire ten years after the date of grant.

The following table summarizes information about stock option transactions:

	Options Outstanding	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price
Balance at December 31, 1997	693,231	\$15.68	282,781	\$11.55
Granted.....	336,650	17.36		
Exercised.....	(8,749)	11.12		
Forfeited.....	(24,502)	17.48		
Balance at December 31, 1998	996,630	\$16.24	406,993	\$13.30
Granted.....	10,000	20.56		
Exercised.....	(72,474)	13.99		
Forfeited.....	(11,450)	18.54		
Balance at December 31, 1999	922,706	\$16.44	528,819	\$14.88
Granted.....	270,250	14.07		
Exercised.....	(2,255)	15.52		
Forfeited.....	(30,107)	17.68		
Balance at December 31, 2000	1,160,594	\$15.86	686,582	\$15.72

Tax benefits of \$111,000 realized in the year ended December 31, 1999 associated with the exercise of certain stock options have been credited to additional paid-in capital. The Company did not realize any related tax benefit during 2000.

GIBRALTAR STEEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Options outstanding at December 31, 2000 consisted of:

Range of Exercise Prices	Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price
\$10.00--\$14.07	528,127	6.5 years	\$12.46	260,127	\$10.80
\$15.63--\$22.50	632,467	6.9 years	\$18.70	426,455	\$18.72
	1,160,594	6.7 years	\$15.86	686,582	\$15.72

The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123 Accounting for Stock-Based Compensation (FAS No. 123). Accordingly, no compensation cost has been recognized for the option plans as stock options granted under these plans have an exercise price equal to 100% of the market price on the date of grant. If the compensation cost for these plans had been determined based on the fair value at the grant dates for awards consistent with the method of FAS No. 123, the unaudited pro forma effect on the years ended December 31, 2000 and 1999 is as follows:

	As Reported 2000	Pro Forma 2000	As Reported 1999	Pro Forma 1999
Net income.....	\$24,365,000	\$23,073,000	\$25,008,000	\$23,566,000
Net income per share--Basic....	\$1.94	\$1.83	\$1.99	\$1.88

The Black-Scholes option-pricing model was used to estimate the fair value of the options granted on the date of grant. The fair values and assumptions used in the model, assuming no dividends, are as follows:

	Fair Value	Expected Life	Stock Volatility	Risk-Free Interest Rate	Dividend Yield
2000 Grant.....	\$6.31	5 years	43.7%	6.3%	0.7%
1999 Grant.....	\$9.18	5 years	45.1%	4.4%	0.2%
1998 Grant.....	\$7.74	5 years	43.7%	4.4%	--

The Company also has a Restricted Stock Plan reserved for issuance of 100,000 common shares for the grant of restricted stock awards to employees and non-employee directors at a purchase price of \$.01 per share. Since the inception of this plan, 59,000 common shares have been awarded.

14. COMMITMENTS AND CONTINGENCIES

The Company is a party to certain claims and legal actions generally incidental to its business. Management does not believe that the outcome of these actions, which is not clearly determinable at the present time, would significantly affect the Company's financial condition or results of operations.

15. SUBSEQUENT EVENT

In February 2001, the Company purchased all the outstanding capital stock of Pennsylvania Industrial Heat Treaters, Inc. (PIHT) for approximately \$11 million, net of cash. PIHT provides metallurgical heat-treating services and specializes in heat-treating powdered metal parts. The results of operations of PIHT will be consolidated with the Company's results of operations from the acquisition date for the quarter ending March 31, 2001.

QUARTERLY UNAUDITED FINANCIAL DATA  
(in thousands, except per share data)

2000 Quarter Ended	March 31	June 30	Sept. 30	Dec. 31	Total
Net sales.....	\$167,634	\$181,523	\$178,326	\$150,057	\$677,540
Gross profit.....	34,548	36,616	35,863	28,770	135,797
Income from operations.....	14,318	17,416	17,268	10,890	59,892
Net income.....	6,015	7,854	7,248	3,248	24,365
Net income per share--Basic.....	\$ 0.48	\$ 0.62	\$ 0.58	\$ 0.26	\$ 1.94
Net income per share--Diluted.....	\$ 0.47	\$ 0.62	\$ 0.57	\$ 0.26	\$ 1.92

1999 Quarter Ended	March 31	June 30	Sept. 30	Dec. 31	Total
Net sales.....	\$143,804	\$160,241	\$162,909	\$154,964	\$621,918
Gross profit.....	28,418	33,001	34,245	32,309	127,973
Income from operations.....	11,683	15,353	15,426	13,007	55,469
Net income.....	4,977	7,288	7,205	5,538	25,008
Net income per share--Basic.....	\$ 0.40	\$ 0.58	\$ 0.57	\$ 0.44	\$ 1.99
Net income per share--Diluted.....	\$ 0.39	\$ 0.57	\$ 0.56	\$ 0.43	\$ 1.95

GIBRALTAR STEEL CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEET  
(in thousands)

	June 30, 2001	December 31, 2000
	----- (unaudited)	----- (audited)
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents.....	\$ 38	\$ 1,701
Accounts receivable.....	97,983	78,358
Inventories.....	89,696	100,987
Other current assets.....	7,836	6,548
	-----	-----
<b>Total current assets.....</b>	<b>195,553</b>	<b>187,594</b>
Property, plant and equipment, net.....	231,885	229,159
Goodwill.....	134,814	130,368
Other assets.....	9,173	8,925
	-----	-----
	<b>\$571,425</b>	<b>\$556,046</b>
	=====	=====
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable.....	\$ 59,367	\$ 39,285
Accrued expenses.....	17,296	15,575
Current maturities of long-term debt.....	329	327
	-----	-----
<b>Total current liabilities.....</b>	<b>76,992</b>	<b>55,187</b>
Long-term debt.....	239,584	255,526
Deferred income taxes.....	36,148	34,325
Other non-current liabilities.....	3,929	2,660
<b>Shareholders' equity:</b>		
Preferred shares.....	--	--
Common shares.....	126	126
Additional paid-in capital.....	68,952	68,475
Retained earnings.....	146,333	139,747
Accumulated comprehensive loss.....	(639)	--
	-----	-----
<b>Total shareholders' equity.....</b>	<b>214,772</b>	<b>208,348</b>
	-----	-----
	<b>\$571,425</b>	<b>\$556,046</b>
	=====	=====

The accompanying notes are an integral part of these financial statements.

GIBRALTAR STEEL CORPORATION

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
	(unaudited)		(unaudited)	
Net sales.....	\$163,550	\$181,523	\$314,100	\$349,157
Cost of sales.....	131,469	144,907	253,534	277,993
Gross profit.....	32,081	36,616	60,566	71,164
Selling, general and administrative expense.....	20,027	19,200	38,770	39,430
Income from operations.....	12,054	17,416	21,796	31,734
Interest expense.....	4,460	4,217	9,352	8,425
Income before taxes.....	7,594	13,199	12,444	23,309
Provision for income taxes.....	3,076	5,345	5,040	9,440
Net income.....	\$ 4,518	\$ 7,854	\$ 7,404	\$ 13,869
Net income per share--Basic.....	\$ 0.36	\$ 0.62	\$ 0.59	\$ 1.10
Weighted average number of shares outstanding--Basic.....	12,588	12,580	12,583	12,580
Net income per share--Diluted.....	\$ 0.35	\$ 0.62	\$ 0.58	\$ 1.09
Weighted average number of shares outstanding--Diluted.....	12,802	12,674	12,741	12,696

The accompanying notes are an integral part of these financial statements.

## GIBRALTAR STEEL CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(in thousands)

	Six Months Ended June 30,	
	2001	2000
	(unaudited)	
<b>Cash Flows From Operating Activities</b>		
Net income.....	\$ 7,404	\$ 13,869
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	11,582	10,291
Provision for deferred income taxes.....	2,351	1,050
Undistributed equity investment income.....	266	(232)
Other noncash adjustments.....	58	58
Increase (decrease) in cash resulting from changes in (net of effects from acquisitions):		
Accounts receivable.....	(18,997)	(18,173)
Inventories.....	11,291	(1,313)
Other current assets.....	(1,690)	(681)
Accounts payable and accrued expenses.....	20,612	12,244
Other assets.....	(694)	(3,150)
Net cash provided by operating activities.....	32,183	13,963
<b>Cash Flows From Investing Activities</b>		
Acquisitions, net of cash acquired.....	(10,832)	--
Purchases of property, plant and equipment.....	(7,915)	(9,338)
Net proceeds from sale of property and equipment.....	177	7,249
Net cash used in investing activities.....	(18,570)	(2,089)
<b>Cash Flows From Financing Activities</b>		
Long-term debt reduction.....	(35,334)	(32,363)
Proceeds from long-term debt.....	20,394	22,411
Payment of dividends.....	(755)	(692)
Net proceeds from issuance of common stock.....	419	35
Net cash used in financing activities.....	(15,276)	(10,609)
Net (decrease) increase in cash and cash equivalents.....	(1,663)	1,265
Cash and cash equivalents at beginning of year...	1,701	4,687
Cash and cash equivalents at end of period.....	\$ 38	\$ 5,952
	=====	=====

The accompanying notes are an integral part of these 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 June 30, 2001 and 2000 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 June 30, 2001 and 2000 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, 2000.

The results of operations for the six-month period ended June 30, 2001 are not necessarily indicative of the results to be expected for the full year.

2. INVENTORIES

Inventories consist of the following:

	June 30, 2001	December 31, 2000
	----- (unaudited)	----- (audited)
	(in thousands)	
Raw material.....	\$43,016	\$ 54,640
Finished goods and work in process.....	46,680	46,347
	-----	-----
Total inventories.....	\$89,696	\$100,987
	=====	=====

3. SHAREHOLDERS' EQUITY

The changes in shareholders' equity consist of:

	Common Shares	Share Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Comprehensive Loss
	-----	-----	-----	-----	-----
	(in thousands)				
December 31, 2000.....	12,567	\$126	\$68,475	\$139,747	\$ --
Implementation of FAS 133.....	--	--	--	--	(191)
Net income.....	--	--	--	7,404	--
Stock options exercised.....	28	--	419	--	--
Earned portion of restricted stock	--	--	58	--	--
Cash dividends--\$0.065 per share..	--	--	--	(818)	--
Interest rate swap adjustments....	--	--	--	--	(448)
	-----	-----	-----	-----	-----
June 30, 2001.....	12,595	\$126	\$68,952	\$146,333	\$(639)
	=====	=====	=====	=====	=====

On January 1, 2001, the Company implemented the provisions of Statement of Financial Accounting Standards No. 133 Accounting for Derivative Instruments and Hedging Activities (FAS 133) and recognized the fair value of its interest rate swap agreements as other non-current liabilities. Gains or losses from changes in the fair value of the swap agreements are recorded, net of taxes, as components of Accumulated Comprehensive Loss.

