AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MAY 17, 1996.

REGISTRATION NO. 333-

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

GIBRALTAR STEEL CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	3316	16-1445150
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	(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, PRESIDENT 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:

GERALD S. LIPPES, ESQ. ROBERT J. OLIVIERI, ESQ. LIPPES, SILVERSTEIN, MATHIAS & WEXLER LLP 700 GUARANTY BUILDING 28 CHURCH STREET BUFFALO, NEW YORK 14202-3950 (716) 853-5100	ALAN G. STRAUS, ESQ. SKADDEN, ARPS, SLATE, MEAGHER & FLOM 919 THIRD AVENUE NEW YORK, NEW YORK 10022 (212) 735-3000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this Registration Statement becomes effective.

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, 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. [_]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER SHARE(1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
Common Stock ($.01 par value).....	3,450,000 shares(2)	$19.125	$65,981,250	$22,753

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) based upon the average of the high and low prices of the Common Stock as quoted on the NASDAQ Stock Market on May 14, 1996.
(2) Includes up to 450,000 shares which may be issued upon exercise of the Underwriters' over-allotment option.

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.

GIBRALTAR STEEL CORPORATION

FORM S-1

REGISTRATION STATEMENT
CROSS REFERENCE SHEET PURSUANT TO ITEM 501(B) OF REGULATION S-K

1.	Forepart of the Registration Statement and Outside Front Cover Page of Prospectus.....	Forepart of the Registration Statement; Outside Front Cover Page of the Prospectus
2.	Inside Front and Outside Back Cover Pages of Prospectus.....	Inside Front and Outside Back Cover Pages of the Prospectus
3.	Summary Information, Risk Factors and Ratio of Earnings to Fixed Charges.....	Prospectus Summary; Summary Financial and Operating Data; Risk Factors; Selected Financial Data; Unaudited Pro Forma Financial Data
4.	Use of Proceeds.....	Use of Proceeds; Management's Discussion and Analysis of Financial Condition and Results of Operations
5.	Determination of Offering Price.....	Risk Factors; Underwriting
6.	Dilution.....	Not Applicable
7.	Selling Security Holders.....	Principal and Selling Stockholders
8.	Plan of Distribution.....	Underwriting
9.	Description of Securities to be Registered.....	Capitalization; Description of Capital Stock; Shares Eligible for Future Salep
10.	Interests of Named Experts and Counsel.....	Legal Matters; Certain Transactions
11.	Information with Respect to the Registrant.....	Prospectus Summary; Risk Factors; Use of Proceeds; Capitalization; Price Range of Common Stock; Dividend Policy; Selected Financial Data; Unaudited Pro Forma Financial Data; Management's Discussion and Analysis of Financial Condition and Results of Operations; Business; Management; Certain Transactions; Principal and Selling Stockholders; Description of Capital Stock; Financial Statements
12.	Disclosure of Commission Position on Indemnification for Securities Act Liabilities.....	Not Applicable

+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY STATE.

SUBJECT TO COMPLETION
MAY 17, 1996

PROSPECTUS

3,000,000 SHARES

GIBRALTAR STEEL CORPORATION

[LOGO OF GIBRALTAR]

COMMON STOCK
($.01 PAR VALUE)

Of the 3,000,000 shares of Common Stock, $.01 par value per share ("the Common Stock"), of Gibraltar Steel Corporation ("the Company") being offered hereby, 2,000,000 shares are being issued and sold by the Company and 1,000,000 shares are being sold by certain stockholders of the Company (the "Selling Stockholders"). The Company will not receive any proceeds from the sale of shares by the Selling Stockholders. See "Principal and Selling Stockholders".

The Common Stock is traded on the NASDAQ Stock Market ("NASDAQ") under the symbol "ROCK". On May 16, 1996, the last reported sale price of the Common Stock was $20.25 per share. See "Price Range of Common Stock".

SEE "RISK FACTORS" COMMENCING ON PAGE 7 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE COMMON STOCK OFFERED HEREBY.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PRICE TO PUBLIC	UNDERWRITING DISCOUNT	PROCEEDS TO COMPANY(1)	PROCEEDS TO SELLING STOCKHOLDERS
Per Share.....	$	$	$	$
Total(2).....	$	$	$	$

(1) Before deducting expenses payable by the Company, estimated at $.
(2) The Company has granted the Underwriters a 30-day option to purchase up to an aggregate of 450,000 shares of Common Stock at the Price to Public, less the Underwriting Discount, solely to cover over-allotments, if any. If the Underwriters exercise such option in full, the total Price to Public, Underwriting Discount and Proceeds to Company will be $, $ and $, respectively. See "Underwriting".

The shares of Common Stock are offered subject to receipt and acceptance by the Underwriters, to prior sale and to the Underwriters' right to reject any order in whole or in part and to withdraw, cancel or modify the offer without notice. It is expected that delivery of the shares of Common Stock will be made at the office of Salomon Brothers Inc, Seven World Trade Center, New York, New York, or through the facilities of The Depository Trust Company, on or about , 1996.

SALOMON BROTHERS INC SMITH BARNEY INC.

The date of this Prospectus is , 1996.

[MAP]

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON NASDAQ, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN CONNECTION WITH THIS OFFERING, CERTAIN UNDERWRITERS AND SELLING GROUP MEMBERS MAY ENGAGE IN PASSIVE MARKET MAKING TRANSACTIONS IN THE COMMON STOCK ON NASDAQ IN ACCORDANCE WITH RULE 10B-6A UNDER THE SECURITIES EXCHANGE ACT OF 1934. SEE "UNDERWRITING".

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and financial statements (including the notes thereto) appearing elsewhere in this Prospectus. Investors should carefully consider the information set forth under "Risk Factors". Unless otherwise indicated, all information in this Prospectus assumes no exercise of the over-allotment option. Unless the context otherwise requires, the "Company" refers to Gibraltar Steel Corporation and its subsidiaries.

THE COMPANY

Gibraltar Steel Corporation ("the Company"), through its subsidiaries, is a leading processor of high value-added steel products. The Company's primary focus is on a broad range of products and services based on cold-rolled strip and coated sheet steel, and also heavy duty steel strapping. To complement these products and services, the Company offers specialized metallurgical heat treating services, operates two state-of-the-art materials management facilities, and has an equity interest in two commercial steel pickling operations.

Processed cold-rolled strip steel products comprise a segment of the cold-rolled sheet steel market that is defined by more precise widths, improved surface conditions and tighter gauge tolerances than are supplied by primary manufacturers of flat-rolled steel products. The Company's cold-rolled strip steel products are sold to manufacturers in the automotive, hand tool, appliance and hardware industries, as well as to other customers who demand critical specifications in their raw material needs. The Company's coated 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. The Company's strapping products are used in heavy duty industrial applications. Heat treating, which refines the metallurgical properties of steel and other metals, is required to achieve critical performance characteristics in a wide variety of consumer and industrial applications.

The Company attributes its operating and financial success to the aggressive pursuit of its business strategy, the key elements of which include: a focus on high value-added, high margin products and services; a commitment to internal growth and continuous cost reductions; 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.

The pursuit of its business strategy has allowed the Company to limit the impact of the cyclical nature of the steel industry and has enabled the Company to achieve pre-tax profits in every year since 1976. In addition, over the past five years the Company has increased its revenues and pre-tax profits by compound annual growth rates of approximately 22% and 38%, respectively.

In implementing its business strategy, the Company has:

- Acquired the Wm. R. Hubbell Steel Corporation ("Hubbell Steel") in April 1995, a leading national supplier and processor of coated sheet steel products for the commercial and residential metal building industry. Hubbell Steel contributed approximately $63 million to the Company's revenues in 1995.

- Acquired Carolina Commercial Heat Treating, Inc. ("CCHT") in February 1996, a leading metallurgical heat treater in the southeastern United States. CCHT had 1995 revenues from processing customer-owned parts and materials of approximately $21.5 million.

- Started up a new cold-rolled processing facility in Chattanooga, Tennessee in late 1994, increasing the Company's customer base and product distribution in the southeastern United States. This facility has a design capacity of approximately 84,000 tons per year.

- Opened a second state-of-the-art materials management facility in Woodhaven, Michigan in the second half of 1995, which provides dedicated, specialized inventory management services and has a design throughput capacity of approximately 600,000 tons per year.

- Through its joint venture, started up a second steel pickling operation in the second half of 1995, which added over 400,000 tons of annual pickling capacity.

- During the second quarter of 1996, committed to substantially increase its cold-rolling capacity at its Cleveland operation through the construction of a new mill. The Company believes that this new mill, with a design capacity of approximately 120,000 tons per year and a maximum rolling width of 50 inches, will be the widest mill for the production of cold-rolled strip steel in North America, yielding substantial production efficiencies. Start-up of the new mill is expected in late 1997.

The Company was incorporated under the laws of the State of Delaware in 1993. The Company's executive offices are located at 3556 Lake Shore Road, Buffalo, New York 14219, and its telephone number is (716) 826-6500.

THE OFFERING

Common Stock being offered by:	
The Company	2,000,000 shares
The Selling Stockholders	1,000,000 shares
Total	3,000,000 shares
Common Stock to be outstanding after the offering	12,173,900 shares(1)
Use of proceeds from the sale of Common Stock by the Company	To repay outstanding bank indebtedness. See "Use of Proceeds".
NASDAQ symbol	ROCK

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(1) Excludes (i) an aggregate of 400,000 shares of Common Stock reserved for issuance under the Non-Qualified Plan, of which 200,000 shares were subject to outstanding options as of March 31, 1996 at a weighted average exercise price of $10.75 per share, (ii) an aggregate of 600,000 shares of Common Stock reserved for issuance under the Incentive Plan (of which 200,000 shares are subject to stockholder approval) of which 270,000 shares were subject to outstanding options as of March 31, 1996 at a weighted average exercise price of $10.81 per share, and (iii) an aggregate of 100,000 shares of Common Stock reserved for issuance under the Restricted Stock Plan. See "Management--Employee Plans".

SUMMARY FINANCIAL AND OPERATING DATA
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	YEAR ENDED DECEMBER 31,(a)					THREE MONTHS ENDED MARCH 31,	
	1991	1992	1993	1994	1995(b)	1995	1996(c)
INCOME STATEMENT DATA(d):							
Net Sales	$128,982	$145,680	$167,883	$200,142	$282,833	$58,765	$82,034
Cost of Sales	110,222	120,311	138,559	166,443	240,370	48,579	68,005
Gross Profit	18,760	25,369	29,324	33,699	42,463	10,186	14,029
Selling, General and Administrative	11,924	14,915	16,390	17,520	22,095	5,090	7,354
Income from Operations	6,836	10,454	12,934	16,179	20,368	5,096	6,675
Other Income (Expense):							
Interest Expense	(2,262)	(1,873)	(1,621)	(1,374)	(3,984)	(559)	(1,073)
Other Income	--	--	200	--	--	--	--
	(2,262)	(1,873)	(1,421)	(1,374)	(3,984)	(559)	(1,073)
Income Before Taxes	4,574	8,581	11,513	14,805	16,384	4,537	5,602
Income Taxes(e)	454	339	6,300	5,996	6,662	1,860	2,268
Net Income	$ 4,120	$ 8,242	$ 5,213	$ 8,809	$ 9,722	$ 2,677	$ 3,334
Net Income Per Share				$ .87	$ .96	$ .26	$ .33
Pro Forma Net Income(f)	$ 3,278	$ 5,853	$ 7,337				
Pro Forma Net Income Per Share(g)	$ .32	$ .58	$ .72				
OTHER DATA:							
Capital Expenditures(h)	$ 3,478	$ 5,750	$ 10,468	$ 16,171	$ 14,504	$ 5,527	$ 3,262
Depreciation and Amortization	3,217	3,226	3,399	3,445	4,538	924	1,395

	DECEMBER 31,		MARCH 31,
	1994	1995	1996
BALANCE SHEET DATA(i):			
Current Assets	$ 70,552	$86,995	$101,472
Current Liabilities	22,028	29,480	40,048
Total Assets	126,380	167,423	208,370
Total Debt	38,658	59,054	82,847
Stockholders' Equity	60,396	70,244	73,578

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(a) One of the Company's subsidiaries historically had a fiscal year end of October 31. Effective with the year ended December 31, 1993, such entity adopted a calendar year end. See Note 1 to the Consolidated Financial Statements (as hereinafter defined). As a result of such change, other income for the year ended December 31, 1993 includes $200,000 of net income attributable to November and December 1992 for such entity.

(b) Includes the results of Hubbell Steel from its acquisition on April 3, 1995.

(c) Includes the results of CCHT from its acquisition on February 14, 1996.

(d) See "Selected Financial Data" for unaudited pro forma presentations of the results of operations had the following occurred on January 1, 1995: (i) the consummation of the acquisitions of both Hubbell Steel and CCHT and borrowings to finance such acquisitions; and (ii) the consummation of this offering and the application of the estimated net proceeds therefrom to reduce indebtedness and the related reduction in interest expense.

(e) Includes $5,100,000 for reinstatement of deferred income taxes upon termination of the S Corporation status of certain of the Company's subsidiaries during the year ended December 31, 1993.

(f) Certain of the Company's subsidiaries historically were treated as S Corporations for federal and certain state income tax purposes. Immediately prior to consummation of the Company's initial public offering in November 1993, such S Corporation status was terminated. Pro forma net income assumes that each of the Company's subsidiaries had been subject to corporate income taxation as a C Corporation during periods prior to November 1993. See "Unaudited Pro Forma Financial Data".

(g) Pro forma net income per share has been computed by dividing pro forma net income by the pro forma weighted average number of common shares outstanding during 1993. Such pro forma weighted average number of common shares was computed giving effect to the number of shares the Company would have had to issue to retire $15,576,000 of indebtedness and pay an S Corporation distribution of $10,485,000 to the pre-public offering stockholders.

(h) Excludes expenditures for acquisition of Hubbell Steel during 1995 of $20,859,000, net of cash acquired, and expenditures for acquisition of CCHT during the first three months of 1996 of $23,715,000, net of cash acquired.

(i) See "Capitalization" for unaudited pro forma balance sheet data assuming that consummation of this offering and application of the estimated net proceeds therefrom to reduce indebtedness had occurred on March 31, 1996.

RISK FACTORS

In addition to the other information in this Prospectus, prospective purchasers should evaluate the following risk factors.

IMPACT OF CHANGING STEEL PRICES

The principal raw material used by the Company is flat-rolled carbon steel, which the Company purchases from certain primary steel producers. The steel industry as a whole is very cyclical, and at times pricing in the steel industry can be volatile due to numerous factors beyond the control of the Company, including general economic conditions, labor costs, competition, import duties, tariffs and currency exchange rates. This volatility can significantly affect the Company's raw material costs.

Steel processing companies are required to maintain substantial inventories of steel to accommodate the short lead times and just-in-time delivery requirements of their customers. Accordingly, the Company purchases steel on a regular basis in an effort to maintain its inventory at levels that it believes to be sufficient to satisfy the anticipated needs of its customers based upon historic buying practices and market conditions. In an increasing price environment, competitive conditions will determine how much of the steel price increases can be passed on to the Company's customers. If the Company is unable to pass on to its customers some or all of future steel price increases, the Company's business, financial condition and results of operations could be adversely affected.

DEPENDENCE ON AUTOMOTIVE INDUSTRY; CYCLICALITY OF DEMAND

Sales of the Company's products for use in the automotive industry accounted for approximately 58%, 61% and 51% of the Company's net sales in 1993, 1994 and 1995, respectively, and approximately 48% of net sales for the first three months of 1996. 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 and consumer confidence. The automotive industry is also subject, from time to time, to labor problems. The contracts between the United Automobile Workers ("UAW") and the Canadian Auto Workers ("CAW") and General Motors Corporation ("GM"), Chrysler Corporation ("Chrysler") and The Ford Motor Company ("Ford") in both the United States and Canada expire in September 1996 and there can be no assurance that new agreements will be ratified by the UAW and CAW without a work stoppage. Any prolonged disruption in business arising from such a work stoppage could have a material adverse effect on the Company's results of operations.

The Company also sells its products to customers in other industries that experience cyclicality in demand for products, such as the steel, appliance, metal building and office equipment industries. None of these industries individually represented more than 10% of the Company's annual net sales in 1995, with the exception of the metal building industry, which accounted for approximately 18% of net sales in 1995 and 19% in the first quarter of 1996. Downturns in demand from these industries, or in the prices that the Company can realize from sales of its products to customers in these industries, could have a material adverse effect on the Company's business, financial condition and results of operations.

RELIANCE ON CERTAIN CUSTOMERS

The Company's largest customer is GM, which accounted for approximately 16%, 14% and 11% of the Company's net sales for 1993, 1994 and 1995, respectively, and approximately 10% of net sales for the first three months of 1996. The loss of GM as a customer or a significant reduction in the business generated by GM would have a material adverse effect on the Company's results of operations. Sales to GM are made through various subsidiaries, divisions and affiliates that the Company believes act independently in their purchasing decisions. Accordingly, the Company believes that it is unlikely that it would lose all of the business generated by GM. There can be no assurance, however, that the historic levels of business from GM will be maintained.

No other customer accounted directly or indirectly for more than 10% of the Company's annual net sales in 1993, 1994 or 1995; however, the Company's materials management facilities provide services almost exclusively to Ford. If Ford terminated or significantly decreased its use of the materials management facilities, the Company might not be able to fully utilize these facilities.

RISKS ASSOCIATED WITH FUTURE EXPANSION

Historically, the Company has grown through a combination of internal growth and external expansion through acquisitions and a joint venture. The Company intends to actively pursue its growth strategy in the future and currently has certain new projects and facilities in various stages of development. See "Business--Business Strategy". The expansion of an existing facility or construction of a new facility could have adverse effects on the Company's results of operations due to the impact of start-up costs and the potential for under-utilization in the start-up phase of a facility. A substantial portion of the Company's recent growth has been the result of its ability to acquire businesses and successfully integrate them into the operations of the Company. There can be no assurance that suitable acquisition candidates will continue to be available or, if they are, that the Company will have sufficient qualified personnel and financial resources available when needed to successfully complete any acquisition and integration of these businesses into its operations. Acquisitions could divert a disproportionate amount of management time and attention. Moreover, the incurrence of additional indebtedness to pay for expansion costs or acquisition costs could adversely affect the Company's liquidity and financial stability. The issuance of Common Stock to effect acquisitions could result in dilution to the Company's stockholders. There can be no assurance that any new facility or operation would be profitable.

COMPETITION

The steel processing market is highly competitive. The Company competes with a number of other steel processors, some of which have greater financial and other resources than the Company. The Company competes primarily on the basis of the precision and range of achievable tolerances, quality, price and the ability to meet delivery schedules dictated by customers. See "Business--Competition".