GIBRALTAR STEEL CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)  
(Unaudited)

4. EARNINGS PER SHARE

Basic net income per share equals net income divided by the weighted average shares outstanding for the six months ended June 30, 2001 and 2000. The computation of diluted net income per share includes all dilutive common stock equivalents in the weighted average shares outstanding.

Options to purchase 1,096,517 shares of the Company's common stock are outstanding as of June 30, 2001 and are exercisable at prices ranging from \$10.00 to \$22.50 per share. Included in diluted shares are common stock equivalents relating to options of 158,754 and 116,017 for the six month periods ended June 30, 2001 and 2000, respectively.

5. ACQUISITIONS

On February 13, 2001, the Company purchased all the outstanding capital stock of Pennsylvania Industrial Heat Treaters, Inc. (PIHT) for approximately \$11 million, net of cash acquired. PIHT provides metallurgical heat-treating services and specializes in heat-treating powdered metal parts.

On July 17, 2000, the Company purchased all the outstanding capital stock of Milcor Limited Partnership (Milcor) for approximately \$43 million in cash. Milcor manufactures a complete line of metal building products, including registers, vents, bath cabinets, access doors, roof hatches and telescoping doors.

These acquisitions have been accounted for under the purchase method with the results of their operations 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 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, 2000. 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, 2000 and are not necessarily indicative of future results of the combined companies.

	Six Months Ended June 30,	
	2001	2000
	(unaudited)	
	(in thousands, except per share data)	
Net sales.....	\$314,760	\$377,190
	=====	=====
Income before taxes.....	\$ 12,502	\$ 24,426
	=====	=====
Net income.....	\$ 7,439	\$ 14,532
	=====	=====
Net income per share--Basic.....	\$ 0.59	\$ 1.16
	=====	=====

-----  
-----  
3,000,000 Shares  
Gibraltar Steel Corporation  
Common Stock

[LOGO] Gibraltar

-----  
PROSPECTUS

, 2001  
-----

Salomon Smith Barney  
McDonald Investments Inc.

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution

The following table sets forth all expenses, other than underwriter discounts and commissions, payable by us in connection with the sale of the common stock being registered. All of the amounts shown are estimates, except for the registration fee, the NASD filing fee and the Nasdaq National Market listing fee.

Securities and Exchange registration fee.....	\$16,345
NASD filing fee.....	7,038
Nasdaq National Market listing fee.....	22,500
Printing and engraving expenses.....	
Legal fees and expenses.....	
Accounting fees and expenses.....	
Transfer Agent and Registrar fees and expenses.....	
Miscellaneous.....	
	-----
Total.....	\$
	=====

Item 15. Indemnification of Directors and Officers

Under Section 145(a) of the General Corporation Law of Delaware, we may indemnify any of our officers or directors in any action other than actions by or in the right of our company, whether civil, criminal, administrative or investigative, if such director or officer acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of our company, and, with respect to any criminal action or proceedings if such director or officer has no reasonable cause to believe his conduct was unlawful. Under Section 145(b), we may indemnify any of our officers or directors in any action by or in the right of our company against expenses actually and reasonably incurred by him in the defense or settlement of such action if such officer or director acted in good faith and in a manner he reasonably believed to be in or not opposed to our best interest, except where such director or officer shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to us, unless, on application, the Court of Chancery or the court in which such action or suit was brought shall determine that, despite the adjudication of liability, such person in view of all the circumstances is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper. Section 145(c) provides for mandatory indemnification of officers or directors who have been successful on the merits or otherwise in the defense of any action, suit or proceeding referred to in subsections (a) and (b). Section 145(d) authorizes indemnification under subsections (a) and (b) in specific cases if approved by our board of directors or stockholders upon a finding that the officer or director in question has met the requisite statutory standards of conduct. Section 145(g) empowers us to purchase insurance coverage for any director, officer, employee or agent against any liability incurred by him in his capacity as such, whether or not we would have the power to indemnify him under the provisions of the Delaware General Corporation Law. The foregoing is only a summary of the described sections of the Delaware General Corporation Law and is qualified in its entirety by reference to such sections.

Our certificate of incorporation provides that we shall indemnify each of our officers and directors to the fullest extent permitted by applicable law. Our certificate of incorporation also provides that, to the fullest extent permitted by the Delaware General Corporation Law, our directors shall not be liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director.

Item 16. Exhibits

(a) Exhibits:

Exhibit  
Number

Exhibit  
-----

- \*1.1 Form of Underwriting Agreement.
- 3.1 Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-1 (Registration No. 33-69304)).
- 3.2 Amended and Restated By-Laws of the Registrant Effective August 11, 1998 (incorporated by reference to Exhibit 3(ii) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998).
- 4.1 Specimen Common Share Certificate (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-1 (Registration No. 33-69304)).
- \*5.1 Opinion of Lippe, Silverstein, Mathias & Wexler LLP.
- 10.1 Partnership Agreement of Samuel Pickling Management Company dated June 1, 1988 between Cleveland Pickling, Inc. and Samuel Manu-Tech, Inc. (incorporated by reference to Exhibit 10.7 to the Registrant's Registration Statement on Form S-1 (Registration No. 33-69304)).
- 10.2 Partnership Agreement dated May 1988 among Samuel Pickling Management Company, Universal Steel Co. and Ruscon Steel Corp., creating Samuel Steel Pickling Company, a general partnership (incorporated by reference to Exhibit 10.8 to the Registrant's Registration Statement on Form S-1 (Registration No. 33-69304)).
- 10.3 First Amendment, dated May 28, 1999, to the Partnership Agreement dated May 1988 among Samuel Pickling Management Company, Universal Steel Co., and Ruscon Steel Corp., creating Samuel Steel Pickling Company, a general partnership (incorporated by reference to Exhibit 10.20 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1999).
- 10.4 Lease dated September 1, 1990 between Erie County Industrial Development Agency and Integrated Technologies International, Ltd. (incorporated by reference to Exhibit 10.13 to the Registrant's Registration Statement on Form S-1 (Registration No. 33-69304)).
- 10.5 Lease dated June 4, 1993 between Buffalo Crushed Stone, Inc. and Gibraltar Steel Corporation (incorporated by reference to Exhibit 10.14 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995).
- 10.6 Employment Agreement dated as of November 1, 1993 between the Registrant and Brian J. Lipke (incorporated by reference to Exhibit 10.15 to the Registrant's Registration Statement on Form S-1 (Registration No. 33-69304)).
- 10.7 Gibraltar Steel Corporation Executive Incentive Bonus Plan (incorporated by reference to Exhibit 10.16 to the Registrant's Registration Statement on Form S-1 (Registration No. 33-69304)).
- 10.8 Agreement dated December 22, 2000 for Adoption by Gibraltar Steel Corporation of New York of the Dreyfus Nonstandardized Prototype Profit Sharing Plan and Trust (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001).
- 10.9 Gibraltar Steel Corporation 401(k) Plan (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-8 (Registration Number 33-87034)).
- 10.10 First Amendment, dated January 20, 1995, to Gibraltar Steel Corporation 401(k) Plan (incorporated by reference to Exhibit 10.28 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994).



Exhibit  
Number

Exhibit

- 
- 10.11 Gibraltar Steel Corporation Incentive Stock Option Plan, Fifth Amendment and Restatement (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000).
  - 10.12 Gibraltar Steel Corporation Restricted Stock Plan, First Amendment and Restatement (incorporated by reference to Exhibit 10.13 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1997).
  - 10.13 Gibraltar Steel Corporation Non-Qualified Stock Option Stock Plan, First Amendment and Restatement (incorporated by reference to Exhibit 10.17 to the Registrant's Registration Statement on Form S-1 (Registration No. 33-69304)).
  - 10.14 Change in Control Agreement dated July 9, 1998 between Registrant and Brian J. Lipke (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998).
  - 10.15 Form of Change in Control Agreement dated July 9, 1998 between Registrant and each of Neil E. Lipke, Eric R. Lipke, Walter T. Erasmus, Joseph A. Rosenecker, Carl P. Spezio and Andrew S. Tsakos (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998).
  - 10.16 Form of Stay Bonus Agreement dated October 1, 2000 between Registrant and certain named executives (incorporated by reference to Exhibit 10.15 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2000).
  - 10.17 Third Amended and Restated Credit Agreement dated September 29, 2000 among Gibraltar Steel Corporation, Gibraltar Steel Corporation of New York, Chase Manhattan Bank, N.A., as administrative Agent, and various financial institutions that are signatories thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000).
  - 10.18 First Amendment dated March 30, 2001 to Third Amended and Restated Credit Agreement dated September 29, 2000 among to Gibraltar Steel Corporation of New York, Chase Manhattan Bank, N.A., as administrative Agent, and various financial institutions that are signatories thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001).
  - \*23.1 Consent of Lippes, Silverstein, Mathias & Wexler LLP (contained in Exhibit 5.1 to this registration statement).
  - \*23.2 Consent of PricewaterhouseCoopers LLP.
  - 24.1 Power of Attorney (contained in Part II of this registration statement).
- 

/\*/ Filed herewith

(b) Financial Statement Schedules:

Not Applicable

Item 17. Undertakings

(a) Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that





a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(b) We hereby undertake that:

(i) For purposes of determining any liability under the Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430(A) and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Act shall be deemed to be part of this registration statement as of the time it was declared effective;

(ii) For the purpose of determining any liability under the Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and

(iii) For the purpose of determining any liability under the Act, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Buffalo, State of New York on September 4, 2001.

GIBRALTAR STEEL CORPORATION

/S/ BRIAN J. LIPKE  
 By: \_\_\_\_\_  
 Brian J. Lipke  
 Chairman of the Board and  
 Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature -----	Title -----	Date ----
/S/ BRIAN J. LIPKE ----- Brian J. Lipke	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	September 4, 2001
/S/ WALTER T. ERAZMUS ----- Walter T. Erazmus	President	September 4, 2001
/S/ JOHN E. FLINT ----- John E. Flint	Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	September 4, 2001
/S/ NEIL E. LIPKE ----- Neil E. Lipke	Director	September 4, 2001
/S/ GERALD S. LIPPES ----- Gerald S. Lippes	Director	September 4, 2001
/S/ ARTHUR A. RUSS, JR. ----- Arthur A. Russ, Jr.	Director	September 4, 2001
/S/ WILLIAM P. MONTAGUE ----- William P. Montague	Director	September 4, 2001
/S/ DAVID N. CAMPBELL ----- David N. Campbell	Director	September 4, 2001

Gibraltar Steel Corporation  
3,000,000 Shares /a/  
Common Stock  
(\$ .01 par value)

Underwriting Agreement

New York, New York  
September \_\_, 2001

Salomon Smith Barney Inc.  
As Representative of the several Underwriters,  
c/o Salomon Smith Barney Inc.  
388 Greenwich Street  
New York, New York 10013

Ladies and Gentlemen:

Gibraltar Steel Corporation, a corporation organized under the laws of Delaware (the "Company"), proposes to sell to the several underwriters named in Schedule I hereto (the "Underwriters"), for whom you (the "Representative") are acting as representative, 2,500,000 shares of Common Stock, \$.01 par value ("Common Stock") of the Company and the trusts named in Schedule II hereto (the "Selling Stockholders") propose to sell to the Underwriters 500,000 shares of Common Stock (said shares to be issued and sold by the Company and shares to be sold by the Selling Stockholders collectively being hereinafter called the "Underwritten Securities"). The Company also proposes to grant to the Underwriters an option to purchase up to 450,000 additional shares of Common Stock to cover over-allotments (the "Option Securities"; the Option Securities, together with the Underwritten Securities, being hereinafter called the "Securities"). Any reference herein to the Registration Statement, a Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 which were filed under the Exchange Act on or before the Effective Date of the Registration Statement or the issue date of such Preliminary Prospectus or the Prospectus, as the case may be; and any reference herein to the terms "amend", "amendment" or "supplement" with respect to the Registration Statement, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the filing of any document under the

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/a/ Plus an option to purchase from the Company, up to 450,000 additional Securities to cover over-allotments.

Exchange Act after the Effective Date of the Registration Statement, or the issue date of any Preliminary Prospectus or the Prospectus, as the case may be, deemed to be incorporated therein by reference. Certain terms used herein are defined in Section 17 hereof.

1. Representations and Warranties. (a) The Company represents and warrants to, and agrees with, each Underwriter as set forth below in this Section 1(a).

(i) The Company meets the requirements for use of Form S-3 under the Act and has prepared and filed with the Commission a registration statement (file number 333-65762) on Form S-3, including a related preliminary prospectus, for registration under the Act of the offering and sale of the Securities. The Company may have filed one or more amendments thereto, including a related preliminary prospectus, each of which has previously been furnished to you. The Company will next file with the Commission one of the following: either (1) prior to the Effective Date of such registration statement, a further amendment to such registration statement (including the form of final prospectus) or (2) after the Effective Date of such registration statement, a final prospectus in accordance with Rules 430A and 424(b). In the case of clause (2), the Company has included in such registration statement, as amended at the Effective Date, all information (other than Rule 430A Information) required by the Act and the rules thereunder to be included in such registration statement and the Prospectus. As filed, such amendment and form of final prospectus, or such final prospectus, shall contain all Rule 430A Information, together with all other such required information, and, except to the extent the Representative shall agree in writing to a modification, shall be in all substantive respects in the form furnished to you prior to the Execution Time or, to the extent not completed at the Execution Time, shall contain only such specific additional information and other changes (beyond that contained in the latest Preliminary Prospectus) as the Company has advised you, prior to the Execution Time, will be included or made therein.

(ii) On the Effective Date, the Registration Statement did or will, and when the Prospectus is first filed (if required) in accordance with Rule 424(b) and on the Closing Date (as defined herein) and on any date on which Option Securities are purchased, if such date is not the Closing Date (a "settlement date"), the Prospectus (and any supplements thereto) will, comply in all material respects with the applicable requirements of the Act and the Exchange Act and the respective rules thereunder; on the Effective Date and at the Execution Time, the Registration Statement did not or will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; and, on the Effective Date, the Prospectus, if not filed pursuant to Rule 424(b), will not, and on the date of any filing pursuant to Rule 424(b) and on the Closing Date and any settlement date, the Prospectus (together with any supplement thereto) will not, include any untrue statement of a

material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Company makes no

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 representations or warranties as to the information contained in or omitted from the Registration Statement, or the Prospectus (or any supplement thereto) in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of any Underwriter through the Representative specifically for inclusion in the Registration Statement or the Prospectus (or any supplement thereto).

(iii) Each of the Company and the Subsidiaries has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction in which it is chartered or organized with full corporate power and authority to own or lease, as the case may be, and to operate its properties and conduct its business as described in the Prospectus, and is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction which requires such qualification, except where the failure to be so qualified or in good standing would not individually or in the aggregate have a material adverse effect on the condition (financial or otherwise), prospects, earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business.

(iv) All the outstanding shares of capital stock of each Subsidiary have been duly and validly authorized and issued and are fully paid and nonassessable, and, except as otherwise set forth in the Prospectus, all outstanding shares of capital stock of the Subsidiaries are owned by the Company either directly or through wholly owned subsidiaries free and clear of any perfected security interest or any other security interests, claims, liens or encumbrances.

(v) Samuel Steel Pickling Company ("Samuel Pickling") has been, to the best knowledge of the Company, duly formed and is validly existing as a general partnership under the laws of the State of New York, with full power and authority to own, lease and operate the properties used and useful in its business and to conduct such business as described in the Prospectus; all necessary filings with respect to the formation of Samuel Pickling have been made under such laws; and Samuel Pickling is duly qualified or registered to do business in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification or registration, except where the failure to be so qualified or registered would not individually or in the aggregate have a material adverse effect on Samuel Pickling. Cleveland Pickling, Inc. ("Cleveland Pickling"), one of the Subsidiaries, owns a 31.25% partnership interest in Samuel Pickling, which entitles Cleveland Pickling to a 31.25% share of all profits and losses from Samuel Pickling.

(vi) The Company's authorized equity capitalization is as set forth in the Prospectus; the capital stock of the Company conforms in all material respects to the description thereof contained in the Prospectus; the outstanding shares of Common Stock (including the Underwritten Securities being sold hereunder by the Selling Stockholders) have been duly and validly authorized and issued and are fully paid and nonassessable; the Securities being sold hereunder by the Company have been duly and validly authorized, and, when issued and delivered to and paid for by the Underwriters pursuant to this Agreement, will be fully paid and nonassessable; the Securities being sold hereunder by the Company are duly listed, and admitted and authorized for quotation and trading, subject to official notice of issuance and evidence of satisfactory distribution, on the NASDAQ National Market ("NASDAQ"); the Underwritten Securities being sold hereunder by the Selling Stockholders are duly listed and admitted for trading on NASDAQ; the certificates for the Securities are in valid and sufficient form; the holders of outstanding shares of capital stock of the Company are not entitled to preemptive or other rights to subscribe for the Securities; and, except as set forth in the Prospectus, no options, warrants or other rights to purchase, agreements or other obligations to issue, or rights to convert any obligations into or exchange any securities for, shares of capital stock of or ownership interests in the Company are outstanding;

(vii) There is no franchise, contract or other document of a character required to be described in the Registration Statement or Prospectus, or to be filed as an exhibit thereto, which is not described or filed as required.

(viii) This Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and binding obligation of the Company.

(ix) The Company is not and, after giving effect to the offering and sale of the Securities and the application of the proceeds thereof as described in the Prospectus, will not be, an "investment company" as defined in the Investment Company Act of 1940, as amended.

(x) No consent, approval, authorization, filing with or order of any court or governmental agency or body is required in connection with the transactions contemplated herein, except such as have been obtained under the Act and such as may be required under the blue sky laws of any jurisdiction in connection with the purchase and distribution of the Securities by the Underwriters in the manner contemplated herein and in the Prospectus.

(xi) Neither the issue and sale of the Securities nor the consummation of any other of the transactions herein contemplated nor the fulfillment of the terms hereof will conflict with, result in a breach or violation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries

pursuant to, (i) the charter or by-laws of the Company or any of its subsidiaries, (ii) the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which the Company or any of its subsidiaries is a party or bound or to which its or their property is subject, or (iii) any published statute, law, rule, regulation, judgment, order or decree applicable to the Company or any of its subsidiaries of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Company or any of its subsidiaries or any of its or their properties.

(xii) No holders of securities of the Company have rights to the registration of such securities under the Registration Statement.

(xiii) The consolidated historical financial statements and schedules of the Company and its consolidated subsidiaries included in the Prospectus and the Registration Statement present fairly in all material respects the financial condition, results of operations and cash flows of the Company as of the dates and for the periods indicated, comply as to form with the applicable accounting requirements of the Act and have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved (except as otherwise noted therein). The selected financial data set forth under the caption "Selected Consolidated Financial Data" in the Prospectus and Registration Statement fairly present, on the basis stated in the Prospectus and the Registration Statement, the information included therein.

(xiv) No action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries or its or their property is pending or, to the best knowledge of the Company, threatened that (i) could reasonably be expected to have a material adverse effect on the performance of this Agreement or the consummation of any of the transactions contemplated hereby or (ii) could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), prospects, earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Prospectus (exclusive of any supplement thereto).

(xv) Neither the Company nor any subsidiary is in violation or default of (i) any provision of its charter or bylaws, (ii) the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which it is a party or bound or to which its property is subject, or (iii) any published statute, law, rule, regulation, judgment, order or decree of any court, regulatory body, administrative agency,

governmental body, arbitrator or other authority having jurisdiction over the Company or such subsidiary or any of its properties, as applicable.

(xvi) PricewaterhouseCoopers LLP, who have certified certain financial statements of the Company and its consolidated subsidiaries and delivered their report with respect to the audited consolidated financial statements included in the Prospectus, are independent public accountants with respect to the Company within the meaning of the Act and the applicable published rules and regulations thereunder.

(xvii) Except as disclosed in the Registration Statement and the Prospectus (or any amendments or supplements thereto), subsequent to the respective dates as of which such information is given in the Registration Statement and the Prospectus (or any amendments or supplements thereto), neither the Company nor any of the Subsidiaries has incurred any liability or obligation, direct or contingent, or entered into any transaction not in the ordinary course of business that is material to the Company and the Subsidiaries taken as a whole, and there has been no material change in the capital stock or material increase in the short-term debt or long-term debt of the Company or any of the Subsidiaries or any material adverse change, or any development involving or that may reasonably be expected to involve, a prospective material adverse change, in the condition (financial or otherwise), business, net worth, results of operations or prospects of the Company and the Subsidiaries taken as a whole.

(xviii) Each of the Company and the Subsidiaries has good and marketable title to all property (real and personal) and assets owned by it, free and clear of all liens, claims, security interests or other encumbrances, except such as are described in the Registration Statement and the Prospectus (or any supplements or amendments thereto) or in a document filed as an exhibit to the Registration Statement or such as are not materially burdensome and do not interfere in any material respect with the conduct of the business of the Company and Subsidiaries taken as a whole, and the property held under lease by each of the Company and the Subsidiaries is held by it under valid, subsisting and enforceable leases.