CONTROL BY CERTAIN STOCKHOLDERS; ANTI-TAKEOVER PROVISIONS

Upon the consummation of this offering, 51.7% of the outstanding Common Stock (including shares of Common Stock issuable under options granted which are exercisable within 60 days) of the Company (approximately 49.8% if the Underwriters' over-allotment option is exercised in full) will be owned by Brian J. Lipke, Curtis W. Lipke, Neil E. Lipke and Eric R. Lipke, each an executive officer of the Company, and Meredith A. Lipke-de Blok, an employee of the Company (collectively, the "Lipke Family"), all of whom are siblings; certain trusts for the benefit of each of them; and a trust under the will of Kenneth E. Lipke, for the benefit of his widow, Patricia K. Lipke (the "Lipke Trusts"). See "Management". As a result, the Lipke Family will continue to have the effective power to elect the Company's Board of Directors and to approve all actions requiring stockholder approval. See "Principal and Selling Stockholders" and "Description of Capital Stock". In addition, certain provisions of the Company's 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 the Company. See "Description of Capital Stock".

DEPENDENCE ON KEY MANAGEMENT

The success of the Company's business is dependent upon the management and leadership skills of Brian J. Lipke, the Company's Chairman of the Board, President and Chief Executive Officer, and

other members of the Company's senior management team. The loss of any of these individuals or an inability to attract, retain and maintain additional personnel could adversely affect the Company. There can be no assurance that the Company will be able to retain its existing senior management personnel or to attract additional qualified personnel. For a discussion of the terms of the Company's employment agreement with Brian J. Lipke, see "Management--Employment Agreement".

HOLDING COMPANY STRUCTURE AND RELIANCE ON DISTRIBUTIONS FROM SUBSIDIARIES

The Company has no direct business operations other than its ownership of the capital stock of its subsidiaries. As a holding company, the Company is dependent on dividends or other intercompany transfers of funds from its subsidiaries to enable it to pay dividends and to meet its direct obligations.

SHARES ELIGIBLE FOR FUTURE SALE

Future sales of shares of Common Stock by the Company or certain stockholders could adversely affect the prevailing market price of the Common Stock. The Company, each of its directors and executive officers, the Selling Stockholders and certain other stockholders of the Company have entered into "lock-up" agreements ("Lock-up Agreements") with Salomon Brothers Inc, as representative of the Underwriters (the "Representative"), whereby the Company and such directors, executive officers and stockholders have agreed not to offer, sell, contract to sell or otherwise dispose of, directly or indirectly, or announce the offering of, any Common Stock or securities convertible into or exchangeable or exercisable for shares of Common Stock, except for the shares of Common Stock offered hereby, and shares issuable pursuant to employee benefit plans, for a period of 90 days from the date of this Prospectus, without the prior written consent of the Representative. Sales of substantial amounts of Common Stock in the public market, or the perception that such sales may occur, could have a material adverse effect on the market price of the Common Stock. See "Shares Eligible for Future Sale."

ENVIRONMENTAL COMPLIANCE

The Company's processing centers and manufacturing facilities are subject to many federal, state and local requirements relating to the protection of the environment, and the Company has made and will continue to make, expenditures to comply with such provisions. The Company believes that its facilities are in material compliance with these laws and regulations and does not believe that future compliance with such laws and regulations will have a material adverse effect on its results of operations or financial condition. If environmental laws become more stringent, the Company's environmental capital expenditures and costs for environmental compliance could increase in the future. In addition, due to the possibility of unanticipated factual or regulatory developments, the amount and timing of future environmental expenditures could vary substantially from those currently anticipated. Moreover, certain of the Company's facilities have been in operation for many years and, over such time, the Company and other predecessor operators of such facilities have generated and disposed of wastes which are or may be considered hazardous. Accordingly, it is possible that additional environmental liabilities may arise in the future. The Company does not have sufficient information to estimate its potential liability in connection with any potential future remediation; however, the Company believes that if any such remediation were required, it would occur over an extended period of time.

The Company has been named as a potentially responsible party with respect to the disposal of hazardous wastes at one site. Based on the facts currently known to the Company, management expects that the costs to the Company of remedial actions at this site will not have a material adverse effect on the Company's results of operations or financial condition. See "Business--Governmental Regulation".

USE OF PROCEEDS

The net proceeds to be received by the Company from this offering, estimated to be approximately $37.6 million based upon an assumed public offering price of $20.25 per share and after deduction of estimated underwriting discounts, commissions and expenses associated with this offering, will be used to repay certain existing indebtedness under the Credit Facility (described below), a substantial portion of which was incurred to finance its recent acquisitions. The Company will not receive any proceeds from the sale of shares by the Selling Stockholders.

The Company has a $125 million revolving credit facility (the "Credit Facility") with Chase Manhattan Bank, N.A., Fleet Bank and Mellon Bank, N.A. which matures in November 1997. The amounts outstanding under the Credit Facility bear interest either at various amounts above the London InterBank Offered Rate ("LIBOR") or at the agent bank's prime rate, as selected by the Company. At March 31, 1996, amounts outstanding under the Credit Facility were approximately $75.1 million bearing interest at a weighted average interest rate of 6.2%. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources".

The Credit Facility is secured by substantially all of the accounts receivable, inventory, equipment and fixtures (but not real property) of the Company now owned or hereafter acquired. The Credit Facility contains covenants restricting the ability of the Company to make capital expenditures, incur additional indebtedness, sell a substantial portion of its assets, merge or make acquisitions or investments in an amount in excess of $10.0 million, and obligates the Company to meet certain financial requirements. In addition, the Credit Facility contains a restriction on Gibraltar Steel Corporation's ability to pay dividends.

CAPITALIZATION

The following table sets forth the capitalization of the Company as of March 31, 1996 (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 the Company to repay indebtedness under the Credit Facility. See "Use of Proceeds". This table should be read in conjunction with the Consolidated Financial Statements and the notes thereto included elsewhere in this Prospectus.

	MARCH 31, 1996	
	ACTUAL	AS ADJUSTED
	(AMOUNTS IN THOUSANDS)	
Short-Term Debt:		
Current portion of long-term debt	$ 1,215	$ 1,215
Total Short-Term Debt	$ 1,215	$ 1,215
Long-Term Debt, Net of Current Portion	$ 81,632	$ 44,007
Stockholders' Equity:		
Common stock, $.01 par value, 50,000,000 shares authorized, 10,173,900 shares issued and outstanding (12,173,900 shares issued and outstanding as adjusted)(a)	102	122
Additional paid-in capital	28,803	66,408
Retained earnings	44,673	44,673
Total Stockholders' Equity	73,578	111,203
Total Capitalization	$155,210	$155,210

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(a) Excludes (i) an aggregate of 400,000 shares of Common Stock reserved for issuance under the Non-Qualified Plan, of which 200,000 shares were subject to outstanding options as of March 31, 1996 at a weighted average exercise price of $10.75 per share, (ii) an aggregate of 600,000 shares of Common Stock reserved for issuance under the Incentive Plan (of which 200,000 shares are subject to stockholder approval) of which 270,000 shares were subject to outstanding options as of March 31, 1996 at a weighted average exercise price of $10.81 per share and (iii) an aggregate of 100,000 shares of Common Stock reserved for issuance under the Restricted Stock Plan. See "Management--Employee Plans".

PRICE RANGE OF COMMON STOCK

The Common Stock is traded on NASDAQ under the symbol "ROCK". The following table sets forth, for the fiscal periods indicated, the high and low sales prices for the Common Stock on NASDAQ.

	PRICE RANGE OF COMMON STOCK	
	HIGH	LOW
1994		
First Quarter	$16 1/4	$12 1/2
Second Quarter	15	10 3/4
Third Quarter	13 3/4	10 1/2
Fourth Quarter	11 1/2	9 3/4
1995		
First Quarter	11 1/4	10 1/2
Second Quarter	13 1/2	10 1/2
Third Quarter	14 1/4	12 3/4
Fourth Quarter	13 1/2	10
1996		
First Quarter	15 3/4	12 1/8
Second Quarter (through May 16, 1996)	15	22

On May 16, 1996, the last reported sales price of the Common Stock on NASDAQ was $20.25 per share. As of May 15, 1996, there were approximately 145 record holders of Common Stock.

DIVIDEND POLICY

The Company's present policy is to invest its earnings in the future development and growth of the Company and the Company currently does not anticipate paying cash dividends on the Common Stock. As a holding company, the Company's ability to pay dividends is dependent on the receipt of payments from its subsidiaries. Any determination to pay cash dividends in the future will be dependent on the Company's results of operations, financial condition, contractual restrictions and other factors deemed relevant at that time by the Company's Board of Directors. In any event, the payment of dividends by Gibraltar Steel Corporation is subject to restrictions under the Credit Facility. See "Use of Proceeds".

SELECTED FINANCIAL DATA

(IN THOUSANDS, EXCEPT PER SHARE DATA)

The selected financial data presented below have been derived from the Company's financial statements which have been audited by Price Waterhouse LLP, except that the data for the three months ended March 31, 1995 and 1996 are derived from unaudited consolidated financial statements which, in the opinion of the Company, reflect all adjustments necessary for a fair presentation. The consolidated balance sheets as of December 31, 1994 and 1995 and March 31, 1996 and the related consolidated statements of income, cash flow and shareholders' equity for the three years ended December 31, 1995 and the three months ended March 31, 1995 and 1996, and notes thereto (the "Consolidated Financial Statements") appear elsewhere in this Prospectus. Results for the three-month periods are not necessarily indicative of results for the full year. The selected 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", the Consolidated Financial Statements and other financial information included elsewhere in this Prospectus.

	YEAR ENDED DECEMBER 31,(a)					THREE MONTHS ENDED MARCH 31,	
	1991	1992	1993	1994	1995(b)	1995	1996(c)
INCOME STATEMENT DATA:							
Net Sales	$128,982	$145,680	$167,883	$200,142	$282,833	$58,765	$82,034
Cost of Sales	110,222	120,311	138,559	166,443	240,370	48,579	68,005
Gross Profit	18,760	25,369	29,324	33,699	42,463	10,186	14,029
Selling, General and Administrative	11,924	14,915	16,390	17,520	22,095	5,090	7,354
Income from Operations	6,836	10,454	12,934	16,179	20,368	5,096	6,675
Other Income (Expense):							
Interest Expense	(2,262)	(1,873)	(1,621)	(1,374)	(3,984)	(559)	(1,073)
Other Income	--	--	200	--	--	--	--
	(2,262)	(1,873)	(1,421)	(1,374)	(3,984)	(559)	(1,073)
Income Before Taxes	4,574	8,581	11,513	14,805	16,384	4,537	5,602
Income Taxes(d)	454	339	6,300	5,996	6,662	1,860	2,268
Net Income	$ 4,120	$ 8,242	$ 5,213	$ 8,809	$ 9,722	$ 2,677	$ 3,334
Net Income Per Share				$ .87	$ .96	$ .26	$ .33
Pro Forma Net Income(e)	$ 3,278	$ 5,853	$ 7,337				
Pro Forma Net Income Per Share(f)	$ .32	$ .58	$ .72				

	DECEMBER 31,					MARCH 31,
	1991	1992	1993	1994	1995	1996
BALANCE SHEET DATA(g):						
Current Assets	$44,908	$44,941	$50,502	$ 70,552	$ 86,995	$101,472
Current Liabilities	28,116	26,111	21,905	22,028	29,480	40,048
Total Assets	81,325	83,407	92,868	126,380	167,423	208,370
Total Debt	26,854	26,313	14,179	38,658	59,054	82,847
Stockholders' Equity	34,930	38,010	51,587	60,396	70,244	73,578

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(a) One of the Company's subsidiaries historically had a fiscal year end of October 31. Effective with the year ended December 31, 1993, such entity adopted a calendar year end. See Note 1 to the Consolidated Financial Statements. As a result of such change, other income for the year ended December 31, 1993 includes $200,000 of net income attributable to November and December 1992 for such entity.

(b) Includes the results of Hubbell Steel from its acquisition on April 3, 1995.
(c) Includes the results of CCHT from its acquisition on February 14, 1996.
(d) Includes $5,100,000 for reinstatement of deferred income taxes upon termination of the S Corporation status of certain of the Company's subsidiaries during the year ended December 31, 1993.
(e) Certain of the Company's subsidiaries historically were treated as S Corporations for federal and certain state income tax purposes. Immediately prior to consummation of the Company's initial public offering in November 1993, such S Corporation status was terminated. Pro forma net income assumes that each of the Company's subsidiaries had been subject to corporate income taxation as a C Corporation during periods prior to November 1993. See "Unaudited Pro Forma Financial Data".
(f) Pro forma net income per share has been computed by dividing pro forma net income by the pro forma weighted average number of common shares outstanding during 1993. Such pro forma weighted average number of common shares was computed giving effect to the number of shares the Company would have had to issue to retire $15,576,000 of indebtedness and pay an S Corporation distribution of $10,485,000 to the pre-public offering stockholders.
(g) See "Capitalization" for unaudited pro forma balance sheet data assuming that consummation of this offering and application of the estimated net proceeds therefrom to reduce indebtedness had occurred on March 31, 1996.

UNAUDITED PRO FORMA FINANCIAL DATA

The unaudited pro forma statements of income for the year ended December 31, 1995 and the three-month period ended March 31, 1996 set forth below present the results of operations for such year and such period as if the following had occurred on January 1, 1995: (i) the consummation of the acquisitions of both Hubbell Steel and CCHT and borrowings to finance such acquisitions; and (ii) the consummation of this offering and the application of the estimated net proceeds therefrom to reduce indebtedness and the related reduction in interest expense. The unaudited pro forma statement of income for the year ended December 31, 1995 includes: (i) the Company's consolidated results of operations for the year then ended which includes Hubbell Steel since April 3, 1995; (ii) the consolidated results of operations for Hubbell Steel for the period January 1, 1995 through April 2, 1995; and (iii) the consolidated results of operations of CCHT for the year ended December 31, 1995. The unaudited pro forma statement of income for the three months ended March 31, 1996 includes: (i) the Company's consolidated results of operations for such period, which includes CCHT since February 14, 1996; and (ii) the consolidated results for CCHT for the period January 1, 1996 through February 13, 1996.

See "Capitalization" for unaudited pro forma balance sheet data assuming that consummation of this offering and application of the estimated net proceeds therefrom to reduce indebtedness had occurred on March 31, 1996.

The unaudited pro forma data has been prepared on the basis of certain assumptions and estimates. Accordingly, pro forma data may not be indicative of the actual results the Company would have obtained had such events occurred on January 1, 1995 with respect to income statement adjustments, or March 31, 1996 with respect to balance sheet adjustments, or the future results of the Company. The unaudited pro forma financial data should be read in conjunction with the Company's Consolidated Financial Statements and the notes thereto included elsewhere in this Prospectus.

PRO FORMA CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 1995
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	GIBRALTAR STEEL(a)	HUBBELL STEEL(b)	CCHT(c)	ACQUISITION ADJUSTMENTS	PRO FORMA	OFFERING ADJUSTMENTS(h)	PRO FORMA AS ADJUSTED
Net Sales	$ 282,833	$17,445	$21,459		$ 321,737		$ 321,737
Cost of Sales	240,370	15,215	15,285	$ (497)(d)	270,373		270,373
Gross Profit	42,463	2,230	6,174	497	51,364		51,364
Selling, General and Administrative	22,095	4,239	3,137	(3,804)(e)	25,667		25,667
Income (Loss) from Operations	20,368	(2,009)	3,037	4,301	25,697		25,697
Other Income (Expense):							
Interest Expense	(3,984)	(327)	-	(2,530)(f)	(6,841)	$3,010	(3,831)
Other Income	-	-	14	-	14	-	14
	(3,984)	(327)	14	(2,530)	(6,827)	3,010	(3,817)
Income (Loss) Before Taxes	16,384	(2,336)	3,051	1,771	18,870	3,010	21,880
Income Taxes (Benefit)	6,662	(960)	38	2,056(g)	7,796	1,219	9,015
Net Income (Loss)	$ 9,722	$(1,376)	$ 3,013	$ (285)	$ 11,074	$1,791	$ 12,865
Net Income Per Share	$ .96				$ 1.09		$ 1.06(i)
Weighted Average Common Shares Outstanding	10,163,817				10,163,817		12,163,817

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(a) Represents the Company's consolidated results of operations for the year ended December 31, 1995.

(b) Represents Hubbell Steel's unaudited consolidated results of operations for the period from January 1, 1995 through April 2, 1995.

(c) Represents CCHT's consolidated results of operations for the year ended December 31, 1995.

(d) Represents adjustment of depreciation based upon the fair value and depreciable lives of assets acquired.

(e) Represents adjustment of nonrecurring expenses, including a $3.3 million payment to certain Hubbell Steel employees and a $900,000 reduction of CCHT salaries and expenses to normalized levels, offset by amortization of goodwill.

(f) Represents additional interest expense, with a weighted average interest rate of 8.0% during 1995, resulting from incremental debt incurred to finance the acquisitions of Hubbell Steel and CCHT, as if such acquisitions had occurred on January 1, 1995.

(g) Represents the tax effects of acquisition adjustments assuming that Hubbell Steel and CCHT had been subject to corporate income taxation as C Corporations, calculated using the Company's effective tax rate as adjusted for amortization of goodwill. Historically, CCHT and certain affiliates of Hubbell Steel had been treated as S Corporations for federal and certain state income tax purposes.

(h) Represents the reduction in interest expense resulting from application of the estimated net proceeds of this offering on January 1, 1995 to repay $37,625,000 of indebtedness having a weighted average interest rate of 8.0% during 1995. See "Use of Proceeds".

(i) Pro forma net income per share, as adjusted, has been calculated by dividing pro forma net income, as adjusted, by the weighted average number of shares of Common Stock that the Company would have to issue to retire $37,625,000 of indebtedness on January 1, 1995. See "Use of Proceeds".

PRO FORMA CONSOLIDATED STATEMENT OF INCOME
THREE MONTHS ENDED MARCH 31, 1996
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	THE COMPANY(a)	CCHT(b)	ACQUISITION ADJUSTMENTS	PRO FORMA	OFFERING ADJUSTMENTS(g)	PRO FORMA AS ADJUSTED
Net Sales	$ 82,034	$2,245		$ 84,279		$ 84,279
Cost of Sales	68,005	1,815	$ (59)(c)	69,761		69,761
Gross Profit	14,029	430	59	14,518		14,518
Selling, General and Administrative	7,354	464	44(d)	7,862		7,862
Income (Loss) from Operations	6,675	(34)	15	6,656		6,656
Other Income (Expense):						
Interest Expense	(1,073)	--	(253)(e)	(1,326)	$659	(667)
Other Income	--	3	--	3	--	3
	(1,073)	3	(253)	(1,323)	659	(664)
Income (Loss) Before Taxes	5,602	(31)	(238)	5,333	659	5,992
Income Taxes (Benefit)	2,268	4	(95)(f)	2,177	267	2,444
Net Income (Loss)	$ 3,334	$ (35)	$(143)	$ 3,156	$392	$ 3,548
Net Income Per Share	$ .33			$ .31		$ .29(h)
Weighted Average Common Shares Outstanding	10,173,900			10,173,900		12,173,900

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(a) Represents the Company's unaudited consolidated results of operations for the three months ended March 31, 1996.
(b) Represents CCHT's unaudited consolidated results of operations for the period from January 1, 1996 through February 13, 1996.
(c) Represents adjustment of depreciation based upon the fair value and depreciable lives of assets acquired.
(d) Represents amortization of goodwill resulting from the CCHT acquisition as if such acquisition occurred on January 1, 1995.
(e) Represents additional interest expense, with a weighted average interest rate of 7.0% during the period presented, resulting from incremental debt incurred to finance the acquisition of CCHT.
(f) Represents the tax effect of acquisition adjustments, assuming that CCHT had been subject to corporate income taxation as a C Corporation, calculated using the Company's effective tax rate as adjusted for amortization of goodwill. Historically, CCHT had been treated as an S Corporation for federal and certain state income tax purposes.
(g) Represents the reduction in interest expense resulting from application of the estimated net proceeds of this offering to repay $37,625,000 of indebtedness having a weighted average interest rate of 7.0%. See "Use of Proceeds".
(h) Pro forma net income per share, as adjusted, has been calculated by dividing pro forma net income, as adjusted, by the weighted average number of shares of Common Stock that the Company would have to issue to retire $37,625,000 of indebtedness. See "Use of Proceeds".