(xix) There are no transfer taxes or other similar fees or charges under Federal law or the laws of any state, or any political subdivision thereof, required to be paid in connection with the execution and delivery of this Agreement or the issuance by the Company or sale by the Company of the Securities.

(xx) The Company has filed all foreign, federal, state and local tax returns that are required to be filed or has requested extensions thereof (except in any case in which the failure so to file would not have a material adverse effect on the condition (financial or otherwise), prospects, earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the



ordinary course of business, except as set forth in or contemplated in the Prospectus (exclusive of any supplement thereto)) and has paid all taxes required to be paid by it and any other assessment, fine or penalty levied against it, to the extent that any of the foregoing is due and payable, except for any such assessment, fine or penalty that is currently being contested in good faith or as would not have a material adverse effect on the condition (financial or otherwise), prospects, earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Prospectus (exclusive of any supplement thereto).

(xxi) No labor problem or dispute with the employees of the Company or any of its subsidiaries exists or is threatened or imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its or its subsidiaries' principal suppliers, contractors or customers, that could have a material adverse effect on the condition (financial or otherwise), prospects, earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Prospectus (exclusive of any supplement thereto).

(xxii) The Company and each of its subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged; all policies of insurance and fidelity or surety bonds insuring the Company or any of its subsidiaries or their respective businesses, assets, employees, officers and directors are in full force and effect; the Company and its subsidiaries are in compliance with the terms of such policies and instruments in all material respects; and there are no claims by the Company or any of its subsidiaries under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; neither the Company nor any such subsidiary has been refused any insurance coverage sought or applied for; and neither the Company nor any such subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a material adverse effect on the condition (financial or otherwise), prospects, earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Prospectus (exclusive of any supplement thereto).

(xxiii) No subsidiary of the Company is currently prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock, from repaying to the Company any loans or advances to such subsidiary from the Company or from transferring any of

such subsidiary's property or assets to the Company or any other subsidiary of the Company, except as described in or contemplated by the Prospectus.

(xxiv) The Company and its subsidiaries possess all licenses, certificates, permits and other authorizations issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct their respective businesses, and neither the Company nor any such subsidiary has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a material adverse effect on the condition (financial or otherwise), prospects, earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Prospectus (exclusive of any supplement thereto).

(xxv) The Company and each of its subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(xxvi) The Company has not taken, directly or indirectly, any action designed to or that would constitute or that might reasonably be expected to cause or result in, under the Exchange Act or otherwise, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(xxvii) The Company has not distributed and will not distribute prior to the Closing Date any offering material in connection with the offering and sale of the Securities other than the Registration Statement, the Preliminary Prospectuses, the Prospectus or other materials, if any, permitted by the Act.

(xxviii) Except as would not have a material adverse effect on the condition (financial or otherwise), business, net worth, results of operations or prospects of the Company and the Subsidiaries taken as a whole:

(A) each of the Company and the Subsidiaries is in compliance with all applicable federal, state and local laws and regulations relating to pollution, the generation, use, management or disposal of hazardous or toxic

substances, or the protection of human health and safety (the "Environmental Laws");

(B) neither Company nor its Subsidiaries has received any communication (written or oral), whether from a governmental authority or otherwise, alleging any liability or potential liability under the Environmental Laws;

(C) each of the Company and the Subsidiaries currently holds and is in compliance with the terms of all governmental permits, licenses or other approvals required under the Environmental Laws to conduct its business as currently conducted, and, to the best knowledge of the Company, such governmental permits, licenses or other approvals will not be modified, suspended or revoked, and will be renewed in the ordinary course of business;

(D) each of the Company and the Subsidiaries have fully disclosed to the Representative and its counsel all studies, reports, assessments, audits and other information in its possession or control relating to any pollution or release, threatened release or disposal of materials regulated under the Environmental Laws on, at, under, from or transported from any of their currently or formerly owned, leased or operated properties, including, without limitation, all information relating to underground storage tanks, polychlorinated biphenyls ("PCBs") and asbestos containing materials;

(E) neither the properties described in the Company's public filings nor any other land owned by the Company or any of the Subsidiaries is included or, to the best knowledge of the Company, proposed for inclusion on the National Priorities List ("NPL") issued pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. ss.ss. 9601 et seq. ("CERCLA") by the United States Environmental Protection Agency (the "EPA") or otherwise been publicly identified by the EPA as a potential CERCLA site or included or, to the best of the Company's knowledge, proposed for inclusion on any list or inventory issued pursuant to any other Environmental Laws or issued by any other federal, state or local governmental authority having or claiming jurisdiction over the properties and assets described in the Company's public filings; and

(F) neither the Company nor any of the Subsidiaries has been identified as a potentially responsible party under CERCLA or comparable state law at any site.

(xxix) Each of the Company and the Subsidiaries has fulfilled its obligations, if any, under the minimum funding standards of Section 302 of the United States Employee Retirement Income Security Act of 1974 ("ERISA") and the regulations and published interpretations thereunder with respect to each "plan" (as defined in Section 3(3) of ERISA and such regulations and published interpretations) in which employees of the Company and its subsidiaries are eligible to participate and each such plan is in compliance in all material respects with the presently applicable provisions of ERISA and such regulations and published interpretations. The Company and its subsidiaries have not incurred any unpaid liability to the Pension Benefit Guaranty Corporation (other than for the payment of premiums in the ordinary course) or to any such plan under Title IV of ERISA.

(xxx) The subsidiaries listed on Annex A attached hereto are the only significant subsidiaries of the Company as defined by Rule 1-02 of Regulation S-X (the "Subsidiaries").

(xxxi) The Company and the Subsidiaries, directly or indirectly, own or possess the trademarks, service marks and trade names (collectively, "proprietary rights") that are material to the business now operated by them and that are currently employed by them in connection with such business, and neither the Company nor any of the Subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any such proprietary rights, or of any facts that would render any such proprietary rights invalid or inadequate to protect the interest of the Company or any of the Subsidiaries therein.

Any certificate signed by any officer of the Company and delivered to the Representative or counsel for the Underwriters in connection with the offering of the Securities shall be deemed a representation and warranty by the Company, as to matters covered thereby, to each Underwriter.

(b) Each Selling Stockholder represents and warrants to, and agrees with, each Underwriter as set forth below in this Section 1(b).

(i) Such Selling Stockholder is the record and beneficial owner of the Securities to be sold by it hereunder free and clear of all liens, encumbrances, equities and claims and has duly endorsed such Securities in blank, and, assuming that each Underwriter acquires its interest in the Securities it has purchased from such Selling Stockholder without notice of any adverse claim (within the meaning of Section 8-105 of the New York Uniform Commercial Code ("UCC")), each Underwriter that has purchased such Securities delivered on the Closing Date to The Depository Trust Company or other securities intermediary by making payment therefor as provided herein, and that has had such Securities credited to the securities account or accounts of such Underwriters maintained with The Depository Trust

Company or such other securities intermediary will have acquired a security entitlement (within the meaning of Section 8-102(a)(17) of the UCC) to such Securities purchased by such Underwriter, and no action based on an adverse claim (within the meaning of Section 8-105 of the UCC) may be asserted against such Underwriter with respect to such Securities.

(ii) Such Selling Stockholder has not taken, directly or indirectly, any action designed to or that would constitute or that might reasonably be expected to cause or result in, under the Exchange Act or otherwise, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(iii) Certificates in negotiable form for such Selling Stockholder's Securities have been placed in custody with Lippes, Silverstein, Mathias & Wexler LLP, counsel for the Selling Stockholders, for delivery pursuant to the terms of this Agreement; the Securities represented by the certificates so held in custody for each Selling Stockholder are subject to the interests hereunder of the Underwriters, the Company and the other Selling Stockholders; the arrangements for custody and delivery of such certificates, made by such Selling Stockholder hereunder, are not subject to termination by any acts of such Selling Stockholder, or by operation of law, whether by the death or incapacity of such Selling Stockholder or the occurrence of any other event; and if any such death, incapacity or any other such event shall occur before the delivery of such Securities hereunder, certificates for the Securities will be delivered in accordance with the terms and conditions of this Agreement as if such death, incapacity or other event had not occurred, regardless of whether or not notice of such death, incapacity or other event shall have been received.

(iv) No consent, approval, authorization or order of any court or governmental agency or body is required for the consummation by such Selling Stockholder of the transactions contemplated herein, except such as may have been obtained under the Act and such as may be required under the blue sky laws of any jurisdiction in connection with the purchase and distribution of the Securities by the Underwriters and such other approvals as have been obtained.

(v) Neither the sale of the Securities being sold by such Selling Stockholder nor the consummation of any other of the transactions herein contemplated by such Selling Stockholder or the fulfillment of the terms hereof by such Selling Stockholder will conflict with, result in a breach or violation of, or constitute a default under any law or the organizational or other governing documents of any Selling Stockholder or the terms of any indenture or other agreement or instrument to which such Selling Stockholder is a party or bound, or any judgment, order or decree applicable to such Selling Stockholder of any court, regulatory body, administrative agency, governmental body or arbitrator having jurisdiction over such Selling Stockholder.

(vi) Such Selling Stockholder has no reason to believe that the representations and warranties of the Company contained in this Section 1(a) are not true and correct, is familiar with the Registration Statement and has no knowledge of any material fact, condition or information not disclosed in the Prospectus or any supplement thereto which has adversely affected or may adversely affect the business of the Company or any of its subsidiaries; and the sale of Securities by such Selling Stockholder pursuant hereto is not prompted by any information concerning the Company or any of its subsidiaries which is not set forth in the Prospectus or any supplement thereto.

In respect of any statements in or omissions from the Registration Statement or the Prospectus or any supplements thereto made in reliance upon and in conformity with information furnished in writing to the Company by any Selling Stockholder specifically for use in connection with the preparation thereof, such Selling Stockholder hereby makes the same representations and warranties to each Underwriter as the Company makes to such Underwriter under paragraph (a)(ii) of this Section.

Any certificate signed by any officer of any Selling Stockholder and delivered to the Representatives or counsel for the Underwriters in connection with the offering of the Securities shall be deemed a representation and warranty by such Selling Stockholder, as to matters covered thereby, to each Underwriter.

2. Purchase and Sale. (a) Subject to the terms and conditions and in

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reliance upon the representations and warranties herein set forth, the Company and the Selling Stockholders (collectively, the "Sellers" and individually a "Seller") agree, severally and not jointly, to sell to each Underwriter, and each Underwriter agrees, severally and not jointly, to purchase from the Sellers, at a purchase price of \$\_\_\_\_\_ per share, the amount of the Underwritten Securities set forth opposite such Underwriter's name in Schedule I hereto. The amount of Securities to be purchased by each Underwriter from each Seller shall be as nearly as practicable in the same proportion to the total amount of Securities to be purchased by such Underwriter as the total amount of Securities to be sold by each Seller bears to the total amount of Securities to be sold pursuant hereto.

(b) Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Company hereby grants an option to the several Underwriters to purchase, severally and not jointly, up to 450,000 Option Securities at the same purchase price per share as the Underwriters shall pay for the Underwritten Securities. Said option may be exercised only to cover over-allotments in the sale of the Underwritten Securities by the Underwriters. Said option may be exercised in whole or in part at any time (but not more than once) on or before the 30th day after the date of the Prospectus upon written or telegraphic notice by the Representative to the Company setting forth the number of shares of the Option Securities as to which the several Underwriters are exercising the option and the settlement date. The number of Option Securities to be purchased by each Underwriter

shall be the same percentage of the total number of shares of the Option Securities to be purchased by the several Underwriters as such Underwriter is purchasing of the Underwritten Securities, subject to such adjustments as you in your absolute discretion shall make to eliminate any fractional shares.

3. Delivery and Payment. Delivery of and payment for the Underwritten

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 Securities and the Option Securities (if the option provided for in Section 2(b) hereof shall have been exercised on or before the third Business Day prior to the Closing Date) shall be made at 10:00 AM, New York City time, on September \_\_, 2001, or at such time on such later date not more than three Business Days after the foregoing date as the Representative shall designate, which date and time may be postponed by agreement among the Representative, the Company and, except with respect to the Option Securities, the Selling Stockholders, or as provided in Section 9 hereof (such date and time of delivery and payment for the Securities being herein called the "Closing Date"). Delivery of the Securities shall be made to the Representative for the respective accounts of the several Underwriters against payment by the several Underwriters through the Representative of the respective aggregate purchase prices of the Securities being sold by the Company and each of the Selling Stockholders to or upon the order of the Company and the Selling Stockholders by wire transfer payable in same day funds to accounts specified by the Company and the Selling Stockholders (as the case may be). Delivery of the Underwritten Securities and the Option Securities shall be made through the facilities of The Depository Trust Company unless the Representative shall otherwise instruct.

Each Selling Stockholder will pay all applicable state transfer taxes, if any, involved in the transfer to the several Underwriters of the Securities to be purchased by them from such Selling Stockholder and the respective Underwriters will pay any additional stock transfer taxes involved in further transfers.

If the option provided for in Section 2(b) hereof is exercised after the third Business Day prior to the Closing Date, the Company will deliver the Option Securities (at the expense of the Company) to the Representative, at 388 Greenwich Street, New York, New York, on the date specified by the Representative (which shall be within three Business Days after exercise of said option), for the respective accounts of the several Underwriters, against payment by the several Underwriters through the Representative of the purchase price thereof to or upon the order of the Company by wire transfer payable in same day funds to an account specified by the Company. If settlement for the Option Securities occurs after the Closing Date, the Company will deliver to the Representative on the settlement date for the Option Securities, and the obligation of the Underwriters to purchase the Option Securities shall be conditioned upon receipt of, supplemental opinions, certificates and letters confirming as of such date the opinions, certificates and letters delivered on the Closing Date pursuant to Section 6 hereof.

4. Offering by Underwriters. It is understood that the several

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Underwriters propose to offer the Securities for sale to the public as set forth in the Prospectus.

5. Agreements.

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(i) The Company agrees with the several Underwriters that:

(a) The Company will use its best efforts to cause the Registration Statement, if not effective at the Execution Time, and any amendment thereof, to become effective. Prior to the termination of the offering of the Securities, the Company will not file any amendment of the Registration Statement or supplement to the Prospectus or any Rule 462(b) Registration Statement unless the Company has furnished you a copy for your review prior to filing and will not file any such proposed amendment or supplement to which you reasonably object. Subject to the foregoing sentence, if the Registration Statement has become or becomes effective pursuant to Rule 430A, or filing of the Prospectus is otherwise required under Rule 424(b), the Company will cause the Prospectus, properly completed, and any supplement thereto to be filed with the Commission pursuant to the applicable paragraph of Rule 424(b) within the time period prescribed and will provide evidence satisfactory to the Representative of such timely filing. The Company will promptly advise the Representative (1) when the Registration Statement, if not effective at the Execution Time, shall have become effective, (2) when the Prospectus, and any supplement thereto, shall have been filed (if required) with the Commission pursuant to Rule 424(b) or when any Rule 462(b) Registration Statement shall have been filed with the Commission, (3) when, prior to termination of the offering of the Securities, any amendment to the Registration Statement shall have been filed or become effective, (4) of any request by the Commission or its staff for any amendment of the Registration Statement, or any Rule 462(b) Registration Statement, or for any supplement to the Prospectus or for any additional information, (5) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the institution or threatening of any proceeding for that purpose and (6) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Securities for sale in any jurisdiction or the institution or threatening of any proceeding for such purpose. The Company will use its best efforts to prevent the issuance of any such stop order or the suspension of any such qualification and, if issued, to obtain as soon as possible the withdrawal thereof.

(b) If, at any time when a prospectus relating to the Securities is required to be delivered under the Act, any event occurs as a result of which the Prospectus as then supplemented would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, or if it shall be necessary to amend the Registration Statement or supplement the Prospectus to comply with



the Act or the Exchange Act or the respective rules thereunder, the Company promptly will (1) notify the Representative of any such event; (2) prepare and file with the Commission, subject to the second sentence of paragraph (a) of this Section 5, an amendment or supplement which will correct such statement or omission or effect such compliance; and (3) supply any supplemented Prospectus to you in such quantities as you may reasonably request.

(c) As soon as practicable, the Company will make generally available to its security holders and to the Representative an earnings statement or statements of the Company and its subsidiaries which will satisfy the provisions of Section 11(a) of the Act and Rule 158 under the Act.

(d) The Company will furnish to the Representative and counsel for the Underwriters, without charge, signed copies of the Registration Statement (including exhibits thereto) and to each other Underwriter a copy of the Registration Statement (without exhibits thereto) and, so long as delivery of a prospectus by an Underwriter or dealer may be required by the Act, as many copies of each Preliminary Prospectus and the Prospectus and any supplement thereto as the Representative may reasonably request. The Company will pay the expenses of printing or other production of all documents relating to the offering.

(e) The Company will arrange, if necessary, for the qualification of the Securities for sale under the laws of such jurisdictions as the Representative may designate, will maintain such qualifications in effect so long as required for the distribution of the Securities and will pay any fee of the National Association of Securities Dealers, Inc., in connection with its review of the offering; provided that in no event shall the Company be obligated to qualify to do business in any jurisdiction where it is not now so qualified or to take any action that would subject it to service of process in suits, other than those arising out of the offering or sale of the Securities, in any jurisdiction where it is not now so subject.

(f) The Company will not, without the prior written consent of Salomon Smith Barney Inc., offer, sell, contract to sell, pledge, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Company or any affiliate of the Company or any person in privity with the Company or any affiliate of the Company), directly or indirectly, including the filing (or participation in the filing) of a registration statement with the Commission in respect of, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Exchange Act, any shares of Common Stock or any securities convertible into, or exercisable, or exchangeable for, shares of Common Stock; or publicly announce an intention to effect any such transaction, for a period

of 90 days following the Execution Time, provided, however, that the Company may issue and sell Common Stock pursuant to any employee stock option plan, stock ownership plan or dividend reinvestment plan of the Company in effect at the Execution Time and the Company may issue Common Stock issuable upon the conversion of securities or the exercise of warrants outstanding at the Execution Time.

(g) The Company will not take, directly or indirectly, any action designed to or that would constitute or that might reasonably be expected to cause or result in, under the Exchange Act or otherwise, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(ii) Each Selling Stockholder agrees with the several Underwriters that:

(a) Such Selling Stockholder will not, without the prior written consent of Salomon Smith Barney Inc., offer, sell, contract to sell, pledge or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Selling Stockholder or any affiliate of the Selling Stockholder or any person in privity with the Selling Stockholder or any affiliate of the Selling Stockholder), directly or indirectly, or file (or participate in the filing of) a registration statement with the Commission in respect of, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Exchange Act with respect to, any shares of Common Stock of the Company or any securities convertible into or exercisable or exchangeable for shares of Common Stock, or publicly announce an intention to effect any such transaction, for a period of 90 days following the Execution Time, other than shares of Common Stock disposed of as bona fide gifts.

(b) Such Selling Stockholder will not take, directly or indirectly, any action designed to or that would constitute or that might reasonably be expected to cause or result in, under the Exchange Act or otherwise, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(c) Such Selling Stockholder will advise you promptly, and if requested by you, will confirm such advice in writing, so long as delivery of a prospectus relating to the Securities by an underwriter or dealer may be required under the Act, of (i) any material change in the Company's condition (financial or otherwise), prospects, earnings, business or properties, (ii) any change in information in the Registration Statement or the Prospectus relating to such Selling Stockholder or (iii) any new material information relating to the Company or relating to any matter stated in the Prospectus which comes to the attention of such Selling Stockholder.

6. Conditions to the Obligations of the Underwriters. The obligations of

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the Underwriters to purchase the Underwritten Securities and the Option Securities, as the case may be, shall be subject to the accuracy of the representations and warranties on the part of the Company and the Selling Stockholders contained herein as of the Execution Time, the Closing Date and any settlement date pursuant to Section 3 hereof, to the accuracy of the statements of the Company and the Selling Stockholders made in any certificates pursuant to the provisions hereof, to the performance by the Company and the Selling Stockholders of their respective obligations hereunder and to the following additional conditions:

(a) If the Registration Statement has not become effective prior to the Execution Time, unless the Representative agrees in writing to a later time, the Registration Statement will become effective not later than (i) 6:00 PM New York City time on the date of determination of the public offering price, if such determination occurred at or prior to 3:00 PM New York City time on such date or (ii) 9:30 AM on the Business Day following the day on which the public offering price was determined, if such determination occurred after 3:00 PM New York City time on such date; if filing of the Prospectus, or any supplement thereto, is required pursuant to Rule 424(b), the Prospectus, and any such supplement, will be filed in the manner and within the time period required by Rule 424(b); and no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been instituted or threatened.