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

INTRODUCTION

Since the Company's inception in 1972, its operations have been characterized by the four key elements of its business strategy: a focus on high value-added, high margin products and services; a commitment to internal growth and continuous cost reductions; 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 the Company's 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 the Company's business strategy has resulted in a compound annual growth rate for sales of approximately 16% for the years 1972 through 1995, and a compound annual growth rate for pre-tax earnings of approximately 23% during the same period.

RESULTS OF OPERATIONS

The following table sets forth for each of the periods presented certain income statement data for the Company expressed as a percentage of net sales:

	YEAR ENDED DECEMBER 31,			THREE MONTHS ENDED MARCH 31,	
	1993	1994	1995	1995	1996
Net Sales	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales	82.5	83.2	85.0	82.7	82.9
Gross Profit	17.5	16.8	15.0	17.3	17.1
Selling, General and Administrative	9.8	8.8	7.8	8.7	9.0
Income from Operations	7.7	8.0	7.2	8.6	8.1
Other Income (Expense):					
Interest Expense	(1.0)	(.6)	(1.4)	(.9)	(1.3)
Other Income	.2	-	-	-	-
	(.8)	(.6)	(1.4)	(.9)	(1.3)
Income Before Taxes	6.9	7.4	5.8	7.7	6.8
Income Taxes	3.8	3.0	2.4	3.1	2.7
Net Income	3.1%	4.4%	3.4%	4.6%	4.1%

Three Months Ended March 31, 1996 Compared to Three Months Ended March 31, 1995

Net sales of $82.0 million for the first quarter ended March 31, 1996 increased 39.6% from sales of $58.8 million for the prior year's first quarter. This increase resulted primarily from the net sales of Hubbell Steel (acquired in April 1995) for the quarter and the net sales of CCHT since its acquisition (February 1996) during the first quarter.

Cost of sales increased slightly to 82.9% of net sales for the first three months of 1996 from 82.7% for the prior year's first quarter. The decrease in gross profit margin to 17.1% for the first quarter in 1996 was primarily due to including Hubbell Steel's results. Hubbell Steel's products and services historically have generated slightly lower margins than the Company's other products and services.

Selling, general and administrative expenses as a percentage of net sales increased to 9.0% for the first quarter from 8.7% the prior year comparable period primarily due to performance-based compensation linked to the Company's sales and profitability.

Interest expense increased by $.5 million for the three months ended March 31, 1996 primarily due to higher average borrowings resulting from the Hubbell and CCHT acquisitions.

As a result of the above, income before taxes increased by $1.1 million for the three months ended March 31, 1996 to $5.6 million.

Income taxes for the three months ended March 31, 1996 approximated $2.3 million and was based on a 40.5% effective tax rate in 1996.

Year Ended 1995 Compared to Year Ended 1994

Net sales increased by $82.7 million, or 41%, to a record $282.8 million in 1995 from $200.1 million in 1994. This increase includes $63.2 million in net sales of Hubbell since the acquisition at the beginning of the second quarter. The remaining net sales increase was attributable to sales growth from existing operations and new operations begun during 1995.

Cost of sales increased by $73.9 million, or 44%, to $240.3 in 1995 from $166.4 million in 1994. As a percentage of net sales, cost of sales increased to 85% of net sales from 83.2%. This increase was primarily due to lower margins attributable to sales from Hubbell and lower margins generated by start-up operations.

Selling, general and administrative expense increased by $4.6 million, or 26%, to $22.1 million in 1995 from $17.5 million in 1994. As a percentage of net sales, selling, general and administrative expense decreased to 7.8% from 8.8% in 1994 primarily as a result of the lower costs as a percentage of sales attributable to Hubbell.

Interest expense increased by $2.6 million primarily as a result of the Hubbell acquisition which resulted in higher average borrowings, in addition to higher interest rates compared to 1994 and additional borrowings resulting from higher inventory levels to service increased sales and capital expenditures.

As a result of the above, income before taxes increased by $1.6 million, or 11%, to a record $16.4 million in 1995 from $14.8 million in 1994.

Income taxes approximated $6.7 million in 1995, an effective rate of 40.7% in comparison with 40.5% for 1994.

Year Ended 1994 Compared to Year Ended 1993

Net sales increased by $32.2 million, or 19%, to $200.1 million in 1994 from $167.9 million in 1993. This increase reflects a 16% increase in tons sold attributed to an improving economy, increased auto production and improved demand for consumer durables, and the Company's efforts to increase market share. Selling prices also increased as a result of tighter steel markets and the Company's success in passing raw material price increases from steel mills through to customers.

Cost of sales increased by $27.8 million, or 20%, to $166.4 million in 1994 from $138.6 million in 1993. As a percentage of net sales, cost of sales increased to 83.2% of net sales from 82.5%. The Company was able to offset a portion of the raw material price increases not immediately passed on to its customers due to timing differences through continued improvements in productivity and yield.

Selling, general and administrative expense increased by $1.1 million, or 7%, to $17.5 million in 1994 from $16.4 million in 1993. This increase was primarily due to incentive-based compensation plans linked to the Company's sales and profitability and start-up expenses related to the new cold-rolled steel processing facility in Tennessee which began operations in late 1994. As a percentage of net sales, selling, general and administrative expenses decreased by 1% in 1994 primarily due to the Company's cost control programs.

Interest expense decreased by $247,000 to $1.4 million in 1994 as a result of initially lower debt levels in the earlier part of 1994 resulting from the application of the proceeds of the Company's initial public stock offering in November 1993, subsequently offset by additional borrowings resulting from increased inventory levels to service increased sales and capital expenditures.

Other income of $200,000 in 1993 was a result of a change in the year end of a subsidiary.

As a result of the above, income before taxes increased by $3.3 million, or 29%, to $14.8 million in 1994 from $11.5 million in 1993. As a percentage of net sales, income before taxes increased to 7.4% of sales in 1994 from 6.9% in 1993.

Income taxes approximated $6.0 million in 1994, an effective tax rate of 40.5%, during the Company's first full year as a C Corporation.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal capital requirements are to fund its working capital needs and raw material inventory requirements, and to fund acquisitions and the purchase and improvement of facilities, machinery and equipment. Historically, the Company has used income generated by operations as well as bank financing to fund these capital needs.

Net cash provided by operating activities primarily represents net income plus non-cash charges for depreciation and amortization and changes in working capital positions. Because of the capital intensive nature of the Company's business, non-cash charges for depreciation and amortization are substantial. Net cash provided by operating activities for 1993, 1994, 1995 and the three months ended March 31, 1996 was $10.1 million, $(8.6) million, $35.7 million and $1.3 million, respectively.

Net cash used by investing activities for 1993, 1994, 1995 and the three months ended March 31, 1996 was $6.6 million, $16.0 million, $35.0 million and $27.0 million, respectively. A significant portion of the net cash used for investment activities represents capital expenditures, such as the Company's investment in a new warehouse facility in 1993, a new steel processing facility in 1994 and the acquisitions of Hubbell Steel in April 1995 and CCHT in February 1996.

The estimated net proceeds of this offering (based upon an assumed public offering price of $20.25 per share and after deduction of underwriting discounts, commissions and expenses associated with this offering) will be approximately $37.6 million ($46.3 million if the Underwriters' over-allotment option is exercised in full). The Company intends to use the net proceeds of this offering to repay outstanding indebtedness under the Credit Facility. See "Use of Proceeds".

Upon consummation of this offering and application of the estimated net proceeds therefrom, aggregate borrowings outstanding under the Credit Facility are expected to be approximately $45.2 million. The Company anticipates that it will be able to satisfy such obligations out of funds generated from operations.

The availability under the Credit Facility after application of the estimated net proceeds of this offering is expected to be approximately $79.8 million. The Company believes that this availability, together with funds generated from operations, will be sufficient to provide the Company with the liquidity and capital resources necessary to fund its anticipated working capital requirements for at least the next twelve months. In addition, the Company believes that it will have the financial capability to incur additional long-term indebtedness if that becomes appropriate in connection with its internal and external expansion strategies. See "Risk Factors--Risks Associated with Future Expansion".

The Company has financed its Chattanooga facility with industrial revenue bonds in the aggregate amount of $8.0 million, repayable in equal monthly installments through May 2002. At March 31, 1996,

the outstanding principal amount of these bonds was approximately $7.0 million, bearing interest at an annual rate of LIBOR plus a fixed rate (6.0% at March 31, 1996). These bonds are secured by the Company's leasehold interest in the Chattanooga facility, as well as by fixtures and equipment located at such facility.

The Company's Credit Facility limits the amount of the Company's capital expenditures. The Company does not believe that these limitations will affect its ability to implement its internal growth and external expansion strategies.

EFFECTS OF INFLATION

The Company does not believe that inflation has had a material effect on its results of operations over the periods presented.

RECENT ACCOUNTING PRONOUNCEMENTS

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation". SFAS No. 123 establishes a fair-value-based method of accounting for stock-based compensation plans and encourages, but does not require, entities to adopt that method in place of the provisions of Accounting Principles Board Opinion ("APBO") No. 25, "Accounting for Stock Issued to Employees", for all arrangements under which employees receive shares of stock or other equity instruments of the employer or the employer incurs liabilities to employees in amounts based on the price of the stock. SFAS No. 123 also establishes fair value as the measurement basis for transactions in which an entity acquires goods or services from nonemployees in exchange for equity instruments.

An entity may continue to apply APBO No. 25 in accounting for stock-based employee compensation arrangements. However, entities doing so will be required to disclose pro forma net income and earnings per share determined as if the fair-value-based method established by SFAS No. 123 had been applied in measuring compensation cost.

The provisions of SFAS No. 123 are effective for fiscal years beginning after December 15, 1995. Following adoption of SFAS No. 123, the Company expects to continue measuring compensation cost for employee stock compensation plans in accordance with the provisions of APBO No. 25.

SEASONALITY

Historically, the Company has experienced stronger first half of the year results from its business, primarily due to customer scheduled plant shutdowns for vacations, holidays and automotive model changeovers in the third and fourth quarters.

BUSINESS

GENERAL

The Company, through its subsidiaries, is a leading processor of high value-added steel products. The Company's primary focus is on a broad range of products and services based on cold-rolled strip and coated sheet steel, and also heavy duty steel strapping. To complement these products and services, the Company offers specialized metallurgical heat treating services, operates two state-of-the-art materials management facilities, and has an equity interest in two commercial steel pickling operations.

Processed cold-rolled strip steel products comprise a segment of the cold-rolled sheet steel market that is defined by more precise widths, improved surface conditions and tighter gauge tolerances than are supplied by primary manufacturers of flat-rolled steel products. The Company's cold-rolled strip steel products are sold to manufacturers in the automotive, hand tool, appliance and hardware industries, as well as to other customers who demand critical specifications in their raw material needs. The Company's 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. The Company's strapping products are used in heavy duty industrial applications. Heat treating, which refines the metallurgical properties of steel and other metals, is required to achieve critical performance characteristics in a wide variety of consumer and industrial applications.

The following table sets forth the principal products and services provided by each of the business areas of the Company and their respective end-user markets.

BUSINESS AREA	PRODUCTS/SERVICES	END-USER MARKETS
Cold-rolled Strip Steel	Precision-rolled high and low carbon and alloy steel from 3/8" to 38" wide, .010" to .250" thick, with special edges and finishes on ribbon wound and oscillated coils	Automotive, hand tool, appliance, hardware
Coated Sheet Steel (Hubbell Steel)	Galvanized, galvalume and pre-painted sheet steel in coils and cut lengths	Metal buildings and roofs, HVAC, trailers
Heat Treating (CCHT)	Carburizing, martempering, gas nitriding, stress relieving, hardening, brazing and austempering of customer-owned parts and materials	Automotive, hardware, office equipment, military, consumer products
Strapping	High-tensile steel strapping, packaging supplies, tools and tool repairs	Steel, aluminum, forest products
Precision Metals	Hot-rolled, cold-rolled and coated sheets and coils which are slit, edged, cut-to-length and oscillated	Automotive, office equipment, power transmission, independent stampers, electrical
Materials Management	Inbound inspection, storage, just-in-time delivery, electronic data interchange and communication with supplier and end-user	Automotive
Pickling (Joint Venture)	Removal of oxide scale from hot-rolled steel, slitting, oiling and application of pre-lubes to customer-owned steel	Automotive, service centers, independent stampers

HISTORICAL GROWTH

The predecessor to the Company was established in 1972 by the late Dr. Kenneth E. Lipke to acquire a Buffalo-based company that provided cold-rolling services, distributed steel coils and blanks and manufactured and sold steel strapping. This business grew from approximately $9 million in net sales at the time of acquisition to approximately $22 million in fiscal 1975. In 1976, following the acquisition by the Company of three steel processing businesses, the Company had combined net sales of approximately $45 million. Over the next few years, the Company successfully integrated the acquired companies with its existing businesses, generating combined net sales of approximately $77 million in fiscal 1979.

During the period from 1980 through 1986, the Company focused on expanding internally and positioning its operations for continued growth. Advances implemented during this period include the addition of equipment that the Company considered integral to its growth strategy, including a 72-inch wide slitter for heavy gauge steel, a 60-inch wide slitter for light gauge steel, a 72-inch roll and cut line and a single head oscillator. In addition, the Company modernized certain of its rolling mills, added several new annealing furnaces and built an addition in which it installed a coil racking system at its precision metals facility. As a result of these internal expansion efforts and the economies realized following the integration of the acquired businesses, the Company generated net sales of approximately $103 million in fiscal 1986.

Since 1987, the Company has developed or acquired the following operations:

- The Company acquired a Cleveland based cold-rolling operation in December 1987. Since that time, this operation has increased its annual sales more than fivefold while reducing the amount of production space by approximately 29%.

- In 1989, the Company, through a subsidiary, became a minority joint venture partner in Samuel Steel Pickling. In 1995, this venture installed a second pickling line that more than doubled its steel pickling capacity from 360,000 to approximately 800,000 tons annually.

- The Company opened a materials management facility in Buffalo in 1990, providing inventory management, quality control and just-in-time delivery services to a major automobile manufacturer and certain other customers. The Company opened a second facility in Woodhaven, Michigan in 1995, intended primarily to service the same end-user.

- In 1993, the Company opened a warehouse facility in Brownsville, Texas to service a major customer and to expand its geographic presence to the southwestern United States and Mexico.

- The Company constructed a new steel processing facility in Chattanooga, Tennessee which became operational in late 1994. This facility will enable the Company to expand its geographic coverage and diversify its customer base in the southeastern United States.

- During April 1995, the Company acquired Hubbell Steel, a processor and supplier of galvanized, galvalume and pre-painted sheet steel products. This acquisition expanded the Company's product lines and provided it with access to the commercial and residential metal building industry.

- The Company acquired CCHT, a metallurgical heat treater, in February 1996. CCHT's services complement the existing products and services of the Company, provide access to new customers and expand its geographic coverage in the southeastern United States.

INDUSTRY OVERVIEW

Steel processors occupy a market niche that exists between primary steel producers and end-user manufacturers. Primary steel producers typically focus on the sale of standard size and tolerance steel to large volume purchasers, including steel processors. At the same time, end-user manufacturers require steel with closer tolerances and on shorter lead times than the primary steel producers can

provide efficiently. The Company believes that many end-user manufacturers are unwilling to commit to the investment in technology, equipment and labor required to further process steel for use in their manufacturing operations. The Company believes that these factors have caused many end-user manufacturers to find it more beneficial, from a cost, quality and manufacturing flexibility standpoint, to purchase more fully processed steel products from steel processors.

BUSINESS STRATEGY

Since the Company's first acquisition in 1972 of a Buffalo-based steel processor with approximately $9 million in sales, management's strategy has been to continuously grow and enhance the profitability of existing operations and to expand into related value-added businesses with long-term growth potential. The Company attributes its operating and financial success to its aggressive pursuit of this strategy, the key elements of which include the following:

Focus on High Value-Added, High Margin Products and Services: The Company concentrates on fully processed, high value-added steel products and services that typically generate high margins. This focus, together with the Company's ability to deliver consistently reliable products and services, has significantly contributed to profitability.

Commitment to Internal Growth and Continuous Cost Reductions: The Company has an ongoing commitment to grow and improve the profitability of its existing operations. To achieve this goal, management seeks to expand its existing product lines into new markets and related products and focuses on rigorous cost containment. The Company has made ongoing investments in new and existing production equipment to improve yield, lower overall manufacturing costs and expand capacity. Additionally, the Company seeks 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: The Company remains committed to expansion into related businesses that offer long-term growth potential while providing profits within a short period of time. Since its formation, the Company has pursued this strategy by starting up new ventures as well as acquiring existing businesses. In the last three years, the Company has developed or acquired six significant operations. Of these, five have contributed, or are expected to contribute, to the Company's net income within the first full year of operation and the new facility in Chattanooga is expected to be profitable within two years of start-up. In April 1993, the Company opened a warehouse facility in Brownsville, Texas to service a major customer and a growing industrial base in Mexico and the southwestern United States. The Company also built a new steel processing facility in Chattanooga, Tennessee, which it opened in late 1994 to service five manufacturing plants of two existing customers as well as other manufacturers in the region's expanding automobile and appliance industries. During April 1995, the Company acquired Hubbell Steel, a Franklin Park, Illinois based supplier of galvanized, galvalume and pre-painted sheet steel products. During the third quarter of 1995, the Company opened a new materials management facility in Woodhaven, Michigan which more than doubled the Company's capacity to over 950,000 tons per year. Also during the third quarter of 1995, the Company's joint venture opened its second pickling operation, which increased its total pickling capacity to approximately 800,000 tons per year. Finally, in February 1996, the Company acquired CCHT, a metallurgical heat treater serving the southeastern United States. The Company believes that there are numerous attractive acquisition candidates and plans to pursue strategic acquisitions of businesses whose operations and product lines are complementary to those of the Company, with an emphasis on expanding its geographic coverage and diversifying its customer base.