(b) The Company shall have requested and caused Lippes, Silverstein, Mathias & Wexler LLP, counsel for the Company, to have furnished to the Representative their opinion, dated the Closing Date and addressed to the Representative, to the effect that:

(i) each of the Company and the Subsidiaries has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction in which it is chartered or organized, with full corporate power and authority to own or lease, as the case may be, and to operate its properties and conduct its business as described in the Prospectus, and is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction which requires such qualification, except where the failure to be so qualified or in good standing would not individually or in the aggregate have a material adverse effect on the condition (financial or otherwise), prospects, earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business;

(ii) all the outstanding shares of capital stock of each Subsidiary have been duly and validly authorized and issued and are fully paid and nonassessable, and, except as otherwise set forth in the Prospectus, all

outstanding shares of capital stock of the Subsidiaries are owned by the Company either directly or through wholly owned subsidiaries free and clear of any perfected security interest and, to the knowledge of such counsel, after due inquiry, any other security interest, claim, lien or encumbrance;

(iii) the Company's authorized equity capitalization is as set forth in the Prospectus; the capital stock of the Company conforms in all material respects to the description thereof contained in the Prospectus; the outstanding shares of Common Stock (including the Underwritten Securities being sold hereunder by the Selling Stockholders) have been duly and validly authorized and issued and are fully paid and nonassessable; the Securities being sold hereunder by the Company have been duly and validly authorized, and, when issued and delivered to and paid for by the Underwriters pursuant to this Agreement, will be fully paid and nonassessable; the Securities being sold hereunder by the Company are duly listed, and admitted and authorized for quotation and trading, subject to official notice of issuance and evidence of satisfactory distribution, on the NASDAQ National Market ("NASDAQ"); the Underwritten Securities being sold hereunder by the Selling Stockholders are duly listed and admitted for trading on NASDAQ; the certificates for the Securities are in valid and sufficient form; the holders of outstanding shares of capital stock of the Company are not entitled to preemptive or other rights to subscribe for the Securities; and, except as set forth in the Prospectus, no options, warrants or other rights to purchase, agreements or other obligations to issue, or rights to convert any obligations into or exchange any securities for, shares of capital stock of or ownership interests in the Company are outstanding;

(iv) to the knowledge of such counsel, there is no pending or threatened action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries or its or their property of a character required to be disclosed in the Registration Statement which is not adequately disclosed in the Prospectus, and there is no franchise, contract or other document of a character required to be described in the Registration Statement or Prospectus, or to be filed as an exhibit thereto, which is not described or filed as required;

(v) the Registration Statement has become effective under the Act; any required filing of the Prospectus, and any supplements thereto, pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424(b); to the knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement has been issued, no proceedings for that purpose have been instituted or threatened and the

Registration Statement and the Prospectus (other than the financial statements and other financial and statistical information contained therein, as to which such counsel need express no opinion) comply as to form in all material respects with the applicable requirements of the Act and the Exchange Act and the respective rules thereunder; and such counsel has no reason to believe that on the Effective Date or the date the Registration Statement was last deemed amended the Registration Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus as of its date and on the Closing Date included or includes any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (in each case, other than the financial statements and other financial or statistical information contained therein, as to which such counsel need express no opinion);

(vi) this Agreement has been duly authorized, executed and delivered by the Company;

(vii) the Company is not and, after giving effect to the offering and sale of the Securities and the application of the proceeds thereof as described in the Prospectus, will not be, an "investment company" as defined in the Investment Company Act of 1940, as amended;

(viii) no consent, approval, authorization, filing with or order of any court or governmental agency or body is required in connection with the transactions contemplated herein, except such as have been obtained under the Act and such as may be required under the blue sky laws of any jurisdiction in connection with the purchase and distribution of the Securities by the Underwriters in the manner contemplated in this Agreement and in the Prospectus and such other approvals (specified in such opinion) as have been obtained and except where the failure to obtain any such consent, approval, authorization or order would not, individually or in the aggregate, have a material adverse effect on the condition (financial or otherwise), prospects, earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business or an adverse effect on the execution and delivery of this Agreement or the consummation of the transactions contemplated herein;

(ix) neither the issue and sale of the Securities, nor the consummation of any other of the transactions herein contemplated nor the fulfillment of the terms hereof will conflict with, result in a breach or violation of or imposition of any lien, charge or encumbrance upon any property or assets of the

Company or the Subsidiaries pursuant to, (i) the charter or by-laws of the Company or the Subsidiaries, (ii) the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument known to such counsel and to which the Company or any of the Subsidiaries is a party or bound or to which its or their property is subject, or (iii) any statute, law, rule, regulation, judgment, order or decree known to such counsel to be applicable to the Company or any of the Subsidiaries of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Company or any of the Subsidiaries or any of its or their properties; and

(x) no holders of securities of the Company have rights to the registration of such securities under the Registration Statement.

In rendering such opinion, such counsel may rely (A) as to matters involving the application of laws of any jurisdiction other than the States of New York and Delaware or the Federal laws of the United States, to the extent they deem proper and specified in such opinion, upon the opinion of other counsel of good standing whom they believe to be reliable and who are satisfactory to counsel for the Underwriters and (B) as to matters of fact, to the extent they deem proper, on certificates of responsible officers of the Company and public officials. References to the Prospectus in this paragraph (b) include any supplements thereto at the Closing Date.

(c) The Selling Stockholders shall have furnished to the Representative the opinion of Lippes, Silverstein, Mathias & Wexler LLP, counsel for the Selling Stockholders, dated the Closing Date, to the effect that:

(i) this Agreement has been duly authorized, executed and delivered by the Selling Stockholders and each Selling Stockholder has full legal right and authority to sell, transfer and deliver in the manner provided in this Agreement the Securities being sold by such Selling Stockholder hereunder;

(ii) assuming that each Underwriter acquires its interest in the Securities it has purchased from such Selling Stockholder without notice of any adverse claim (within the meaning of Section 8-105 of the UCC), each Underwriter that has purchased such Securities delivered on the Closing Date to The Depository Trust Company or other securities intermediary by making payment therefor as provided herein, and that has had such Securities credited to the securities account or accounts of such Underwriters maintained with The Depository Trust Company or such other securities intermediary will have acquired a security entitlement (within the meaning of Section 8-102(a)(17) of the UCC) to such Securities purchased by such

Underwriter, and no action based on an adverse claim (within the meaning of Section 8-105 of the UCC) may be asserted against such Underwriter with respect to such Securities;

(iii) no consent, approval, authorization or order of any court or governmental agency or body is required for the consummation by any Selling Stockholder of the transactions contemplated herein, except such as may have been obtained under the Act and such as may be required under the blue sky laws of any jurisdiction in connection with the purchase and distribution of the Securities by the Underwriters and such other approvals (specified in such opinion) as have been obtained; and

(iv) neither the sale of the Securities being sold by any Selling Stockholder nor the consummation of any other of the transactions herein contemplated by any Selling Stockholder or the fulfillment of the terms hereof by any Selling Stockholder will conflict with, result in a breach or violation of, or constitute a default under any law or the organizational or other governing documents of any Selling Stockholder or the terms of any indenture or other agreement or instrument known to such counsel and to which any Selling Stockholder is a party or bound, or any judgment, order or decree known to such counsel to be applicable to any Selling Stockholder of any court, regulatory body, administrative agency, governmental body or arbitrator having jurisdiction over any Selling Stockholder.

In rendering such opinion, such counsel may rely (A) as to matters involving the application of laws of any jurisdiction other than the State of New York and Delaware or the United States, to the extent they deem proper and specified in such opinion, upon the opinion of other counsel of good standing whom they believe to be reliable and who are satisfactory to counsel for the Underwriters, and (B) as to matters of fact, to the extent they deem proper, on certificates of responsible officers of the Selling Stockholders and public officials.

(d) The Representative shall have received from Cravath, Swaine & Moore, counsel for the Underwriters, such opinion or opinions, dated the Closing Date and addressed to the Representative, with respect to the issuance and sale of the Securities, the Registration Statement, the Prospectus (together with any supplement thereto) and other related matters as the Representative may reasonably require, and the Company and each Selling Stockholder shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters.

(e) The Company shall have furnished to the Representative a certificate of the Company, signed by the Chairman of the Board or the President and the principal financial or accounting officer of the Company, dated the Closing Date, to the effect

that the signers of such certificate have carefully examined the Registration Statement, the Prospectus, any supplements to the Prospectus and this Agreement and that:

(i) the representations and warranties of the Company in this Agreement are true and correct on and as of the Closing Date with the same effect as if made on the Closing Date and the Company has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Date;

(ii) no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or, to the Company's knowledge, threatened; and

(iii) since the date of the most recent financial statements included or incorporated by reference in the Prospectus (exclusive of any supplement thereto), there has been no material adverse effect on the condition (financial or otherwise), prospects, earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Prospectus (exclusive of any supplement thereto).

(f) Each Selling Stockholder shall have furnished to the Representative a certificate, signed by a majority of the trustees of each such Selling Stockholder, dated the Closing Date, to the effect that the signers of such certificate have carefully examined the Registration Statement, the Prospectus, any supplement to the Prospectus and this Agreement and that the representations and warranties of such Selling Stockholder in this Agreement are true and correct on and as of the Closing Date to the same effect as if made on the Closing Date.