Dedication to Quality, Service and Customer Satisfaction: The Company is dedicated to providing its customers with high quality products for just-in-time delivery, enabling it to establish strong

relationships with existing customers as well as attract new customers. Accordingly, the Company has made significant investments in state-of-the-art equipment, technology and facilities. In addition, the Company utilizes an experienced team of skilled computer technicians and managers to provide solutions to its customers' inventory control problems. The Company has an inventory control system that allows customers to directly enter orders, monitor work in progress and receive invoices electronically. In addition, the Company has received preferred supplier awards from many of its customers, including each of the major domestic automobile manufacturers. These awards include the Chrysler Pentastar Award, the Ford Q1 Award and GM's Target for Excellence Award. The Company also was informed by Emerson Electric Company that it has been selected as an Emerson Distinguished Supplier for 1995.

PRODUCTS AND SERVICES

The Company utilizes any one or a combination of 20 different processes and services to produce and deliver a variety of products on a just-in-time basis to industrial manufacturers and fabricators in the automotive, automotive supply, hand tool, steel, appliance, metal building, communications, hardware, electrical, leisure time, machinery and office equipment industries. The Company focuses on fully processed, high value-added steel products and services, which it believes results in high profit margins and enhanced profitability.

COLD-ROLLED STRIP STEEL

Consistent with the Company's strategy of focusing on high value-added products and services, the Company produces a broad range of fully processed cold-rolled strip steel products. The Company buys wide, open tolerance sheet steel in coils from primary steel producers and processes it to specific customer orders by performing such computer-aided processes as cold reduction, annealing, edge rolling, roller leveling, 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. Roller leveling applies pressure across the width of the steel to achieve precise flatness tolerances. Slitting is the cutting of steel to specified widths. Depending on customer specifications, one or more of these processes are utilized to produce steel strip of a precise grade, temper, tolerance and finish. Customers for the Company's strip steel products include manufacturers in the automotive, hand tool, appliance, hardware and other industries.

The Company has committed to substantially increase its cold-rolling capacity at its Cleveland operation through the construction of a new rolling mill. The Company believes that this new mill, with a design capacity of approximately 120,000 tons per year and a maximum rolling width of 50 inches, will be the widest mill for the production of cold-rolled strip steel in North America, increasing productivity and yield and reducing raw materials costs. Start-up of the new mill is expected in late 1997.

The Company operates ten rolling mills at its facilities in Cleveland, Ohio, Chattanooga, Tennessee and Buffalo, New York, and believes it is one of only a few steel processors capable of rolling widths of up to 38 inches. The Company has the capability to process coils up to a maximum 72-inch outside diameter, a size increasingly in demand by customers. Equipment at these facilities includes a computerized, three-stand, four-high tandem mill and nine single-stand, two- and four- high mills. The Company's rolling mills include a hydraulic roll force system and an automatic gauge control system which is linked to a statistical process control computer, allowing microsecond adjustments during processing. The Company's computerized mills enable it to satisfy industry demand for a 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.

The Company's rolling facilities are further complemented by 15 high convection annealing furnaces, which allow for shorter annealing times than conventional annealers. The Company's three newest 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 its annealing capabilities, the Company is able to produce cold-rolled strip with improved consistency in terms of thickness, hardness, molecular grain structure and surface.

The Company can produce certain of its strip steel products on oscillated coils, which wind steel strip similar to winding thread on a spool. Oscillating the steel strips enables the Company 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 the Company to achieve higher margins on oscillated products. To the Company's knowledge, only a few other steel processors are able to produce oscillated coils, and the Company is not aware of any competitor that can produce up to a 12,000 pound oscillated coil, which is the maximum size produced by the Company.

OTHER PROCESSED METALS PRODUCTS AND SERVICES

Hubbell Steel. In April 1995, the Company acquired Hubbell Steel. From its plant in Franklin Park, Illinois, Hubbell Steel supplies coated sheet steel, including galvanized, galvalume and pre-painted products which Hubbell Steel slits and cuts to length to customer specifications. Hubbell Steel's products are sold primarily to over 400 customers in the commercial and residential metal building industry for use in pre-fabricated buildings and metal roofs. The Company believes that Hubbell Steel has the largest sales volume in galvalume products of any steel processor in the United States. Hubbell Steel operates an office in Monterrey, Mexico, through which it sells products to customers in Mexico. A Hubbell Steel subsidiary, Mill Transportation Company ("MTC"), operates 23 terminals, including a major storage facility in Charleston, S.C. Through contract owner-operators, MTC provides transportation services for steel and other products.

Carolina Commercial Heat Treating. In February 1996, the Company acquired CCHT. At four facilities located in North Carolina, South Carolina, Tennessee and Georgia, CCHT provides metallurgical heat treating services, including case-hardening, surface-hardening and through-hardening processes, for customers in a wide variety of industries. Using methods such as annealing, flame hardening, vacuum hardening, carburizing and nitrating, as well as a host of other services, CCHT can harden, soften or otherwise impart desired properties on parts made of steel, copper, and various alloys and other metals. In addition, CCHT offers a variety of brazing services to join metallic objects together. All parts treated by CCHT are customer-owned. CCHT maintains a metallurgical laboratory at each facility, 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. CCHT maintains a fleet of trucks and trailers to provide rapid turnaround time for its customers.

Precision Metals. The Company operates two precision metals facilities in Buffalo, New York and Chattanooga, Tennessee for flat-rolled steel and other processed metal products that are sold to manufacturers in the automotive, hand tool, appliance, electronics and other industries. In addition to slitting and cutting to length, the Company's precision metals facilities produce higher value-added products that are held to close tolerances and tight specifications through cold-rolling, annealing, oscillating and edge rolling. The Buffalo facility also incorporates a coil storage racking system that holds over 1,200 coils, allowing instant access with a stacker crane, thereby resulting in less coil damage than typical pyramid stacking.

Materials Management. The Company operates 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. The Company's 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. The Company inspects the steel and stores it in a climate-controlled environment on a specialized stacker crane and rack system. When an order is placed, the Company is capable of delivering the steel to the end-user manufacturer within one hour using Company-owned trucks that have been custom designed to facilitate the loading and unloading process.

These facilities have a proprietary computer system that links the primary steel producer with the end-user manufacturer and also links 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.

The Company believes its 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.

The Company's materials management facilities primarily service Ford. See "Risk Factors--Reliance on Certain Customers".

Cleveland Pickling Joint Venture. Through a subsidiary, the Company is a minority partner in Samuel Steel Pickling Company, a Cleveland-based steel pickling operation.

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. Samuel Steel Pickling pickles steel on a toll basis, receiving fees for its services without acquiring ownership of the steel. Substantially all of the steel processed by the Company's Cleveland operation and a small amount of steel processed by the Company's Buffalo operations are pickled at Samuel Steel Pickling.

In 1995, Samuel Steel Pickling installed a second pickling operation, more than doubling its capacity from 360,000 to approximately 800,000 tons annually.

STEEL STRAPPING PRODUCTS

Steel strapping is banding and packaging material that is used to close and reinforce shipping units such as bales, boxes, cartons, coils, crates and skids. The Company is one of three major domestic manufacturers of high tensile steel strapping, which is used in heavy duty applications. High tensile steel strapping is subject to strength requirements imposed by the American Association of Railroads ("AAR") 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, aluminum, paper and lumber where reliability of the packaging material is critical to the safe transport of the product.

The Company's strapping facility, located in Buffalo, New York, is ISO-9002 certified. This facility manufactures high tensile steel strapping by slitting, oscillating, heat treating, painting and packaging

cold-rolled coils. In pursuit of its business strategy, the Company focuses on high value-added strapping products and superior customer service. Through consistent equipment upgrades and employee-driven productivity improvements, this facility has been able to maintain high quality products while reducing costs and increasing yields.

Steel strapping is cold-rolled to precise gauge on the Company's rolling mills, which incorporate hydraulic screw downs and automatic gauge controls with statistical charting. This process ensures strapping of the most uniform gauge available and produces the maximum amount of strapping per pound of steel. All products are tested hourly by on-site laboratory personnel for width, thickness and metallurgical properties. The facility's detailed attention to the manufacturing process and product testing results in the production of high quality strapping that meets or exceeds AAR specifications.

To meet the differing needs of its customers, the Company offers its strapping products in various thicknesses, widths and coil sizes. The Company also seeks to offer innovative products to its customers, including custom color and printed strapping. In addition, the Company offers related strapping products, such as seals and tools. At the request of customers, the Company is also able to manufacture tensional strapping for lighter duty applications.

QUALITY CONTROL

The Company places great importance on providing its customers with high quality products for critical use applications. By carefully selecting its raw material vendors and using computerized inspection and analysis, the Company ensures that the steel that enters its production processes will be able to meet the most critical specifications of its customers. The Company uses carefully documented procedures at all steps of the production process, along with statistical process control systems linked directly to processing equipment, to monitor and ensure that such specifications are met. Physical, chemical and metallographic analyses are performed at all stages of the production process to verify that mechanical and dimensional properties, cleanliness, surface characteristics and chemical content are within specification. The Company has received numerous awards and citations from its customers recognizing its ability to consistently produce high quality products, including the Chrysler Pentastar Award, the Ford Q1 Award and the GM Target for Excellence Award, which are among the most prestigious awards in the automotive industry. In addition, the Company was recently notified by Emerson Electric Co. that it has been selected as an Emerson Distinguished Supplier for 1995.

MANAGEMENT INFORMATION SYSTEMS; INVENTORY MANAGEMENT

The Company operates a proprietary data processing system to purchase, monitor and allocate inventory throughout its production facilities, enabling it to effectively manage inventory costs and consistently achieve a high annual inventory turnover rate. For the 12 months ended March 31, 1996, the Company's inventory turned approximately five times.

The system also includes a computerized order entry system enabling customers to link their computer system to the Company's system 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 the Company. A number of key customers have taken advantage of this service, and the Company believes the availability of this service is becoming an important consideration in customers' purchasing decisions.

In addition, the Company has linked its production equipment to its 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 the Company's ability to analyze costs on an ongoing basis and allows for expeditious response time on quotation requests.

SUPPLIERS AND RAW MATERIALS

Steel processing companies are required to maintain substantial inventories of raw materials to accommodate the short lead times and just-in-time delivery requirements of their customers. Accordingly, the Company generally maintains its inventory of raw materials at levels that it believes are sufficient to satisfy the anticipated needs of its customers based upon historic buying practices and market conditions. The primary raw material utilized by the Company in its processing operations is flat-rolled steel. The Company purchases flat-rolled steel at regular intervals from a number of suppliers; however, a majority of its steel is purchased from twelve major North American suppliers. The Company has no long-term commitments with any of its suppliers. The Company believes that it has adequate sources of supplies of raw materials for its operations. See "Risk Factors--Impact of Changing Steel Prices".

TECHNICAL SERVICES

The Company employs a staff of engineers and other technical personnel and maintains fully-equipped, modern laboratories to support its operations. These facilities enable the Company to verify, analyze and document the physical, chemical, metallurgical and mechanical properties of its raw materials and products. Technical service personnel also work in connection with the Company's sales force to determine the types of flat-rolled steel required for the needs of the Company's customers.

SALES AND MARKETING

The Company has 25 salespeople located in Buffalo, New York; Cleveland, Ohio; Detroit, Michigan; Bloomfield Hills, Michigan; Chicago, Illinois; Chattanooga, Tennessee; Charlotte, North Carolina and Bethlehem, Pennsylvania and one independent sales representative located in Simsbury, Connecticut. This marketing staff is supported by a vice president of sales for each of the Company's principal product lines, as well as by technical services and metallurgical personnel. This approach enables the Company to provide a specific sales focus on each of its principal product lines. In addition, the Company's Executive Vice President-Commercial acts as a coordinator of all sales activities.

CUSTOMERS AND DISTRIBUTION

The Company services more than 3,400 customers located primarily in the midwestern, northeastern and southeastern United States, Mexico and Ontario, Canada. In 1995, sales to automakers and automotive supply manufacturers accounted for approximately 17% and 34%, respectively, of net sales. The Company also sells its products to customers in the steel, appliance, hand tool, metal building, communications, hardware, electrical, leisure time, machinery and office equipment industries.

The Company manufactures its products almost exclusively to customer order rather than for inventory. Although the Company negotiates annual sales orders with a majority of its customers, these orders are subject to customer confirmation as to product amounts and delivery dates.

The Company's largest customer is GM which, through its various subsidiaries and affiliates, accounted for approximately 16%, 14% and 11% of the Company's net sales in 1993, 1994 and 1995, respectively. No other customer of the Company represented more than 10% of the Company's net sales during this period. See "Risk Factors--Reliance on Certain Customers". The Company's export sales were primarily to customers in Canada and Mexico and accounted for approximately 9%, 7% and 6% of net sales in 1993, 1994 and 1995, respectively, and 6% for the first three months of 1995 and 1996.

COMPETITION

The steel processing market is highly competitive and fragmented. The Company principally competes with a small number of other steel processors who also focus on fully processed, high value-added steel products. The Company competes on the basis of the precision and range of achievable tolerances, quality, price and the ability to meet delivery schedules dictated by customers. The Company's principal competitors are Worthington Industries, Inc. and Steel Technologies, Inc., each of which may have greater financial and other resources than the Company.

The only other major domestic manufacturers of high tensile steel strapping are Acme Metals Incorporated and Signode Corporation, a subsidiary of Illinois Tool Works Inc., each of whom may have greater financial and other resources than the Company.

Hubbell Steel competes with a small number of other companies, some of which may have greater financial and other resources.

CCHT competes with a large number of small competitors. See "Risk Factors--Competition".

EMPLOYEES

At March 31, 1996, the Company employed 887 people. Approximately 171 of the Company's hourly plant personnel are represented by Local No. 55 of the United Automobile Workers under two separate contracts at the precision metals facility and the Buffalo-based cold-rolled strip steel and strapping facility, which expire in April 1997 and July 1999, respectively. In addition, under a contract which expires in February 1998, approximately 25 hourly plant personnel are represented by the Local Union No. 101, Chicago Truck Drivers, Helpers and Warehouse Workers at the Hubbell Steel facility. The Company has never experienced a work stoppage. The Company believes that its relationship with its employees is good.

Approximately 700 of the Company's employees participate in performance-based incentive compensation programs. The Company is committed to such programs because it believes such programs motivate employees to enhance profitability.

BACKLOG

Because of the nature of the Company's products and the short lead time order cycle, backlog is not a significant factor in the Company's business. The Company believes that substantially all of its backlog of firm orders existing on March 31, 1996 will be shipped prior to the end of 1996.

PROPERTIES

The Company currently operates 16 facilities located in New York, Michigan, Ohio, Texas, Illinois, South Carolina, North Carolina, Tennessee and Georgia and, through a subsidiary, is a minority partner in a joint venture with two operations in Ohio.

The Company believes that its primary existing facilities, listed below, and equipment are effectively utilized, well maintained, in good condition and, together with planned capital expenditures, will be able to accommodate its capacity needs through 1999.

LOCATION	FUNCTION	SQUARE FOOTAGE	OWNED OR LEASED
Buffalo, NY.....	Headquarters	23,000	Leased
Cleveland, OH.....	Cold-rolled strip steel processing	226,200	Leased
Buffalo, NY.....	Precision metals processing; warehouse	207,000	Owned
North Charleston, SC..	Distribution warehouse	190,000	Leased
Cheektowaga, NY.....	Cold-rolled strip steel processing and strapping products	148,000	Owned
Tonawanda, NY.....	Cold-rolled strip steel and precision metals processing	128,000	Owned
Woodhaven, MI.....	Materials management facility	100,000	Owned
Franklin Park, IL.....	Coated sheet steel and precision metals processing	99,000	Owned
Fountain Inn, SC.....	Heat treating services	77,400	Leased
Chattanooga, TN.....	Steel processing	65,000	Owned
Lackawanna, NY.....	Materials management facility	65,000	Leased
Reidsville, NC.....	Heat treating services	53,500	Leased
Morristown, TN.....	Heat treating services	24,200	Owned
Conyers, GA.....	Heat treating services	18,700	Leased
Brownsville, TX.....	Distribution warehouse	15,000	Leased
Charlotte, NC.....	Administrative offices	3,400	Leased
Dearborn, MI.....	Strapping tool products	3,000	Owned

GOVERNMENTAL REGULATION

The Company's processing centers and manufacturing facilities are subject to many federal, state and local requirements relating to the protection of the environment. The Company believes that it is in material compliance with all environmental laws, does not anticipate any material expenditures to meet environmental requirements and does not believe that future compliance with such laws and regulations will have a material adverse effect on its results of operations or financial condition.

CERCLA and similar state superfund statutes generally impose joint and several liability on present and former owners and operators, transporters and generators for remediation of contaminated properties regardless of fault. The Company has been designated, along with others, as a potentially responsible party under CERCLA, or comparable state statutes, at one site. Based on the facts currently known to the Company, management expects that those costs to the Company of remedial actions at the site where it has been named a potentially responsible party will not have a material adverse effect on the Company's results of operations or financial condition.

The Company's 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. The Company believes that it is in material compliance with these laws and regulations and does not believe that future compliance with such laws and regulations will have a material adverse effect on its results of operations or financial condition.

LEGAL PROCEEDINGS

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

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth certain information regarding the directors and executive officers of the Company:

NAME	AGE	POSITION(S) HELD
Brian J. Lipke(a).....	44	Chairman of the Board, President, Chief Executive Officer and Director
Neil E. Lipke(a).....	39	Executive Vice President--Marketing and Director
Walter T. Erazmus.....	49	Executive Vice President--Finance, Chief Financial Officer, Secretary and Treasurer
Joseph A. Rosenecker....	52	Executive Vice President--Commercial
Carl P. Spezio.....	51	Executive Vice President--Manufacturing
Curtis W. Lipke(a).....	41	Vice President--Corporate Development and Director
Joseph W. Wark.....	65	Vice President--Automotive
Eric R. Lipke(a).....	36	Vice President--Transportation
Gerald S. Lippes(b)(c)..	56	Director
Arthur A. Russ, Jr.(b)..	53	Director
David N. Campbell(b)....	54	Director
William P. Montague(c)..	49	Director

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(a)Brian J. Lipke, Neil E. Lipke, Curtis W. Lipke and Eric R. Lipke are brothers.
(b)Member of the Audit Committee.
(c)Member of the Compensation Committee.

The Board of Directors of the Company 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 Curtis W. Lipke and David N. Campbell expire in 1997; the terms of office of Neil E. Lipke and Gerald S. Lippes expire in 1998; and the terms of office of Brian J. Lipke, Arthur A. Russ, Jr. and William P. Montague expire in 1996. All officers serve at the discretion of the Board of Directors.

Brian J. Lipke has been Chairman of the Board, President, Chief Executive Officer and a director of the Company since its formation. He has been President and Chief Executive Officer of Gibraltar Steel Corporation of New York ("Gibraltar New York"), a predecessor and current subsidiary of the Company, since 1987, and has been in charge of the Company's 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 director of Dunlop Tire Corporation and a member of the Chase Manhattan Bank, N.A. Regional Advisory Board.

Neil E. Lipke has been an Executive Vice President--Marketing and a director of the Company since its formation. 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.