(g) The Company shall have requested and caused PricewaterhouseCoopers LLC to have furnished to the Representative, at the Execution Time and at the Closing Date, letters, dated respectively as of the Execution Time and as of the Closing Date, in form and substance satisfactory to the Representative, confirming that they are independent accountants within the meaning of the Act and the Exchange Act and the respective applicable rules and regulations adopted by the Commission thereunder and that they have performed a review of the unaudited interim financial information of the Company for the six-month period ended June 30, 2001, and as at June 30, 2001, in accordance with Statement on Auditing Standards No. 71 and stating in effect that:

(i) in their opinion the audited financial statements and financial statement schedules and pro forma financial statements included or



incorporated by reference in the Registration Statement and the Prospectus and reported on by them comply as to form in all material respects with the applicable accounting requirements of the Act and the Exchange Act and the related rules and regulations adopted by the Commission;

(ii) on the basis of a reading of the latest unaudited financial statements made available by the Company and its subsidiaries; their limited review, in accordance with standards established under Statement on Auditing Standards No. 71, of the unaudited interim financial information for the six-month period ended June 30, 2001, and as at June 30, 2001; carrying out certain specified procedures (but not an examination in accordance with generally accepted auditing standards) which would not necessarily reveal matters of significance with respect to the comments set forth in such letter; a reading of the minutes of the meetings of the stockholders, directors and committees of the boards of directors of the Company and the Subsidiaries; and inquiries of certain officials of the Company who have responsibility for financial and accounting matters of the Company and its subsidiaries as to transactions and events subsequent to December 31, 2000, nothing came to their attention which caused them to believe that:

(1) any unaudited financial statements included or incorporated by reference in the Registration Statement and the Prospectus do not comply as to form in all material respects with applicable accounting requirements of the Act and with the related rules and regulations adopted by the Commission with respect to financial statements included or incorporated by reference in quarterly reports on Form 10-Q under the Exchange Act; and said unaudited financial statements are not in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited financial statements included or incorporated by reference in the Registration Statement and the Prospectus;

(2) with respect to the period subsequent to June 30, 2001, there were any changes, at a specified date not more than five days prior to the date of the letter, in the long-term debt of the Company and the Subsidiaries or capital stock of the Company or decreases in the working capital of the Company and its subsidiaries or the stockholders' equity of the Company as compared with the amounts shown on the June 30, 2001 consolidated balance sheet included or incorporated by reference in the Registration Statement and

the Prospectus, or for the period from July 1, 2001 to such specified date there were any decreases, as compared with the corresponding period in the preceding year in consolidated net sales or in total or per share amounts of income before extraordinary items or of net income of the Company, except in all instances for changes or decreases set forth in such letter, in which case the letter shall be accompanied by an explanation by the Company as to the significance thereof unless said explanation is not deemed necessary by the Representative;

(3) the information included or incorporated by reference in the Registration Statement and Prospectus or incorporated by reference in response to Regulation S-K, Item 301 (Selected Financial Data), is not in conformity with the applicable disclosure requirements of Regulation S-K; and

(iii) they have performed certain other specified procedures as a result of which they determined that certain information of an accounting, financial or statistical nature (which is limited to accounting, financial or statistical information derived from the general accounting records of the Company and its subsidiaries) set forth in the Registration Statement and the Prospectus, including the information set forth under the captions "Prospectus Summary," "Risk Factors," "Use of Proceeds," "Capitalization," "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," "Management," "Certain Transactions," "Principal and Selling Stockholders" and "Description of Capital Stock" in the Prospectus, agrees with the accounting records of the Company and its subsidiaries, excluding any questions of legal interpretation.

References to the Prospectus in this paragraph (e) include any supplement thereto at the date of the letter.

(h) Subsequent to the Execution Time or, if earlier, the dates as of which information is given in the Registration Statement (exclusive of any amendment thereof) and the Prospectus (exclusive of any supplement thereto), there shall not have been (i) any change or decrease specified in the letter or letters referred to in paragraph (g) of this Section 6 or (ii) any change, or any development involving a prospective change, in or affecting the condition (financial or otherwise), earnings, business or properties of the Company and its subsidiaries taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Prospectus (exclusive of any supplement thereto) the effect of which, in any case referred to in clause (i) or (ii) above, is, in the sole judgment

of the Representative, so material and adverse as to make it impractical or inadvisable to proceed with the offering or delivery of the Securities as contemplated by the Registration Statement (exclusive of any amendment thereof) and the Prospectus (exclusive of any supplement thereto).

(i) At the Execution Time, the Company shall have furnished to the Representative a letter substantially in the form of Exhibit A hereto from each officer and director of the Company addressed to the Representative.

(j) Prior to the Closing Date, the Company shall have furnished to the Representative such further information, certificates and documents as the Representative may reasonably request.

If any of the conditions specified in this Section 6 shall not have been fulfilled in all material respects when and as provided in this Agreement, or if any of the opinions and certificates mentioned above or elsewhere in this Agreement shall not be in all material respects reasonably satisfactory in form and substance to the Representative and counsel for the Underwriters, this Agreement and all obligations of the Underwriters hereunder may be canceled at, or at any time prior to, the Closing Date by the Representative. Notice of such cancellation shall be given to the Company and each Selling Stockholder in writing or by telephone or facsimile confirmed in writing.

The documents required to be delivered by this Section 6 shall be delivered at the office of Cravath, Swaine & Moore, counsel for the Underwriters, at 825 Eighth Avenue, New York New York, on the Closing Date.

7. Reimbursement of Underwriters' Expenses. If the sale of the Securities

provided for herein is not consummated because any condition to the obligations of the Underwriters set forth in Section 6 hereof is not satisfied, because of any termination pursuant to Section 10 hereof or because of any refusal, inability or failure on the part of the Company or any Selling Stockholder to perform any agreement herein or comply with any provision hereof other than by reason of a default by any of the Underwriters, the Company will reimburse the Underwriters severally through Salomon Smith Barney Inc. on demand for all out-of-pocket expenses (including reasonable fees and disbursements of counsel) that shall have been incurred by them in connection with the proposed purchase and sale of the Securities. If the Company is required to make any payments to the Underwriters under this Section 7 because of any Selling Stockholder's refusal, inability or failure to satisfy any condition to the obligations of the Underwriters set forth in Section 6, the Selling Stockholders pro rata in proportion to the percentage of Securities to be sold by each shall reimburse the Company on demand for all amounts so paid.

8. Indemnification and Contribution. (a) The Company agrees to indemnify

and hold harmless each Underwriter, the directors, officers, employees and agents of each

Underwriter and each person who controls any Underwriter within the meaning of either the Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the registration statement for the registration of the Securities as originally filed or in any amendment thereof, or in any Preliminary Prospectus or the Prospectus, or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Company by or on behalf of any Underwriter through the Representative specifically for inclusion therein. This indemnity agreement will be in addition to any liability which the Company may otherwise have.

(b) Each Selling Stockholder severally agrees to indemnify and hold harmless the Company, each of its directors, each of its officers who signs the Registration Statement, each Underwriter, the directors, officers, employees and agents of each Underwriter and each person who controls the Company or any Underwriter within the meaning of either the Act or the Exchange Act and each other Selling Stockholder to the same extent as the foregoing indemnity from the Company to each Underwriter. This indemnity agreement will be in addition to any liability which any Selling Stockholder may otherwise have.

(c) Each Underwriter severally and not jointly agrees to indemnify and hold harmless the Company, each of its directors, each of its officers who signs the Registration Statement, each person who controls the Company within the meaning of either the Act or the Exchange Act, and each Selling Stockholder to the same extent as the foregoing indemnity from the Company to each Underwriter, but only with reference to written information relating to such Underwriter furnished to the Company by or on behalf of such Underwriter through the Representative specifically for inclusion in the documents referred to in the foregoing indemnity. This indemnity agreement will be in addition to any liability which any Underwriter may otherwise have. The Company and each Selling Stockholder acknowledges that the statements set forth in the last paragraph of the cover page regarding delivery of the Securities and, under the heading "Underwriting", (i) the list of Underwriters and their respective participation in the sale of the Securities, (ii) the sentences related to concessions and reallowances and (iii) the paragraph related to stabilization, syndicate covering transactions and penalty bids in any Preliminary Prospectus and the Prospectus

constitute the only information furnished in writing by or on behalf of the several Underwriters for inclusion in any Preliminary Prospectus or the Prospectus.

(d) Promptly after receipt by any indemnified party under this Section 8 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 8, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from liability under paragraph (a), (b) or (c) above unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a), (b) or (c) above. The indemnifying party shall be entitled to appoint counsel of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought (in which case the indemnifying party shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the indemnified party or parties except as set forth below); provided, however, that such counsel shall be satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties that are different from or additional to those available to the indemnifying party, (iii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding.

(e) In the event that the indemnity provided in paragraph (a), (b) or (c) of this Section 8 is unavailable to or insufficient to hold harmless an indemnified party for any reason, the Company, the Selling Stockholders and the Underwriters agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending same) (collectively

"Losses") to which the Company, one or more of the Selling Stockholders and one or more of the Underwriters may be subject in such proportion as is appropriate to reflect the relative benefits received by the Company, the Selling Stockholders and by the Underwriters from the offering of the Securities; provided, however, that in no case shall any Underwriter (except as may be provided in any agreement among underwriters relating to the offering of the Securities) be responsible for any amount in excess of the underwriting discount or commission applicable to the Securities purchased by such Underwriter hereunder. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the Company, the Selling Stockholders and the Underwriters severally shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company, the Selling Stockholders and of the Underwriters on the other in connection with the statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. Benefits received by the Company and by the Selling Stockholders shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses) received by each of them, and benefits received by the Underwriters shall be deemed to be equal to the total underwriting discounts and commissions, in each case as set forth on the cover page of the Prospectus. Relative fault shall be determined by reference to, among other things, whether any untrue or any alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information provided by the Company or the Selling Stockholders on the one hand or the Underwriters on the other, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company, the Selling Stockholders and the Underwriters agree that it would not be just and equitable if contribution were determined by pro rata allocation or any other method of allocation that does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph (e), no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 8, each person who controls an Underwriter within the meaning of either the Act or the Exchange Act and each director, officer, employee and agent of an Underwriter shall have the same rights to contribution as such Underwriter, and each person who controls the Company within the meaning of either the Act or the Exchange Act, each officer of the Company who shall have signed the Registration Statement and each director of the Company shall have the same rights to contribution as the Company, subject in each case to the applicable terms and conditions of this paragraph (e).

9. Default by an Underwriter. If any one or more Underwriters shall fail to

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 purchase and pay for any of the Securities agreed to be purchased by such Underwriter or Underwriters hereunder and such failure to purchase shall constitute a default in the performance of its or their obligations under this Agreement, the remaining Underwriters shall be obligated severally to take up and pay for (in the respective proportions that the amount of Securities set forth opposite their names in Schedule I hereto bears to the aggregate amount of Securities set forth opposite the names of all the remaining Underwriters) the Securities that

the defaulting Underwriter or Underwriters agreed but failed to purchase; provided, however, that in the event that the aggregate amount of Securities that the defaulting Underwriter or Underwriters agreed but failed to purchase shall exceed 10% of the aggregate amount of Securities set forth in Schedule I hereto, the remaining Underwriters shall have the right to purchase all, but shall not be under any obligation to purchase any, of the Securities, and if such nondefaulting Underwriters do not purchase all the Securities, this Agreement will terminate without liability to any nondefaulting Underwriter, the Selling Stockholders or the Company. In the event of a default by any Underwriter as set forth in this Section 9, the Closing Date shall be postponed for such period, not exceeding five Business Days, as the Representative shall determine in order that the required changes in the Registration Statement and the Prospectus or in any other documents or arrangements may be effected. Nothing contained in this Agreement shall relieve any defaulting Underwriter of its liability, if any, to the Company, the Selling Stockholders and any nondefaulting Underwriter for damages occasioned by its default hereunder.