Walter T. Erazmus has been Executive Vice President--Finance and Chief Financial Officer of the Company since November 1994 and of Gibraltar New York since 1977 and has served as Secretary and Treasurer of the Company since its formation. He was Vice President--Finance and Chief Financial Officer of the Company from its formation to November 1994.

Joseph A. Rosenecker has been Executive Vice President--Commercial of the Company since November 1994. He served as Vice President--Sales of the Company from its 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 Executive Vice President--Manufacturing of the Company since November 1994. Prior thereto, he was Vice President--Manufacturing and Quality Control of the Company since its 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.

Curtis W. Lipke has been Vice President--Corporate Development and a director of the Company since its formation and the director of Gibraltar New York's Strapping Division since 1989. Prior thereto, Mr. Lipke held various positions with Gibraltar New York, primarily in the areas of sales and divisional management.

Joseph W. Wark has been Vice President--Automotive of the Company since its formation and has been in charge of automotive sales for Gibraltar New York since 1986.

Eric R. Lipke has been Vice President--Transportation of the 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.

Gerald S. Lippes has served as a director of the Company since its 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. Mr. Lippes is also a director of Mark IV Industries, Inc.

Arthur A. Russ, Jr. has served as a director of the Company since its formation. He has been engaged in the private practice of law since 1969 and is a member of the firm of Albrecht, Maguire, Heffern & Gregg, P.C., Buffalo, New York.

David N. Campbell has served as a director of the Company since the consummation of the Company's initial public offering in November 1993. Since July 1995, Mr. Campbell has served a President of BBN Systems Technologies, a networking technology company based in Cambridge, Massachusetts. From November 1994 to July 1995, he served as Chairman of the Board of Dunlop Tire Corporation, and prior thereto, from March 1984 to September 1994, he served as the Chairman of the Board and Chief Executive Officer of Computer Task Group, Incorporated. Mr. Campbell is also a director of National Fuel Gas Company and an advisory director of First Empire State Corporation.

William P. Montague has served as a director of the Company since consummation of its 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 1, 1996, as President of said company. He is also a director of International Imaging Materials, Inc. and a member of the Chase Manhattan Bank, N.A. Regional Advisory Board.

BOARD COMMITTEES

The Board of Directors has a Compensation Committee, which makes recommendations concerning salaries and incentive compensation for employees of and consultants to the Company, and an Audit Committee, which reviews the results and scope of the audit and other services provided by the Company's independent auditors.

DIRECTORS' COMPENSATION

All directors other than directors who are employees of the Company receive a retainer of $12,000 per year. In addition, each such director also receives a fee of $1,000 for each Board of Directors or committee meeting attended and is reimbursed for any reasonable expenses incurred in attending such meetings.

EXECUTIVE COMPENSATION

The following table sets forth certain information with respect to the compensation paid by the Company for services rendered during the years ended December 31, 1993, 1994 and 1995 for the chief executive officer and the other four most highly compensated executive officers of the Company. The amounts shown include compensation for services rendered in all capacities.

SUMMARY COMPENSATION TABLE

		ANNUAL COMPENSATION			LONG-TERM COMPENSATION	
NAME AND PRINCIPAL POSITION	FISCAL YEAR	SALARY	BONUS	OTHER ANNUAL COMPEN-SATION	SECURITIES UNDERLYING OPTIONS/ SARS	ALL OTHER COMPEN-SATION(A)
Brian J. Lipke..... Chairman of the Board,	1995	$215,000	$140,000	--	--	$ 3,844
President	1994	204,750	110,000	--	15,000(b)	8,154
and Chief Executive Officer	1993	332,292	101,000	$798	--	10,591
Joseph A. Rosenecker... Executive Vice	1995	153,000	215,620	--	12,500(c)	9,524
President--	1994	153,000	207,605	--	10,000(c)	10,208
Commercial	1993	152,000	168,846	798	37,500(c)	9,783
Joseph W. Wark..... Vice President--	1995	175,000	171,174	--	--	7,938
Automotive	1994	177,692	124,428(d)	--	10,000(c)	9,934
	1993	239,519	52,800(d)	488	25,000(c)	9,882
Neil E. Lipke..... Executive Vice	1995	183,474	115,000	--	--	7,186
President	1994	140,000	85,000	--	10,000(b)	8,016
and Director	1993	274,868	58,000	632	--	9,180
Walter T. Erazmus..... Executive Vice	1995	152,548	130,000	--	12,500(c)	8,069
President--	1994	141,025	85,000	--	10,000(c)	9,350
Finance, Secretary and Treasurer	1993	110,641	78,000	798	37,500(c)	7,364

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(a) Composed of: (i) the allocation in 1995 of contributions made by the Company pursuant to the Gibraltar Steel Corporation of New York Profit Sharing Plan in the amount of $3,318 to the account of each of Messrs. Brian J. Lipke, Rosenecker, Wark, Neil E. Lipke and Erazmus; (ii) the matching contributions made by the Company in 1995 pursuant to the Gibraltar Steel Corporation of New York 401(k) Retirement Savings Plan to Messrs. Brian J. Lipke, Rosenecker, Wark, Neil E. Lipke and Erazmus in the amount of $0, $4,620, $4,620, $3,868 and $3,963, respectively; and (iii) the payment in 1995 of insurance premiums on term life insurance policies provided for Messrs. Brian J. Lipke, Rosenecker, Wark, Neil E. Lipke and Erazmus in the amount of $526, $1,586, $0, $0 and $788, respectively.

(b) Represents options issued to Messrs. Brian J. Lipke and Neil E. Lipke pursuant to the Non-Qualified Plan (as hereinafter defined).

(c) Represents options granted to Messrs. Rosenecker, Wark and Erazmus pursuant to the Incentive Plan (as hereinafter defined).

(d) Includes sales commissions paid to Mr. Wark in the sum of $115,428 in 1994 and $52,800 in 1993.

OPTIONS GRANTED IN LAST FISCAL YEAR

The following table contains information concerning the grant of stock options in 1995 to the executives named in the table above. The exercise price of all such options is equal to the market value of Common Stock on the date of the grant.

NAME AND PRINCIPAL POSITION	NUMBER OF SECURITIES UNDERLYING OPTIONS/SARS GRANTED	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE PRICE PER SHARE	EXPIRATION DATE	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM	
					5%(b)	10%(c)
Brian J. Lipke, Chairman of the Board, President and Chief Executive Officer.....	--	--	--	--	--	--
Joseph A. Rosenecker, Executive Vice President--Commercial.....	12,500	16.67%	$11.00	11/05/05	$ 86,473	$ 219,140
Joseph W. Wark, Vice President--Automotive.....	--	--	--	--	--	--
Neil E. Lipke, Executive Vice President and Director.....	--	--	--	--	--	--
Walter T. Erazmus, Executive Vice President--Finance, Secretary and Treasurer.....	12,500	16.67%	$11.00	11/05/05	$ 86,473	$ 219,140

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(a) Options granted pursuant to the Incentive Plan and the Non-Qualified Plan become exercisable in cumulative annual increments of 25% beginning one year from the date of grant; however, in the event of certain extraordinary transactions, including a change of control of the Company, the vesting of such options would automatically accelerate.

(b) Represents the potential appreciation of the options, determined by assuming an annual compounded rate of appreciation of 5% per year over the ten-year term of the grants, as prescribed by the rules. The amount set forth above is not intended to forecast future appreciation, if any, of the stock price. There can be no assurance that the appreciation reflected in this table will be achieved.

(c) Represents the potential appreciation of the options, determined by assuming an annual compounded rate of appreciation of 10% per year over the ten-year term of the grant. The amounts set forth above are not intended to forecast future appreciation, if any, of the stock price. There can be no assurance that the appreciation reflected in this table will be achieved.

AGGREGATE OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

The following table sets forth information concerning the exercise of options during 1995 and unexercised options held at the end of 1995 by the executives named above.

	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FISCAL YEAR END		VALUE OF UNEXERCISED IN THE MONEY OPTIONS AT FISCAL YEAR END(A)	
	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Brian J. Lipke, Chairman of the Board, President and Chief Executive Officer.....	3,750	11,250	$ 7,969	$23,906
Joseph A. Rosenecker, Executive Vice President--Commercial.....	21,250	38,750	26,407	51,095
Joseph W. Wark, Vice President--Automotive.....	15,000	20,000	19,375	30,001
Neil E. Lipke, Executive Vice President and Director.....	2,500	7,500	5,313	15,938
Walter T. Erazmus, Executive Vice President--Finance, Secretary and Treasurer.....	21,250	38,750	26,407	51,095

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(a) Represents the difference between $12.125, the closing market value of Common Stock as of December 31, 1995, and the exercise price of such options.

EMPLOYMENT AGREEMENT

Pursuant to an Employment Agreement effective as of November 1, 1993 between the Company and Brian J. Lipke (the "Employment Agreement"), Mr. Lipke will serve as Chairman of the Board, President and Chief Executive Officer of the Company at an annual base salary of $195,000, subject to annual adjustment as determined by the Compensation Committee in its discretion. Currently, Mr. Lipke's salary is $235,000 per year. In addition to his base salary, Mr. Lipke will be eligible to participate in the Company's bonus compensation plans and other employee benefit plans available to the Company's executive officers. The Employment Agreement has an initial term of five years, which automatically is extended for an additional one-year period on each anniversary date, unless either party gives notice of intent to terminate.

The Employment Agreement provides that if the Company terminates Mr. Lipke without cause, he shall be entitled to receive a lump sum benefit equal to 2 1/2 times his total cash compensation for the 12-month period immediately preceding the date of his termination.

The Employment Agreement further provides for severance benefits upon a change in control of the Company. Events that trigger a "change in control" under the Employment Agreement include (i) certain consolidations or mergers, (ii) certain sales or transfers of substantially all of the Company's assets, (iii) the approval of the Company's shareholders of a plan of dissolution or liquidation of the Company, (iv) the acquisition of 20% or more of the Company's outstanding common stock by certain persons (other than the Company's executive officers and directors, whether individually or as a group) and (v) certain changes in the membership of the Company's Board of Directors. If Mr. Lipke's employment is terminated within three years of a change in control, he may be entitled to receive a

lump sum severance payment equal to $100 less than three times the average of his total cash compensation during the three-year period immediately preceding his termination, plus medical, disability and life insurance benefits for the rest of his life. The payments and benefits otherwise payable in the event of a change in control are subject to an overall limitation so that the value thereof would not constitute parachute payments that would be subject to excise tax payments or corporate deduction disallowance under the Code. In addition, upon a termination of Mr. Lipke's employment other than by the Company for cause and other than voluntarily by Mr. Lipke, if he becomes entitled to receive benefits under any of the Company's tax-qualified retirement plans (the "Plans"), he will be entitled to receive from the general assets of the Company an additional benefit computed as if the Plans were not subject to any applicable limits imposed on such plans by the Code or the Employee Retirement Income Security Act of 1974, as amended.

If Mr. Lipke dies during the term of the Employment Agreement, in addition to any death benefits payable under life insurance maintained by the Company and any death benefits payable under the Company's employee benefit plans, the Company will pay to the estate of Mr. Lipke a death benefit equal to 50% of his annual base salary plus an amount equal to all bonuses he would have received through the end of the then current fiscal year. If he becomes permanently disabled, Mr. Lipke will be entitled to receive from the Company annual benefits equal to his base salary, subject to a cap of $200,000 (adjusted for cost of living increases), less amounts received under any pension, profit sharing or disability plan or insurance policy.

In the event Mr. Lipke's employment with the Company is terminated other than for cause, the Company will continue to provide medical, disability and life insurance benefits to Mr. Lipke for life, subject to reduction to the extent he receives such benefits from other sources.

Mr. Lipke has agreed in the Employment Agreement that, in the event he terminates his employment other than following a change in control, he will not, for a period of one year after the date of termination, participate in any "competitive operation," as defined in the Employment Agreement.

EMPLOYEE PLANS

Non-Qualified Stock Option Plan: The Company maintains the Gibraltar Steel Corporation Non-Qualified Stock Option Plan (the "Non-Qualified Plan") and has reserved 400,000 shares of Common Stock for issuance thereunder. Under the terms of the Non-Qualified Plan, options may be granted to officers and employees of the Company as well as to non-employee directors and advisors. The Company has granted options under the Non-Qualified Plan to certain of its officers and directors to purchase an aggregate of 200,000 shares of Common Stock. All of such options are exercisable pro rata over a four-year period commencing upon consummation of this offering at an exercise price equal to the initial public offering price of Common Stock. In the event of certain extraordinary transactions, including a change of control of the Company, vesting of such options would automatically accelerate.

Incentive Stock Option Plan: The Company's Gibraltar Steel Corporation Incentive Stock Option Plan (the "Incentive Plan"), authorizes grants to officers and other key employees of the Company and its subsidiaries of stock options that are intended to qualify as "incentive stock options" within the meaning of Section 422 of the Code. The Incentive Plan authorizes the granting of stock options for up to an aggregate of 600,000 shares (of which 200,000 shares are subject to stockholder approval). Options granted under the Incentive Plan become exercisable over a four-year period at the rate of 25% per year commencing one year from the date of grant at an exercise price of not less than 100% of the fair market value of the Common Stock on the date of grant. The options will expire ten years from the date of grant. The Company has granted to certain of its officers options to purchase an aggregate of 215,000 shares of Common Stock. In the event of certain extraordinary transactions, including a change of control of the Company, the vesting of such options would automatically accelerate.

Restricted Stock Plan: Gibraltar Steel Corporation Restricted Stock Plan (the "Restricted Stock Plan") has reserved for issuance 100,000 shares of Common Stock to be issued upon the grant of restricted stock awards thereunder. Under the terms of the Restricted Stock Plan, the Compensation Committee may grant to employees of the Company and its subsidiaries restricted stock awards to purchase shares of Common Stock at a purchase price of $.01 per share. Such shares, when and if issued, are subject to restrictions on transfer and to risk of forfeiture until the shares become vested. Grantees who remain continuously employed with the Company or its subsidiaries become vested in their shares five years after the date of the grant, or earlier upon death, disability, retirement or other special circumstances. No awards have been made under the Restricted Stock Plan. The restrictions on any such stock awards automatically lapse in the event of certain extraordinary transactions, including a change of control of the Company.

Executive Incentive Bonus Plan: In September 1993, the Company adopted the Gibraltar Steel Corporation Executive Incentive Bonus Plan (the "Bonus Plan") to provide an incentive compensation program to its executive officers commencing with the quarter ending March 31, 1994. The Bonus Plan provides for a quarterly bonus pool (the "Bonus Pool") in an amount equal to the lesser of (a) 60% of the aggregate base compensation of the participating executive officers; or (b) 15% of the Company's net income before taxes and any incentive bonuses for the quarter on which the bonuses are based. The Bonus Pool is then adjusted as follows: 50% of the Bonus Pool is available for bonus allocations regardless of the Company's performance; 25% is available only if the Company satisfied its operating profit goal for the quarter as established by the Board of Directors; and 25% is available only if the Company satisfies its return on equity goal for the quarter as established by the Board of Directors. Within these parameters, the Compensation Committee determines the amount to be paid to each officer, considering such factors as the officer's performance during the quarter and the Company's overall performance during the quarter.

Profit Sharing Plans: Gibraltar Steel Corporation and certain of its subsidiaries maintain profit sharing plans covering certain salaried and hourly employees. Employer contributions are subject to determination by the Board of Directors each year.

401(k) Plans: Gibraltar Steel Corporation and certain of its subsidiaries also maintain 401(k) retirement savings plans covering certain salaried and hourly employees who have completed at least six months of service. Employees may contribute up to 10% of their annual compensation, subject to an annual limitation as adjusted by the Code. Employee contributions may be matched by the Company as determined by the Board of Directors prior to the beginning of each calendar year.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of the executive officers of the Company serve on the compensation committee of another entity or on any other committee of the board of directors of another entity performing similar functions.

CERTAIN TRANSACTIONS

On March 6, 1996, (i) 26,455 shares of Common Stock beneficially owned by Eric R. Lipke were sold to Gerald S. Lippes, a director of the Company, (ii) 26,455 shares of Common Stock beneficially owned by Neil E. Lipke were sold to William P. Montague, a director of the Company and (iii) 26,455 shares of Common Stock beneficially owned by Brian J. Lipke were sold to a third party, not affiliated with the Company. In each of these private resale transactions, the shares of Common Stock were sold at $12.60 per share, reflecting an approximate 10% discount from the approximate then-current NASDAQ price to account for, among other things, the limited transferability of such shares of Common Stock, which are "restricted" for purposes of Rule 144 under the Securities Act.

The Lipke Family, the Lipke Trusts, the Estate of Kenneth E. Lipke (collectively the "Lipke Interests") and the Company have entered into an Indemnification Agreement relating to their respective tax liabilities. The agreement provides, among other things, for (a) the indemnification by the Company of the Lipke Interests against all losses, liabilities, interest, penalties, attorneys' and accountants' fees resulting from any additional federal or state income taxes imposed upon the Lipke Interests as a result of any change in S Corporation income of any of the subsidiaries of the Company for any period in which any such subsidiary was treated for federal and certain state income tax purposes as an S Corporation (the "S Corporation Periods"); and (b) indemnification of the Company by the Lipke Interests against certain liabilities and losses with respect to federal and state income taxes, including interest (but excluding penalties and attorneys' and accountants' fees), resulting from any decrease in the S Corporation income of the Lipke Interests from any of such subsidiaries during the S Corporation Periods.

The law firm of Albrecht, Maguire, Heffern & Gregg, P.C., of which Arthur A. Russ, Jr. is a member, provided services to the Company in 1995 and the current year. Mr. Russ also serves as a trustee of the Lipke Trusts, which hold shares of 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.

The law firm of Lippes, Silverstein, Mathias & Wexler LLP, of which Gerald S. Lippes is a partner, provided services to the Company in 1995 and the current year.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock as of April 30, 1996, and as adjusted to reflect the sale of 2,000,000 shares of Common Stock by the Company and the sale of 1,000,000 shares of Common Stock by the Selling Stockholders, by (i) each person who is known by the Company to own beneficially more than five percent of the outstanding Common Stock; (ii) each director of the Company; (iii) each executive officer of the Company; and (iv) all current directors and executive officers and directors of the Company as a group.

	BENEFICIAL OWNERSHIP PRIOR TO OFFERING			BENEFICIAL OWNERSHIP AFTER OFFERING	
NAME	NUMBER(A)	PERCENTAGE	SHARES OFFERED	NUMBER	PERCENTAGE
Brian J. Lipke(b)(c).....	1,303,298	12.60%	200,000	1,103,298	8.94%
Eric R. Lipke(b)(d).....	1,301,148	12.58	200,000	1,101,148	8.92
Neil E. Lipke(b)(e).....	1,300,248	12.57	200,000	1,100,248	8.92
Curtis W. Lipke(b)(f).....	1,314,203	12.71	200,000	1,114,203	9.03
Meredith A. Lipke-de Blok(b)(g).....	1,313,503	12.70	200,000	1,113,503	9.02
Patricia K. Lipke(b)(h).....	844,485	8.17	--	844,485	6.84
Walter T. Erazmus(b)(i).....	27,052	*	--	27,052	*
Joseph A. Rosenecker(b)(j)..	25,594	*	--	25,594	*
Carl P. Spezio(b)(k).....	24,915	*	--	24,915	*
Joseph W. Wark(b)(l).....	16,603	*	--	16,603	*
Gerald S. Lippes(m)..... 700 Guaranty Building 28 Church Street Buffalo, New York 14202	61,768	*	--	61,768	*
Arthur A. Russ, Jr.(n)..... 2100 Main Place Tower Buffalo, New York 14202	28,813	*	--	28,813	*
William P. Montague(o)..... 501 John James Audubon Pky. P.O. Box 810 Amherst, New York 14226	51,268	*	--	51,268	*
David N. Campbell(p)..... 800 Delaware Avenue Buffalo, New York 14202	15,313	*	--	15,313	*
All Directors and Executive Officers as a Group (12 persons)(q).....	5,470,223	52.90	800,000	4,670,223	37.85

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* Less than 1%.

(a) 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 him, except to the extent that authority is shared by spouses under applicable law.

(b) The address of each of the executive officers listed in the Summary Compensation Table, Meredith A. Lipke-de Blok, Carl P. Spezio, Curtis W. Lipke, Eric R. Lipke and Patricia K. Lipke is 3556 Lake Shore Road, P.O. Box 2028, Buffalo, New York 14219-0228.

(c) Includes (i) 1,275,948 shares of Common Stock held by two trusts for the benefit of Brian J. Lipke (of which 200,000 shares are being sold in this offering), (ii) 1,800 shares of Common Stock held by a trust for the benefit of the daughter of Brian J. Lipke, (iii) 1,800 shares of Common Stock held in a custodial account for the benefit of the daughter of Brian J. Lipke and (iv) 3,750 shares of Common Stock issuable under currently exercisable options pursuant to the Non-Qualified Plan. Excludes 11,250 shares of Common Stock issuable under options granted to Brian J. Lipke pursuant to the Non-Qualified Plan which are not exercisable within 60 days. Also excludes (i) 842,985 shares of Common Stock held by the Trust U/W of Kenneth E. Lipke f/b/o Patricia K. Lipke (the "Kenneth E. Lipke Trust"), 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) 4,934,182 shares of Common Stock held by several trusts for the benefit of each of Neil E. Lipke, Curtis W. Lipke, Eric R. Lipke and Meredith A. Lipke-de Blok, 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-de Blok, 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) 1,800 shares of Common Stock held by a trust for the benefit of the daughter of Meredith A. Lipke-de Blok, 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) 900 shares of Common Stock held by a trust for the benefit of the son 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.

(d) Includes (i) 1,222,568 shares of Common Stock held by a trust for the benefit of Eric R. Lipke (of which 200,000 shares are being sold in this offering), (ii) 900 shares of Common Stock held by a trust for the benefit of the son of Eric R. Lipke and (iii) 2,500 shares of Common Stock issuable under currently exercisable options granted to Eric R. Lipke pursuant to the Non-Qualified Plan. Excludes 7,500 shares of Common Stock issuable under options granted to Eric R. Lipke pursuant to the Non-Qualified Plan which are not exercisable within 60 days. Also excludes (i) 1,215,068 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-de Blok, 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) 1,800 shares of Common Stock held by a trust for the benefit of the daughter 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.

(e) Includes (i) 1,228,568 shares of Common Stock held by a trust for the benefit of Neil E. Lipke (of which 200,000 shares are being sold in this offering) and (ii) 2,500 shares of Common Stock issuable under currently exercisable options granted to Neil E. Lipke pursuant to the Non-Qualified Plan. Excludes 7,500 shares of Common Stock issuable under options granted to Neil E. Lipke pursuant to the Non-Qualified Plan which 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-de Blok, 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) 1,800 shares of Common Stock held by a trust for the benefit of the daughter 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) 900 shares of Common Stock held by a trust for the benefit of the son 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.

(f) Includes (i) 1,241,523 shares of Common Stock held by a trust for the benefit of Curtis W. Lipke (of which 200,000 shares are being sold in this offering) and (ii) 2,500 shares of Common Stock

issuable under currently exercisable options granted to Curtis W. Lipke pursuant to the Non-Qualified Plan. Excludes 7,500 shares of Common Stock issuable under options granted to Curtis W. Lipke pursuant to the Non-Qualified Plan which 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-de Blok, 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) 1,800 shares of Common Stock held by a trust for the benefit of the daughter of Meredith A. Lipke-de Blok, 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) 1,800 shares of Common Stock held by a trust for the benefit of the daughter 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) 900 shares of Common Stock held by a trust for the benefit of the son 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.

(g) Includes (i) 1,300,603 shares of Common Stock held by three trusts for the benefit of Meredith A. Lipke-de Blok (of which 200,000 shares are being sold in this offering), (ii) 3,600 shares of Common Stock held in a custodial account for the benefit of the daughter of Meredith A. Lipke-de Blok and (iii) 1,800 shares of Common Stock held by a trust for the benefit of the daughter of Meredith A. Lipke-de Blok. Excludes 60,880 shares of Common Stock held by a trust for the benefit of Brian J. Lipke, as to which Meredith A. Lipke-de Blok serves as one of five trustees and shares voting and investment power and as to which she disclaims beneficial ownership.

(h) Includes 842,985 shares of Common Stock held by the Kenneth E. Lipke Trust. Excludes 1,800 shares of Common Stock held by a trust for the benefit of the daughter of Meredith A. Lipke-de Blok, as to which Patricia K. Lipke serves as one of four trustees and shares voting and investment power and as to which she disclaims beneficial ownership.

(i) Includes (i) 21,250 shares of Common Stock issuable under currently exercisable options granted to Mr. Erazmus under the Incentive Plan, (ii) 800 shares of Common Stock held by an Individual Retirement Account for the benefit of Mr. Erazmus, (iii) 500 shares of Common Stock held by an Individual Retirement Account for the benefit of the spouse of Mr. Erazmus and (iv) 1,502 shares of Common Stock allocated to Mr. Erazmus's self-directed account under the Company's 401(k) Retirement Savings Plan. Excludes 38,750 shares of Common Stock issuable under options granted to Mr. Erazmus pursuant to the Incentive Plan which are not exercisable within 60 days.

(j) Includes 21,250 shares of Common Stock issuable under currently exercisable options granted to Mr. Rosenecker under the Incentive Plan and (ii) 1,844 shares of Common Stock allocated to Mr. Rosenecker's self-directed account under the Company's 401(k) Retirement Savings Plan. Excludes 38,750 shares of Common Stock issuable under options granted to Mr. Rosenecker pursuant to the Incentive Plan which are not exercisable within 60 days.

(k) Includes (i) 21,250 shares of Common Stock issuable under currently exercisable options granted to Mr. Spezio under the Incentive Plan and (ii) 1,638 shares of Common Stock allocated to Mr. Spezio's self-directed account under the Company's 401(k) Retirement Savings Plan. Excludes 38,750 shares of Common Stock issuable under options granted to Mr. Spezio pursuant to the Incentive Plan which are not exercisable within 60 days.

(l) Includes (i) 15,000 shares of Common Stock issuable under currently exercisable options granted to Mr. Wark under the Incentive Plan and (ii) 1,603 shares of Common Stock allocated to Mr. Wark's self-directed account under the Company's 401(k) Retirement Savings Plan. Excludes 20,000 shares of Common Stock issuable under options granted to Mr. Wark pursuant to the Incentive Plan which are not exercisable within 60 days.

(m) Includes 25,313 shares of Common Stock issuable under currently exercisable options granted to Mr. Lippes pursuant to the Non-Qualified Plan. Excludes 25,937 shares of Common Stock

issuable under options granted to Mr. Lippes pursuant to the Non-Qualified Plan which are not exercisable within 60 days.

(n) Includes (i) 25,313 shares of Common Stock issuable under currently exercisable options granted to Mr. Russ pursuant to the Non-Qualified Plan and (ii) an aggregate of 1,500 shares of Common Stock held by three (3) trusts for the benefit of Mr. Russ' children as to each of which Mr. Russ serves as a trustee. Excludes 25,937 shares of Common Stock issuable under options granted to Mr. Russ pursuant to the Non-Qualified Plan which are not exercisable within 60 days. Also excludes an aggregate of (i) 6,149,250 shares of Common Stock owned by the Lipke Trusts, 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 and (ii) 842,985 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.

(o) Includes 12,813 shares of Common Stock issuable under currently exercisable options granted to Mr. Montague pursuant to the Non-Qualified Plan. Excludes 13,437 shares of Common Stock issuable under options granted to Mr. Montague pursuant to the Non-Qualified Plan which are not exercisable within 60 days.

(p) Includes 12,813 shares of Common Stock issuable under currently exercisable options granted to Mr. Campbell pursuant to the Non-Qualified Plan. Excludes 13,437 shares of Common Stock issuable under options granted to Mr. Campbell pursuant to the Non-Qualified Plan which are not exercisable within 60 days.

(q) Includes options to purchase an aggregate of 78,750 shares of Common Stock issuable to certain executive officers under the Incentive Plan and an aggregate of 87,502 shares of Common Stock issuable to certain executive officers and directors under the Non-Qualified Plan, all of which are exercisable within 60 days. Excludes options to purchase an aggregate of 136,250 shares of Common Stock issued to certain executive officers under the Incentive Plan and an aggregate of 112,498 shares of Common Stock issued to certain executive officers and directors under the Non-Qualified Plan, none of which are exercisable within 60 days.

DESCRIPTION OF CAPITAL STOCK

Upon consummation of this offering, the authorized capital stock of the Company will consist of 50.0 million shares of Common Stock and 10.0 million shares of preferred stock, $.01 par value per share (the "Preferred Stock"). As of May 1, 1996, there were 10,173,900 shares of Common Stock issued and outstanding. Upon completion of this offering, there will be 12,173,900 shares of Common Stock issued and outstanding, assuming no exercise of the Underwriters' over-allotment option. There are no shares of the Company's Preferred Stock outstanding.

COMMON STOCK

The issued and outstanding shares of Common Stock are, and the shares being offered by the Company hereby will be, upon payment therefor, duly authorized, validly issued, fully paid and nonassessable. Each outstanding share of Common Stock entitles the holder to one vote on all matters submitted to a vote of stockholders. The holders of outstanding shares of Common Stock are entitled to receive dividends out of assets legally available therefor at such times and in such amounts as the Board of Directors may from time to time determine. See "Dividend Policy". The shares of Common Stock are neither redeemable nor convertible, and the holders thereof have no preemptive or subscription rights to purchase any securities of the Company. Upon liquidation, dissolution or winding up of the Company, the holders of Common Stock are entitled to receive pro rata the assets of the Company which are legally available for distribution, after payment of all debts and other liabilities and subject to the prior rights of any holders of preferred stock then outstanding. 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. See "Risk Factors--Control by Certain Stockholders; Anti-Takeover Provisions".

PREFERRED STOCK

The Board of Directors is authorized, subject to any limitations prescribed by law, to issue the Preferred Stock in one or more classes or series and to fix the designations, powers, preferences, rights, qualifications, limitations or restrictions of any such class or series. Presently, no shares of Preferred Stock are outstanding.

CERTAIN EFFECTS OF AUTHORIZED BUT UNISSUED STOCK

Under the Company's Certificate of Incorporation, upon consummation of this offering (assuming no exercise of the Underwriters' over-allotment option) there will be 36,926,100 shares of Common Stock and 10,000,000 shares of Preferred Stock available for future issuance without stockholder approval. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital or to facilitate corporate acquisitions. See "Risk Factors--Risks Associated with Future Expansion".

One of the effects of the existence of unissued and unreserved Common Stock and Preferred Stock may be to enable the Board of Directors to issue shares to persons friendly to current management, which could render more difficult or discourage an attempt to obtain control of the Company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of the Company's management. Such additional shares also could be used to dilute the stock ownership of persons seeking to obtain control of the Company.

The Board of Directors is authorized without any further action by the stockholders to determine the rights, preferences, privileges and restrictions of the unissued Preferred Stock. The purpose of authorizing the Board of Directors to determine such rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The Board of Directors may issue Preferred Stock with voting and conversion rights which could adversely affect the voting power of the holders of Common Stock, and which could, among other things, have the effect of delaying, deterring or preventing a change in control of the Company.

The Company currently has no plans to issue additional shares of Common Stock or Preferred Stock other than shares of Common Stock which may be issued upon the exercise of options which have been granted or which may be granted in the future to the Company's employees or directors.

CERTAIN PROVISIONS OF THE CERTIFICATE OF INCORPORATION AND BY-LAWS

The Certificate of Incorporation of the Company provides that the Company shall indemnify each officer and director of the Company to the fullest extent permitted by applicable law. The Certificate of Incorporation also provides that, to the fullest extent permitted by the Delaware General Corporation Law, a director of the Company shall not be liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director.

The Certificate of Incorporation and By-Laws of the Company contain certain provisions that are intended to enhance the likelihood of continuity and stability in the composition of the Company's Board of Directors and which may have the effect of delaying, deterring or preventing a future takeover or change in control of the Company unless such takeover or change in control is approved by the Company's Board of Directors. Such provisions may also render the removal of the current Board of Directors and of management more difficult.

Pursuant to the Certificate of Incorporation, the Board of Directors of the Company is divided into three classes serving staggered three-year terms. 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 capital stock of the Company entitled to vote generally in the election of directors (the "Voting Stock"), voting together as a single class. Vacancies on the Board of Directors may only be filled by the remaining directors and not by the stockholders.

The 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 stockholders of the Company. In general, notice must be received by the Company 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.

Special meetings of stockholders may be called only by the Chairman of the Board, the President of the Company or a majority of the Board of Directors. The Certificate of Incorporation provides that stockholders may act only at an annual or special meeting and stockholders may not act by written consent.

The 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 the Company's Certificate of Incorporation) of the Company 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. The Certificate of Incorporation 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 the Company's stockholders to exercise veto powers over such amendments, alterations, changes or repeals.

DELAWARE ANTI-TAKEOVER LAW

The Company is a Delaware corporation subject to the provisions of Section 203 of the Delaware General Corporation Law. Section 203 provides that, with certain exceptions, a Delaware corporation may not engage in any of a broad range of "business combinations" with a person or affiliate or associate of such person who is an "interested stockholder" for a period of three years from the date that such person became an interested stockholder unless: (a) the transaction resulting in a person's becoming an interested stockholder or the business combination is approved by the board of directors of the corporation before the person became an interested stockholder; (b) the interested stockholder acquires 85% or more of the outstanding voting stock of the corporation in the same transaction that makes it an interested stockholder (excluding shares owned by persons who are both officers and directors of the corporation and shares held by employee stock ownership plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer); or (c) on or after the date the person becomes an interested stockholder, the business combination is approved by the corporation's board of directors and by the holders of at least 66 2/3% of the corporation's outstanding voting stock at an annual or special meeting, excluding shares owned by the interested stockholder.

Under Section 203, the restrictions described above also do not apply to certain business combinations proposed by an interested stockholder following the announcement or notification of one of certain extraordinary transactions involving the corporation and a person who had not been an interested stockholder during the previous three years or who became an interested stockholder with the approval of a majority of the corporation's directors, if such extraordinary transaction is approved or not opposed by a majority of the directors who were directors prior to any person becoming an interested stockholder during the previous three years or were recommended for election or elected to succeed such directors by a majority of such directors.

An "interested stockholder" is defined as any person that is (a) the owner of 15% or more of the outstanding voting stock of the corporation; or (b) an affiliate or associate of the corporation and was

the owner of 15% or more of the outstanding voting stock of the corporation at any time within the three-year period immediately prior to the date on which it is sought to be determined whether such person is an interested stockholder.

A "business combination" is defined to encompass a wide variety of transactions with or committed by an interested stockholder in which the interested stockholder receives or could receive a benefit on other than a pro rata basis with other stockholders, including mergers, certain asset sales, certain issuances of additional shares to the interested stockholder, transactions with the corporation which increase the proportionate interest in the corporation directly owned by the interested stockholder, transactions with the corporation which increase the proportionate interest in the corporation directly owned by the interested stockholder or transactions in which the interested stockholder receives certain other benefits.

Section 203 could have the effect of delaying, deterring or preventing a change of control of the Company. The Company's stockholders, by adopting an amendment to the Certificate of Incorporation or By-Laws of the Company, may elect not to be governed by Section 203, effective 12 months after adoption. Neither the Certificate of Incorporation nor the By-Laws of the Company currently exclude the Company from the restrictions imposed by Section 203.

TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for the Common Stock is American Stock Transfer & Trust Company, New York, New York.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, the Company will have 12,173,900 shares of Common Stock outstanding (assuming no exercise of the Underwriters' over-allotment option). Of these shares, the 3,000,000 shares of Common Stock (3,450,000 shares if the Underwriters' over-allotment option is exercised in full) sold in this offering, plus 2,662,900 shares sold in the Company's initial public offering in November 1993 (other than any shares sold then or subsequently to, and not resold by, any Affiliates, as defined below), will be freely transferable by persons other than Affiliates without restriction or further registration under the Securities Act. 7,461,959 shares of outstanding Common Stock (the "Affiliate Shares") are held by "affiliates" of the Company, as that term is defined under the Securities Act ("Affiliates"), of which 52,910 shares are also "restricted securities" within the meaning of Rule 144 under the Securities Act; an additional 26,455 shares of Common Stock, held by a third party not affiliated with the Company, are also "restricted securities" (together, "Restricted Shares"). The Restricted Shares may not be sold in the absence of registration under the Securities Act unless an exemption from registration is available, including the exemption afforded by Rule 144, as described below. The Affiliate Shares also may not be sold in the absence of registration under the Securities Act unless an exemption from registration is available; however, due to the length of time for which they have been held by the Affiliates, the Affiliate Shares (other than the 52,910 shares which are also Restricted Shares) are transferable, subject to the Lock-up Agreements described below, in accordance with the volume and other requirements (but not the holding period requirement) of Rule 144.

In general, under Rule 144 as currently in effect, a person (or persons whose shares are aggregated) who has beneficially owned shares for at least two years, including an Affiliate, is entitled to sell, within any three-month period, a number of shares that does not exceed the greater of 1% of the then outstanding Common Stock or the average weekly trading volume in the Common Stock in composite trading on all exchanges during the four calendar weeks preceding such sale. A person (or persons whose shares are aggregated) who is not deemed an Affiliate and who has beneficially owned shares for at least three years is entitled to sell such shares under Rule 144 without regard to the volume limitations described above.

The Securities and Exchange Commission has recently proposed amendments to Rule 144 and 144(k) that would permit resales of Restricted Shares under Rule 144 after a one-year, rather than a two-year holding period, subject to compliance with the other provisions of Rule 144, and would permit resale of such Common Stock by non-affiliates under Rule 144(k) after a two-year, rather than a three-year holding period. Adoption of such amendments could result in resales of any existing or future Restricted Shares sooner than would be the case under Rule 144 and 144(k) as currently in effect.