10. Termination. This Agreement shall be subject to termination in the

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absolute discretion of the Representative, by notice given to the Company prior to delivery of and payment for the Securities, if at any time prior to such time (i) trading in the Company's Common Stock shall have been suspended by the Commission or NASDAQ or trading in securities generally on the New York Stock Exchange or NASDAQ shall have been suspended or limited or minimum prices shall have been established on either of such Exchange or Market System, (ii) a banking moratorium shall have been declared either by Federal or New York State authorities or (iii) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis the effect of which on financial markets is such as to make it, in the sole judgment of the Representative, impractical or inadvisable to proceed with the offering or delivery of the Securities as contemplated by the Prospectus (exclusive of any supplement thereto).

11. Representations and Indemnities to Survive. The respective agreements,

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representations, warranties, indemnities and other statements of the Company or its officers, of each Selling Stockholder and of the Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of any Underwriter, any Selling Stockholder or the Company or any of the officers, directors, employees, agents or controlling persons referred to in Section 8 hereof, and will survive delivery of and payment for the Securities. The provisions of Sections 7 and 8 hereof shall survive the termination or cancellation of this Agreement.

12. Notices. All communications hereunder will be in writing and effective

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only on receipt, and, if sent to the Representative, will be mailed, delivered or telefaxed to the General Counsel, Salomon Smith Barney Inc. (fax no.: (212) 816-7912) and confirmed to Salomon Smith Barney Inc., at 388 Greenwich Street, New York, New York, 10013, Attention: General Counsel; or, if sent to the Company, will be mailed, delivered or

telefaxed to the Treasurer, Gibraltar Steel Corporation (fax no.: (716) 826-1589) and confirmed to it at 3556 Lake Shore Road, P.O. Box 2028, Buffalo, NY 14219, Attention: Treasurer or if sent to any Selling Stockholder, will be mailed, delivered or telefaxed and confirmed to it at the address set forth in Schedule II hereto.

13. Successors. This Agreement will inure to the benefit of and be binding

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upon the parties hereto and their respective successors and the officers, directors, employees, agents and controlling persons referred to in Section 8 hereof, and no other person will have any right or obligation hereunder.

14. Applicable Law. This Agreement will be governed by and construed in

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accordance with the laws of the State of New York applicable to contracts made and to be performed within the State of New York.

15. Counterparts. This Agreement may be signed in one or more counterparts,

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each of which shall constitute an original and all of which together shall constitute one and the same agreement.

16. Headings. The section headings used herein are for convenience only and

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shall not affect the construction hereof.

17. Definitions. The terms which follow, when used in this Agreement, shall

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have the meanings indicated.

"Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

"Business Day" shall mean any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions or trust companies are authorized or obligated by law to close in New York City.

"Commission" shall mean the Securities and Exchange Commission.

"Effective Date" shall mean each date and time that the Registration Statement, any post-effective amendment or amendments thereto and any Rule 462(b) Registration Statement became or become effective.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

"Execution Time" shall mean the date and time that this Agreement is executed and delivered by the parties hereto.



"Preliminary Prospectus" shall mean any preliminary prospectus referred to in paragraph 1(a) above and any preliminary prospectus included in the Registration Statement at the Effective Date that omits Rule 430A Information.

"Prospectus" shall mean the prospectus relating to the Securities that is first filed pursuant to Rule 424(b) after the Execution Time or, if no filing pursuant to Rule 424(b) is required, shall mean the form of final prospectus relating to the Securities included in the Registration Statement at the Effective Date.

"Registration Statement" shall mean the registration statement referred to in paragraph 1(a) above, including exhibits and financial statements, as amended at the Execution Time (or, if not effective at the Execution Time, in the form in which it shall become effective) and, in the event any post-effective amendment thereto or any Rule 462(b) Registration Statement becomes effective prior to the Closing Date, shall also mean such registration statement as so amended or such Rule 462(b) Registration Statement, as the case may be. Such term shall include any Rule 430A Information deemed to be included therein at the Effective Date as provided by Rule 430A.

"Rule 424", "Rule 430A" and "Rule 462" refer to such rules under the Act.

"Rule 430A Information" shall mean information with respect to the Securities and the offering thereof permitted to be omitted from the Registration Statement when it becomes effective pursuant to Rule 430A.

"Rule 462(b) Registration Statement" shall mean a registration statement and any amendments thereto filed pursuant to Rule 462(b) relating to the offering covered by the registration statement referred to in Section 1(a) hereof.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement among the Company and the several Underwriters.

Very truly yours,

Gibraltar Steel Corporation

By: \_\_\_\_\_

Name:

Title:

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

Salomon Smith Barney Inc.

By:

\_\_\_\_\_  
Name:  
Title:

For itself and the other several Underwriters named in Schedule I to the foregoing Agreement.

SCHEDULE I  
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Underwriters -----	Number of Underwritten Securities to be Purchased -----
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Salomon Smith Barney Inc.....	\$
McDonald Investments Inc.....	\$

Total.....	\$ _____ =====
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## SCHEDULE II

Selling Stockholders -----	Number of Shares Common Stock to be Sold -----
BONNEVILLE TRUST U/A 12/31/87 f/b/o Brian J. Lipke	100,000
CORVETTE TRUST U/A 12/31/87 f/b/o Curtis W. Lipke	100,000
NOVA TRUST U/A 12/31/87 f/b/o Neil E. Lipke	100,000
ELECTRA TRUST U/A 12/31/87 f/b/o Eric R. Lipke	100,000
MONZA TRUST U/A 1/22/88 f/b/o Meredith A. Lipke	100,000

[Form of Lock-Up Agreement]

EXHIBIT A

[letterhead of officer or director or selling stockholder]

Gibraltar Steel Corporation  
 -----  
 Public Offering of Common Stock  
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July \_\_, 2001

Salomon Smith Barney Inc.  
 As Representative of the several Underwriters,  
 c/o Salomon Smith Barney Inc.  
 388 Greenwich Street  
 New York, New York 10013

Ladies and Gentlemen:

This letter is being delivered to you in connection with the proposed Underwriting Agreement (the "Underwriting Agreement"), between Gibraltar Steel Corporation, a Delaware corporation (the "Company"), certain Selling Stockholders named therein and you as representative of a group of Underwriters named therein, relating to an underwritten public offering of Common Stock, \$.01 par value (the "Common Stock"), of the Company.

In order to induce you and the other Underwriters to enter into the Underwriting Agreement, the undersigned will not, without the prior written consent of Salomon Smith Barney Inc., offer, sell, contract to sell, pledge or otherwise dispose of, (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the undersigned or any affiliate of the undersigned or any person in privity with the undersigned or any affiliate of the undersigned), directly or indirectly, in the filing of a registration statement with the Securities and Exchange Commission in respect of, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Securities and Exchange Commission promulgated thereunder with respect to, any shares of capital stock of the Company or any securities convertible into, or exercisable or exchangeable for such capital stock, or publicly announce an intention to effect any such transaction, for a period of 90 days after the date

of the Underwriting Agreement, other than shares of Common Stock disposed of as bona fide gifts.

If for any reason the Underwriting Agreement shall be terminated prior to the Closing Date (as defined in the Underwriting Agreement), the agreement set forth above shall likewise be terminated.

Yours very truly,

[Signature of officer or director or selling stockholder]

[Name and address of officer or director or selling stockholder]

[SIGNIFICANT SUBSIDIARIES]

September 4, 2001

Gibraltar Steel Corporation  
3556 Lake Shore Road  
P.O. Box 2028  
Buffalo, New York 14219-0228

Re: Gibraltar Steel Corporation  
Registration Statement on Form S-3

Gentlemen:

We have acted as counsel for Gibraltar Steel Corporation, a Delaware corporation (the "Company"), in connection with the preparation and filing of a registration statement of the Corporation on Form S-3 (the "Registration Statement") under the Securities Act of 1933, as amended, relating to the proposed offering of up to 3,450,000 (the "Shares") of its common stock, par value \$.01 per share (including up to 450,000 which may be sold by the underwriters named therein pursuant to an over-allotment option), up to 2,950,000 of which Shares are being sold by the Company (the "Primary Shares") and 500,000 of which Shares are being sold by the selling stockholders (the "Secondary Shares"). The Shares will be issued and sold pursuant to an underwriting agreement (the "Underwriting Agreement") to be entered into among Salomon Smith Barney Inc., as representative of the several underwriters named therein, the Company and the selling stockholders named therein.

In so acting, we have examined copies (certified or otherwise identified to our satisfaction) of the form of Underwriting Agreement to be filed as an exhibit to the Registration Statement, the form of resolutions (the "Resolutions") proposed to be adopted by the pricing committee (the "Pricing Committee") of the Board of Directors of the Company authorizing the issuance and sale of the Primary Shares pursuant to the Underwriting Agreement and such corporate records, agreements, documents and other instruments, and such certificates or comparable documents of public officials and of officers and representatives of the Company, and have made such inquiries of such officers and representatives, as we have deemed relevant and necessary as a basis for the opinions hereinafter set forth.

In such examination, we have assumed the genuineness of all signatures, the legal capacity of all natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed or photostatic copies and the



authenticity of the originals of such latter documents. As to all questions of fact material to these opinions that have not been independently established, we have relied upon certificates or comparable documents of officers and representatives of the Company. We have also assumed for purposes hereof that (i) the Underwriting Agreement will be executed and delivered in substantially the form thereof to be filed as an exhibit to the Registration Agreement and (ii) the Pricing Committee will adopt the Resolutions authorizing the issuance and sale of the Primary Shares pursuant to the Underwriting Agreement in substantially the form reviewed by us.

Based on the foregoing, and subject to the qualifications stated herein, we are of the opinion that:

1. The Company is a corporation validly existing and in good standing under the laws of the State of Delaware.

2. The Primary Shares, when issued and sold pursuant in the manner described in the Registration Statement and in accordance with the Resolutions and the terms of the Underwriting Agreement, will be duly authorized, validly issued, fully paid and non-assessable.

3. The Secondary Shares have been duly authorized, validly issued and are fully paid and non-assessable.

We hereby consent to the use of this letter as an exhibit to the Registration Statement and to any and all references to our firm in the Prospectus which is a part of the Registration Statement.

Very truly yours,

/s/ LIPPES, SILVERSTEIN, MATHIAS & WEXLER LLP

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the inclusion and incorporation by reference in this Registration Statement on Form S-3 of our report dated January 24, 2001 relating to the consolidated financial statements, which appears in Gibraltar Steel Corporation's Annual Report on Form 10-K for the year ended December 31, 2000. We also consent to the references to us under the headings "Experts," "Summary Consolidated Financial Data" and "Selected Consolidated Financial Data" in such Registration Statement.

PricewaterhouseCoopers LLP

Buffalo, New York  
July 24, 2001