The Company, each of its directors and executive officers, the Selling Stockholders and certain other stockholders of the Company have entered into Lock-up Agreements wherein they have agreed not to offer, sell, contract to sell or otherwise dispose of, directly or indirectly, or announce the offering of, any shares of Common Stock or any securities convertible into or exchangeable or exercisable for shares of Common Stock, except for the shares of Common Stock offered hereby, and, in the case of the Company, shares issuable pursuant to employee benefit plans, for a period of 90 days from the date of this Prospectus, without the prior written consent of the Representative.

The Company has reserved 400,000 shares of Common Stock to be issued under its Non-Qualified Plan and 400,000 shares to be issued under its Incentive Plan; the Board of Directors has approved, subject to stockholder approval, an increase in the number of shares issuable under the Incentive Plan to an aggregate of 600,000 shares. Options to purchase an aggregate of 200,000 and 215,000 shares of Common Stock, respectively, are currently outstanding under the Non-Qualified Plan and the Incentive Plan.

UNDERWRITING

Upon the terms and subject to the conditions set forth in the Underwriting Agreement, the Company and the Selling Stockholders have agreed to sell to each of the Underwriters named below (the "Underwriters"), for whom Salomon Brothers Inc is acting as Representative, and each of the Underwriters has severally agreed to purchase from the Company and the Selling Stockholders, the respective number of shares of Common Stock set forth opposite its name below:

UNDERWRITER	NUMBER OF SHARES
Salomon Brothers Inc.....	
Smith Barney Inc.....	
Total.....	3,000,000

In the Underwriting Agreement, the several Underwriters have agreed, subject to the terms and conditions set forth therein, to purchase all of the above-listed shares of Common Stock offered hereby (other than the shares of Common Stock covered by the Underwriters' over-allotment option described below) if any such shares are purchased. In the event of a default by any Underwriter, the Underwriting Agreement provides that, in certain circumstances the purchase commitments of the non defaulting Underwriters may be increased or the Underwriting Agreement may be terminated.

The Company and the Selling Stockholders have been advised by the Representative that the several Underwriters propose initially to offer the shares of Common Stock to the public at the public offering price set forth on the cover page of this Prospectus, and to certain dealers at such price less a concession not in excess of $. per share. The Underwriters may allow, and such dealers may reallow, a concession not in excess of $. per share to other dealers. After this initial offering, the public offering price and such concessions may be changed.

The Company has granted to the Underwriters an option, exercisable during the 30-day period after the date of this Prospectus, to purchase up to 450,000 additional shares of Common Stock from the Company at the same price per share as the initial shares of Common Stock to be purchased by the Underwriters. The Underwriters may exercise such option only to cover over-allotments, if any, in the sale of the shares of Common Stock that the Underwriters have agreed to purchase. To the extent that the Underwriters exercise such option, each Underwriter will have a firm commitment, subject to certain conditions, to purchase the same proportion of the option shares as the number of shares of Common Stock to be purchased and offered by such Underwriter in the above table bears to the total number of shares of Common Stock initially offered by the Underwriters hereby.

The Company, each of its directors and executive officers, the Selling Stockholders and certain other stockholders of the Company have agreed not to offer, sell, contract to sell or otherwise dispose of, directly or indirectly, or announce the offering of, any other shares of Common Stock, or any securities convertible into or exchangeable for shares of Common Stock, except the shares of Common Stock offered hereby, for a period of 90 days following the commencement of this offering, without the prior written consent of the Representative. See "Shares Eligible for Future Sale".

In connection with this offering, certain Underwriters and selling group members who are qualifying registered market makers on NASDAQ may engage in passive market making transactions in Common Stock on NASDAQ in accordance with Rule 10b-6A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), during the two business day period before commencement of offers or sales of Common Stock in this offering. Passive market making transactions must comply with certain volume and price limitations and must be identified as such. In general, a passive market maker may display its bid at a price not in excess of the highest independent bid for the security, and if all independent bids are lowered below the passive market maker's bid, then such bid must be lowered when certain purchase limits are exceeded.

The Underwriting Agreement provides that the Company and the Selling Stockholders will indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act, or contribute to payments the Underwriters may be required to make in respect thereof.

LEGAL MATTERS

The validity of the issuance of the shares of Common Stock offered hereby will be passed upon for the Company by Lippes, Silverstein, Mathias & Wexler LLP, Buffalo, New York. Certain legal matters related to this offering will be passed upon for the Underwriters by Skadden, Arps, Slate, Meagher & Flom, New York, New York.

Gerald S. Lippes, a partner of Lippes, Silverstein, Mathias & Wexler LLP, is a director of the Company, and beneficially owns 36,455 shares and has been awarded options to purchase an additional 51,250 shares of Common Stock. See "Management--Employee Plans--Non-Qualified Stock Option Plan".

EXPERTS

The consolidated financial statements of the Company as of December 31, 1994 and 1995 and for each of the three years in the period ended December 31, 1995 included in this Prospectus have been so included in reliance upon the report of Price Waterhouse LLP, independent accountants, given on the authority of said firm as experts in accounting and auditing. The financial statements of Hubbell Steel as of December 31, 1993 and 1994 and for each of the two years in the period ended December 31, 1994 included in this Prospectus have been so included in reliance upon the report of KPMG Peat Marwick LLP, independent accountants, given on the authority of said firm as experts in accounting and auditing. The financial statements of CCHT as of December 31, 1994 and 1995 and for each of the two years in the period ended December 31, 1995 included in this Prospectus have been so included in reliance upon the report of Scharf Pera & Co., independent accountants, given on the authority of said firm as experts in accounting and auditing.

ADDITIONAL INFORMATION

The Company is subject to the information reporting requirements of the Exchange Act, and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy amendments and other information filed by the Company may be examined without charge at, or copies obtained upon payment of prescribed fees from, the Public Reference Section of the Commission at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W. Washington, D.C. 20549 and are also available for inspection and copying at the regional offices of the Commission located at Seven World Trade Center, New York, New York 10048 and at Northwest Atrium Center, 500 West Madison Street, Chicago, Illinois 60661.

The Company has filed with the Commission a Registration Statement on Form S-1 (herein, together with all amendments and exhibits, referred to as the "Registration Statement") under the Securities Act with respect to the shares of Common Stock offered pursuant to this Prospectus. This Prospectus does not contain all of the information, exhibits and undertakings contained in the Registration Statement, to which reference is hereby made. For further information concerning the Company and the shares of Common Stock offered hereby, reference is made to the Registration Statement, which may be examined without charge at, or copies obtained upon payment of prescribed fees from, the Commission and its regional offices at the locations listed above. Any statements contained herein concerning the provisions of any document are not necessarily complete, and in each instance reference is made to the copy of such document filed as an exhibit to the Registration Statement or otherwise filed with the Commission. Each such statement is qualified in its entirety by such reference.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Gibraltar Steel Corporation

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income and shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Gibraltar Steel Corporation and its subsidiaries at December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles. 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 generally accepted auditing standards 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.

Price Waterhouse LLP
Buffalo, New York January 25, 1996

GIBRALTAR STEEL CORPORATION
CONSOLIDATED BALANCE SHEET
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	DECEMBER 31,	
	1995	1994
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,123	$ 1,124
Accounts receivable	35,634	26,007
Inventories	45,274	41,988
Other current assets	1,964	1,433
Total current assets	86,995	70,552
Property, plant and equipment, net	67,275	52,503
Other assets	13,153	3,325
	$167,423	$126,380
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 25,845	$ 19,025
Accrued expenses	2,367	1,987
Current maturities of long-term debt	1,214	740
Deferred income taxes	54	276
Total current liabilities	29,480	22,028
Long-term debt	57,840	37,918
Deferred income taxes	9,251	5,544
Other non-current liabilities	608	494
Shareholders' equity		
Preferred shares, $.01 par value; authorized: 10,000,000 shares; none outstanding	--	--
Common shares, $.01 par value; authorized: 50,000,000 shares; issued and outstanding: 10,173,900 shares in 1995 and 10,162,900 in 1994	102	102
Additional paid-in capital	28,803	28,677
Retained earnings	41,339	31,617
Total shareholders' equity	70,244	60,396
	$167,423	$126,380

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

GIBRALTAR STEEL CORPORATION
CONSOLIDATED STATEMENT OF INCOME
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	YEAR ENDED DECEMBER 31,		
	1995	1994	1993
Net sales	$ 282,833	$ 200,142	$ 167,883
Cost of sales	240,370	166,443	138,559
Gross profit	42,463	33,699	29,324
Selling, general and administrative expense	22,095	17,520	16,390
Income from operations	20,368	16,179	12,934
Other income (expense):			
Interest expense	(3,984)	(1,374)	(1,621)
Other income, net	--	--	200
	(3,984)	(1,374)	(1,421)
Income before taxes	16,384	14,805	11,513
Income taxes:			
Taxes on income	6,662	5,996	1,200
Reinstatement of deferred income taxes	--	--	5,100
	6,662	5,996	6,300
Net income	$ 9,722	$ 8,809	$ 5,213
Net income per share	$ .96	$ .87	
Pro forma (unaudited):			
Income before taxes			$ 11,513
Pro forma interest savings			818
Pro forma provision for taxes			4,994
Pro forma net income			$ 7,337
Pro forma net income per share			$ .72
Weighted average shares outstanding (Pro forma at December 31, 1993)	10,163,817	10,162,900	10,162,900

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,		
	1995	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 9,722	$ 8,809	$ 5,213
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	4,538	3,445	3,399
Provision for deferred taxes	218	676	5,100
Equity investment income	(641)	(882)	(909)
Dividends from equity investment	275	377	370
(Gain) loss on disposition of property and equipment	(146)	(37)	(177)
Increase (decrease) in cash resulting from changes in (net of effects from acquisition in Hubbell):			
Accounts receivable	838	(6,451)	1,137
Inventories	17,979	(13,354)	(6,633)
Other current assets	(503)	(390)	(232)
Accounts payable and accrued expenses	3,390	(497)	3,835
Other assets	70	(318)	(1,026)
Net cash provided by (used in) operating activities	35,740	(8,622)	10,077
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Hubbell, net of cash acquired	(20,859)	--	--
Purchases of property, plant and equipment	(14,504)	(16,171)	(10,468)
Proceeds from sale of property and equipment	317	173	1,817
Proceeds from sale of marketable securities	--	--	131
Payments received on mortgages and notes receivable, net	--	--	1,913
Net cash used in investing activities	(35,046)	(15,998)	(6,607)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of notes payable	--	--	(8,598)
Long-term debt reduction	(64,527)	(15,381)	(17,832)
Proceeds from notes payable	--	--	3,848
Proceeds from long-term debt	66,832	39,860	10,242
Net proceeds from initial public stock offering	--	--	26,061
Distributions to shareholders	--	--	(17,252)
Net cash provided by (used in) financing activities	2,305	24,479	(3,531)
Net increase (decrease) in cash and cash equivalent	2,999	(141)	(61)
Cash and cash equivalents at beginning of year	1,124	1,265	1,326
Cash and cash equivalents at end of year	$ 4,123	$ 1,124	$ 1,265

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

GIBRALTAR STEEL CORPORATION
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	COMMON SHARES		ADDITIONAL PAID-IN	RETAINED
	SHARES	AMOUNT	CAPITAL	EARNINGS
Balance at December 31, 1992	--	$--	$ 2,718	$ 35,292
Net income	--	--	--	5,213
Distributions to shareholders	--	--	--	(17,697)
Reorganization	7,500,000	75	(75)	--
Public sale of common shares at $11 per share, net	2,662,900	27	26,034	--
Balance at December 31, 1993	10,162,900	102	28,677	22,808
Net income	--	--	--	8,809
Balance at December 31, 1994	10,162,900	102	28,677	31,617
Net income	--	--	--	9,722
Issuance of common shares to profit sharing plan at $11.50 per share	11,000	--	126	--
Balance at December 31, 1995	10,173,900	$102	$28,803	$ 41,339

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF THE BUSINESS

Gibraltar Steel Corporation is an intermediate steel processor which primarily supplies high quality flat rolled steel to industrial customers, located in the midwest, northeast and southeast United States, Canada and Mexico, who require steel of precise thickness, width, length, edge, shape, surface finish and temper for their own manufacturing processes.

SHAREHOLDERS' EQUITY

In November 1993, Gibraltar Steel Corporation issued 7,500,000 of its common shares to the shareholders of several companies under common control in a tax-free exchange for all of their outstanding common shares (the Reorganization). Since the combining entities were under common control, the historical cost basis was used in these consolidated financial statements.

Immediately after the Reorganization, Gibraltar Steel Corporation completed its initial public offering of 2,662,900 common shares. The net proceeds from the offering of approximately $26,061,000 were used for the repayment of debt.

In December 1995, the Company issued 11,000 of its common shares as a contribution to one of its profit sharing plans.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Gibraltar Steel Corporation and its wholly-owned subsidiaries (the Company) and require the use of management's estimates for preparation in conformity with generally accepted accounting principles. Significant intercompany accounts and transactions have been eliminated.

The effect of changing the accounting year end of a subsidiary from October 31 to a calendar year end was to include $200,000 of net income of that subsidiary in other income for the year ended December 31, 1993.

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 by using the first-in, first-out method.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost and are 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 $683,000, $361,000 and $113,000 was capitalized in 1995, 1994 and 1993, respectively.

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

Prior to the Reorganization and the initial public offering, certain subsidiaries were taxed as S Corporations under the provisions of the Internal Revenue Code and where permitted for state purposes. Accordingly, no provision was made for income taxes for these subsidiaries and taxable income was taxed directly to shareholders.

In November 1993, the Company terminated the S Corporation status of the applicable subsidiaries and became fully subject to corporate income taxes on its earnings as a C Corporation. A final distribution was paid to pre-public offering shareholders in the amount of $10,485,000, which represented the Company's undistributed S Corporation earnings at the time of the S Corporation termination. Total distributions to pre-public offering shareholders for the year ended December 31, 1993 aggregated $17,697,000, including a dividend in kind of approximately $445,000.

Upon termination of S Corporation status, $5,100,000 in cumulative deferred tax liabilities were reinstated with an offsetting charge to net income.

The financial statements of the Company have been prepared using the assets 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.

EARNINGS PER SHARE

Net income per share in 1995 and 1994 is based upon the weighted average number of shares outstanding during the year. As certain of the subsidiaries were S Corporations during 1993 and were not subject to Federal and State income taxes, historical per share data for 1993 is not considered meaningful, and accordingly, has not been presented. See Note 15 for discussion of unaudited pro forma per share data.

2. ACQUISITION

On April 3, 1995, the Company purchased all of the outstanding capital stock of Wm. R. Hubbell Steel Company and its subsidiary and certain of its affiliates (Hubbell) for an aggregate cash purchase price of $21 million. In addition, the Company repaid approximately $18 million of Hubbell's existing bank indebtedness. Hubbell, headquartered in Chicago, Illinois, is a processor and supplier of galvanized, galvalume and prepainted steel to the commercial and residential metal building industries.

The acquisition has been accounted for under the purchase method, and Hubbell's results of operations have been consolidated with the Company's results of operations from the acquisition date. The excess of the aggregate purchase price ($21 million) over the fair market value of assets acquired ($37 million) less liabilities assumed ($26 million) of Hubbell approximated $10 million and will be amortized over 35 years using the straight-line method.

The following information presents the pro forma consolidated condensed results of operations as if the acquisition of Hubbell had occurred on January 1, 1994. The pro forma amounts may not be indicative of the results that actually would have been achieved had the acquisition occurred as of January 1, 1994 and is not necessarily indicative of future results of the combined companies.

	(IN THOUSANDS, EXCEPT PER SHARE DATA) YEAR ENDED DECEMBER 31,	
	1995	1994
	(UNAUDITED)	
Net sales	$300,278	$273,079
Income before taxes	$ 16,868	$ 18,017
Net income	$ 10,025	$ 10,590
Net income per share	$ .99	$ 1.04

3. ACCOUNTS RECEIVABLE

Accounts receivable are expected to be collected within one year and are net of reserves for doubtful accounts of $491,000 and $327,000 for 1995 and 1994, respectively.

4. INVENTORIES

Inventories at December 31 consist of the following:

	(IN THOUSANDS)	
	1995	1994
Raw material	$28,307	$25,791
Finished goods and work-in-process	16,967	16,197
Total inventories	$45,274	$41,988

5. PROPERTY, PLANT AND EQUIPMENT

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

	(IN THOUSANDS)	
	1995	1994
Land and land improvements	$ 2,776	$ 2,260
Building and improvements	24,031	15,537
Machinery and equipment	60,267	48,353
Construction in progress	5,135	7,384
	92,209	73,534
Less accumulated depreciation and amortization	24,934	21,031
Total property, plant and equipment	$67,275	$52,503

6. OTHER ASSETS

Other assets at December 31 consist of the following:

	(IN THOUSANDS)	
	1995	1994
Equity interest in partnership	$ 2,764	$2,398
Goodwill, net	9,656	--
Other	733	927
Total other assets	$13,153	$3,325

The Company's 26% partnership interest is accounted for using the equity method of accounting. The partnership provides a steel cleaning process called pickling to steel processors, including the Company. Goodwill is amortized over 35 years using the straight-line method.

7. DEBT

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

	(IN THOUSANDS)	
	1995	1994
Revolving credit notes payable	$51,000	$30,150
Industrial Development Revenue Bond	7,333	8,000
Other debt	721	508
	59,054	38,658
Less current maturities	1,214	740
Total long-term debt	$57,840	$37,918

In December 1995, the Company increased its working capital credit facility available to $125 million expiring on November 17, 1997. This credit facility has various interest rate options which are no greater than the bank's prime rate and may be converted to a four year amortizing loan at any time prior to expiration. In addition, the Company entered into an interest rate exchange agreement (swap), as a means of managing interest rate risk related to borrowings under the Company's revolving credit agreement. Interest rate swaps allow the Company to convert long-term borrowings at floating rates into fixed rates. This enables the Company to minimize the impact of interest rate fluctuations on its operations. At December 31, 1995, the Company had one interest rate swap agreement outstanding with a financial institution, having a nominal amount of $25 million and a termination date of November 20, 2000 or 2002 at the option of the financial institution. At December 31, 1995, borrowings outstanding consisted of $51 million with an interest rate of LIBOR plus a fixed rate. The weighted average interest rate of these borrowings was 6.6% at December 31, 1995. Borrowings are secured by accounts receivable, inventory, property, plant and equipment and other assets of the Company.

In addition, the Company has an Industrial Development Revenue Bond payable in equal installments through May 2002, with an interest rate of LIBOR plus a fixed rate (6.7% at December 31, 1995), which financed the cost of its Tennessee expansion under a capital lease agreement. The cost of the facility and equipment equal the amount of the bond and includes accumulated amortization of $404,000. The agreement provides for the purchase of the facility and equipment at any time during the term of the lease at scheduled amounts or at the end of the lease in 2002 for a nominal amount.

The aggregate maturities on long-term debt including lease purchase obligations for the five years following December 31, 1995 are as follows: 1996, $1,214,000; 1997, $2,282,000; 1998, $13,974,000; 1999, $14,056,000; and 2000, $13,908,000.

The Company had no amounts outstanding under short-term borrowing for the year ended December 31, 1995 and 1994.

The various loan agreements, which do not require compensating balances, contain provisions that limit additional borrowings, capital expenditures 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, 1995, 1994 and 1993 was $4,715,000, $1,345,000 and $1,801,000, respectively.

8. LEASES

The Company leases certain facilities and equipment under operating leases. Rent expense under operating leases for the years ended December 31, 1995, 1994 and 1993 was $1,693,000, $824,000 and $795,000, respectively. Future minimum lease payments under these operating leases are $1,587,000, $1,393,000, $551,000, $461,000 and $471,000 for the years 1996, 1997, 1998, 1999 and 2000, respectively, and $2,832,000 thereafter through 2038.

9. EMPLOYEE RETIREMENT PLANS

Non-union employees participate in various profit sharing plans. Contributions to these plans are funded annually and are based on a percentage of pretax income or amounts determined by the Board of Directors.

Certain subsidiaries have multi-employer non-contributory retirement plans providing for defined contributions to union retirement funds.

A supplemental pension plan, established in 1992, provides defined pension benefits to certain salaried employees upon retirement. Net unfunded periodic pension costs of $201,000 were accrued under this plan since the inception of the plan and consisted primarily of service cost using a discount rate of 8%.

Total expense for all plans was $637,000, $699,000 and $682,000 for the years ended December 31, 1995, 1994 and 1993, respectively.

10. OTHER POST-RETIREMENT BENEFITS

The Company provides health and life insurance to substantially all of its employees, and to a number of retirees and their spouses from certain of its subsidiaries. A summary of the components of the net periodic post-retirement benefit cost charged to expense consists of the following:

	(IN THOUSANDS)		
	1995	1994	1993
Service cost	$ 64	$ 53	$ 60
Interest cost	98	72	70
Amortization of transition obligations	45	45	45
Net periodic post-retirement benefit cost	$207	$170	$175

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

	(IN THOUSANDS)	
	1995	1994
Retirees	$ 476	$ 324
Other fully eligible participants	181	185
Other active participants	684	527
	$1,341	$1,036

The accumulated post-retirement benefit obligation was determined using a weighted average discount rate of 7.5%. The medical inflation rate was assumed to be 10% in 1995, with a gradual reduction to 5% over five years. The effect of a 1% annual increase in the medical inflation rate would increase the accumulated post-retirement benefit obligation by approximately $217,000 and $150,000 and the annual service and interest costs by approximately $31,000 and $20,000 for 1995 and 1994, respectively.

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.

11. INCOME TAXES

The provision for income taxes consists of the following:

	(IN THOUSANDS)		
	1995	1994	1993
Current tax expense			
Federal	$5,611	$4,275	$ 915
State	833	1,045	285
Total current	6,444	5,320	1,200
Deferred tax expense			
Federal	198	740	4,077
State	20	(64)	1,023
Total deferred	218	676	5,100
Total provision	$6,662	$5,996	$6,300

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

	(IN THOUSANDS)	
	1995	1994
Depreciation	$ 7,560	$ 6,014
Inventory	1,989	--
Other	1,168	1,103
Gross deferred tax liabilities	10,717	7,117
State taxes	(450)	(460)
Other	(962)	(837)

Gross deferred tax assets	(1,412)	(1,297)
Net deferred tax liabilities	$ 9,305	$ 5,820

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 pretax income from continuing operations as a result of the following differences:

	(IN THOUSANDS)		
	1995	1994	1993
Statutory U.S. tax rates	$5,734	$5,182	$ 3,914
Increase (decrease) in rates resulting from:			
State and local taxes, net	554	638	83
Effect of S Corporation status	--	--	(2,797)
Reinstatement of deferred income taxes	--	--	5,100
Other	374	176	--
	$6,662	$5,996	$ 6,300

Prior to the Reorganization and the public offering, the Company and its pre-public offering shareholders entered into a tax indemnification agreement relating to changes in their respective tax liabilities for the periods in which any subsidiary was treated for federal and certain state income tax purposes as an S Corporation.

Total cash paid for income taxes in the years ended December 31, 1995, 1994 and 1993 was $6,250,000, $6,100,000 and $379,000, respectively.

12. SIGNIFICANT CUSTOMERS

The Company sells its products to a wide variety of customers, primarily in the automobile manufacturing and supply industries. Sales of processed steel to a major automobile manufacturer purchasing through decentralized divisions and subsidiaries in different geographical areas were $32,100,000 in 1995, $28,700,000 in 1994 and $26,600,000 in 1993.

13. 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.

14. STOCK OPTIONS

Non-Qualified Stock Option Plan: The Company's Non-Qualified Stock Option Plan, adopted in September 1993, provides for granting officers and employees as well as non-employee directors and advisers to acquire an aggregate of 200,000 common shares at an exercise price equal to 100% of the market price on the date of grant. The Company granted options to certain officers and non-employee directors to purchase an aggregate of 200,000 shares (200,000 shares outstanding at both December 31, 1995 and 1994) at prices ranging from $10 to $11 per share. The options may be exercised in cumulative annual increments of 25% commencing one year after the date of grant. None of these options have been exercised.

Incentive Stock Option Plan: The Company's Incentive Stock Option Plan, adopted in September 1993, provides for granting officers and other key employees stock options to acquire an aggregate of 400,000 common shares at an exercise price of not less than 100% of the fair market value of the shares on the date of grant. These options are exercisable at the rate of 25% per year commencing one year from the date of grant and expire ten years from date of grant. The Company granted options

to certain officers and employees to purchase 270,000 shares (270,000 and 197,500 shares outstanding at December 31, 1995 and 1994, respectively) at prices ranging from $10 to $11 per share. None of these options have been exercised.

Restricted Stock Plan: The Company's Restricted Stock Plan, adopted in September 1993, reserved for issuance 100,000 common shares for the grant of restricted stock awards to employees at a purchase price of $.01 per share. Compensation expense will be measured at the date of grant of the restricted shares for the difference between the market price of the shares and the $.01 exercise price and charged to income over the period during which the shares vest. Such shares are subject to restrictions on transfer and to risk of forfeiture until the shares vest. No awards have been granted under this plan.

15. UNAUDITED PRO FORMA INFORMATION

The unaudited pro forma net income for the year ended December 31, 1993 assumes (i) a reduction in interest expense resulting from the application of a portion of the net proceeds of the initial public offering to repay $15,576,000 of indebtedness having a weighted average interest rate of 6%, and (ii) that all subsidiaries have been subject to income taxation as C Corporations during 1993.

Pro forma net income per share has been computed by dividing pro forma net income by the pro forma weighted average number of common shares outstanding during 1993. Such pro forma weighted average number of common shares was computed giving effect to the Reorganization, and the number of shares the Company would have had to issue to retire the above-mentioned indebtedness and pay an S Corporation distribution of $10,485,000 to the pre-public offering shareholders.

GIBRALTAR STEEL CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEET
(IN THOUSANDS)

	MARCH 31, 1996 (UNAUDITED)	DECEMBER 31, 1995 (AUDITED)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,215	$ 4,123
Accounts receivable	45,639	35,634
Inventories	51,101	45,274
Other current assets	2,517	1,964
Total current assets	101,472	86,995
Property, plant and equipment, net	81,465	67,275
Other assets	25,433	13,153
	$208,370	$167,423
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 33,224	$ 25,845
Accrued expenses	5,467	2,367
Current maturities of long-term debt	1,215	1,214
Deferred income taxes	142	54
Total current liabilities	40,048	29,480
Long-term debt	81,632	57,840
Deferred income taxes	12,418	9,251
Other non-current liabilities	694	608
Shareholders' equity		
Preferred shares	--	--
Common shares	102	102
Additional paid-in capital	28,803	28,803
Retained earnings	44,673	41,339
Total shareholders' equity	73,578	70,244
	$208,370	$167,423

See accompanying notes to financial statements

GIBRALTAR STEEL CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF INCOME
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	THREE MONTHS ENDED MARCH 31,	
	1996	1995
	(UNAUDITED)	
Net sales	$ 82,034	$ 58,765
Cost of sales	68,005	48,579
Gross profit	14,029	10,186
Selling, general and administrative expense	7,354	5,090
Income from operations	6,675	5,096
Interest expense	1,073	559
Income before taxes	5,602	4,537
Provision for income taxes	2,268	1,860
Net income	$ 3,334	$ 2,677
Net income per share	$ .33	$ .26
Weighted average number of shares outstanding	10,173,900	10,162,900

See accompanying notes to financial statements

GIBRALTAR STEEL CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(IN THOUSANDS)

	THREE MONTHS ENDED MARCH 31,	
	1996	1995
	(UNAUDITED)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 3,334	$ 2,677
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,395	924
Provision for deferred income taxes	424	(55)
Equity investment income	(136)	(209)
Gain on disposition of property and equipment	(25)	(27)
Increase (decrease) in cash resulting from changes in (net of effects from acquisition of CCHT):		
Accounts receivable	(6,758)	(2,420)
Inventories	(5,827)	(2,232)
Other current assets	(848)	(52)
Accounts payable and accrued expenses	9,814	1,445
Other assets	(47)	26
Net cash provided by operating activities	1,326	77
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of CCHT, net of cash acquired	(23,715)	--
Purchases of property, plant and equipment	(3,262)	(5,527)
Proceeds from sale of property and equipment	26	60
Net cash used in investing activities	(26,951)	(5,467)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term debt reduction	(12,283)	(2,013)
Proceeds from long-term debt	36,000	7,332
Net cash provided by financing activities	23,717	5,319
Net decrease in cash and cash equivalents	(1,908)	(71)
Cash and cash equivalents at beginning of year	4,123	1,124
Cash and cash equivalents at end of period	$ 2,215	$ 1,053

See accompanying notes to financial statements

GIBRALTAR STEEL CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying condensed consolidated financial statements as of March 31, 1996 and 1995 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 March 31, 1996 and 1995 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, 1995.

The results of operations for the three month period ended March 31, 1996 are not necessarily indicative of the results to be expected for the full year.

2. INVENTORIES

Inventories consist of the following:

	(IN THOUSANDS) MARCH 31, 1996 (UNAUDITED)	DECEMBER 31, 1995 (AUDITED)
Raw material	$34,739	$28,307
Finished goods and work-in-process	16,362	16,967
Total inventories	$51,101	$45,274

3. RETAINED EARNINGS

The change in retained earnings consists of:

	(IN THOUSANDS) THREE MONTHS ENDED MARCH 31, 1996 (UNAUDITED)
Balance, beginning of year	$41,339
Net income	3,334
Balance, end of period	$44,673

4. EARNINGS PER SHARE

Net income per share for the three months ended March 31, 1996 and 1995 was computed by dividing net income by the weighted average number of common shares outstanding.

5. ACQUISITION

On April 3, 1995, the Company purchased all of the outstanding capital stock of Wm. R. Hubbell Steel Company and its subsidiary and certain of its affiliates (Hubbell) for an aggregate cash purchase price of $21 million. In addition, the Company repaid approximately $18 million of Hubbell's existing bank indebtedness.

On February 14, 1996, the Company purchased all of the outstanding capital stock of Carolina Commercial Heat Treating, Inc. (CCHT) for an aggregate cash purchase price of approximately $25 million. The funding for the purchase was provided by borrowings under the Company's existing credit facility. CCHT, headquartered in Charlotte, North Carolina, provides heat treating, brazing and related metal-processing services to a broad range of industries, including the automotive, hand tools, construction equipment and industrial machinery industries.

These acquisitions have been accounted for under the purchase method, and Hubbell's and CCHT's results of operations have been consolidated with the Company's results of operations from the respective acquisition dates. The excess of the aggregate purchase price over the fair market value of net assets of Hubbell and CCHT approximated $10 million and $12 million, respectively, and is being amortized over 35 years from the respective 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, 1995. 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, 1995 and are not necessarily indicative of future results of the combined companies.

	(IN THOUSANDS, EXCEPT PER SHARE DATA) THREE MONTHS ENDED MARCH 31,	
	1996	1995
	(UNAUDITED)	
Net sales	$ 84,279	$ 81,964
Income before taxes	$ 5,333	$ 5,747
Net income	$ 3,156	$ 3,376
Net income per share	$ .31	$ .33

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Wm. R. Hubbell Steel Corporation
and Affiliated Entities:

We have audited the accompanying combined balance sheets of Wm. R. Hubbell Steel Corporation and affiliated entities as of December 31, 1994 and 1993, and the related combined statements of earnings and retained earnings and cash flows for the years then ended. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

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

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Wm. R. Hubbell Steel Corporation and affiliated entities as of December 31, 1994 and 1993, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

KPMG Peat Marwick LLP
Chicago, Illinois
March 17, 1995

WM. R. HUBBELL STEEL CORPORATION
AND AFFILIATED ENTITIES

COMBINED BALANCE SHEETS
DECEMBER 31, 1994 AND 1993

	1994	1993
ASSETS		
Current assets:		
Cash	$ 112,865	125,094
Marketable securities	472,551	504,497
Trade accounts receivable, net of allowance for doubtful accounts of $100,000 in 1994 and 1993	9,292,290	8,821,191
Current portion of net investment in direct financing leases (note 3)	156,718	151,135
Due from affiliates	19,570	82,226
Inventories	15,306,779	10,887,870
Prepaid expenses and other current assets	468,587	505,866
Refundable income taxes	125,036	--
Deferred income taxes (note 6)	78,000	69,600
Total current assets	26,032,396	21,147,479
Net investment in direct financing leases, excluding current portion (note 3)	359,889	398,476
Property, plant, and equipment, net (note 4)	3,266,584	3,406,306
	$29,658,869	24,952,261
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable (note 5)	$10,624,164	10,752,411
Current installments of long-term debt (note 5)	1,030,060	1,278,084
Trade accounts payable	8,152,503	5,289,795
Accrued liabilities	359,452	590,999
Due to affiliates	--	3,941
Income taxes payable	--	69,256
Total current liabilities	20,166,179	17,984,486
Long-term debt, excluding current installments (note 5)	1,033,057	1,880,960
Deferred income taxes (note 6)	654,000	663,100
Total liabilities	21,853,236	20,528,546
Stockholders' equity:		
Wm. R. Hubbell Steel Corp. common stock, no par value. Authorized 1,000 shares; issued and outstanding 200 shares	10,000	10,000
Hubbell International Trading Company common stock, $1 par value. Authorized, issued, and outstanding 1,000 shares	1,000	1,000
Hubbell Leasing Company common stock, no par value. Authorized 100,000 shares; issued and outstanding 1,000 shares	1,000	1,000
Retained earnings	7,793,633	4,411,715
Total stockholders' equity	7,805,633	4,423,715
Commitments and contingencies (notes 8 and 9)	--	--
	$29,658,869	24,952,261

See accompanying notes to combined financial statements.

WM. R. HUBBELL STEEL CORPORATION
AND AFFILIATED ENTITIES

COMBINED STATEMENTS OF EARNINGS AND RETAINED EARNINGS
YEARS ENDED DECEMBER 31, 1994 AND 1993

	1994	1993
Net sales/revenues	$72,936,884	81,328,958
Cost of sales	61,258,022	69,632,044
Gross profit	11,678,862	11,696,914
Selling, general, and administrative expenses	6,831,561	8,559,353
Operating income	4,847,301	3,137,561
Other income (expense):		
Interest expense	(983,281)	(705,809)
Life insurance proceeds (note 10)	1,000,000	--
Other income net	197,898	135,452
Earnings before income taxes	5,061,918	2,567,204
Income taxes	1,574,000	1,152,000
Net earnings	3,487,918	1,415,204
Retained earnings at beginning of year	4,411,715	3,646,511
Dividends paid	(106,000)	(650,000)
Retained earnings at end of year	$ 7,793,633	4,411,715

See accompanying notes to combined financial statements.

WM. R. HUBBELL STEEL CORPORATION
AND AFFILIATED ENTITIES

COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1994 AND 1993

	1994	1993
Cash flows from operating activities:		
Net earnings	$3,487,918	1,415,204
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	475,201	475,378
Gain on sale of equipment	(93,537)	(17,076)
Deferred income taxes	(17,500)	(600)
Change in assets and liabilities:		
Trade accounts receivable, net	(471,099)	(992,049)
Net investment in direct financing leases	33,004	394,472
Inventories	(4,418,909)	(2,149,680)
Prepaid expenses and other current assets	37,279	64,140
Refundable income taxes	(125,036)	--
Trade accounts payable	2,862,708	(4,841,737)
Income taxes payable	(69,256)	(494,861)
Accrued liabilities	(231,547)	(58,505)
Net cash provided by (used in) operating activities	1,469,226	(6,205,314)
Cash flows from investing activities:		
Net proceeds from sales of marketable securities	31,946	(273,321)
Additions to property, plant, and equipment	(369,014)	(840,692)
Net proceeds from sale of equipment	127,072	98,758
Net cash used in investing activities	(209,996)	(1,015,255)
Cash flows from financing activities:		
Net proceeds (repayments) of notes payable	(128,247)	8,077,178
Net repayments of long-term debt	(1,095,927)	(243,141)
Net proceeds of due to affiliates	58,715	14,835
Dividends paid	(106,000)	(650,000)
Net cash provided by (used in) financing activities	(1,271,459)	7,198,872
Net decrease in cash	(12,229)	(21,697)
Cash at beginning of year	125,094	146,791
Cash at end of year	$ 112,865	125,094
Supplemental disclosures of cash flow information-- cash paid during the year for:		
Interest	$ 996,094	704,522
Income taxes, net of refunds received	1,785,792	1,619,861
Supplemental disclosures of noncash investing and financing activities-- equipment acquired under capital lease obligations	$ 35,540	57,788

See accompanying notes to combined financial statements.

WM. R. HUBBELL STEEL CORPORATION
AND AFFILIATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 1994 AND 1993

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) PRINCIPLES OF COMBINATION

The combined financial statements include the accounts of Wm. R. Hubbell Steel Corporation (Hubbell Steel) and its wholly owned subsidiary, Mill Transportation Company (MTC), Hubbell International Trading Company (Hubbell International), and Hubbell Leasing Company (Hubbell Leasing), collectively referred to as the Company. These entities are combined on the basis of common ownership and control. All significant intercompany balances and transactions have been eliminated in combination.

(B) MARKETABLE SECURITIES

Marketable securities consist principally of common stocks and are stated at fair value based on quoted market prices. Realized and unrealized gains and losses on marketable securities are included in other income.

(C) INVENTORIES

Inventories are stated at the lower of cost or market (net realizable value). Cost is determined using the last-in, first-out (LIFO) method.

(D) PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment are stated at cost less accumulated depreciation.

Building depreciation is computed using the straight-line method over 35 years. Depreciation on equipment and furniture and fixtures is computed principally using accelerated methods, generally over five to ten years.

(E) INCOME TAXES

Effective January 1, 1993, the Company adopted the provisions of Statement of Financial Accounting Standards No. 109 (Statement No. 109), Accounting for Income Taxes. Under the asset and liability method of Statement No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under Statement No. 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Hubbell Steel and MTC have elected to be treated as C Corporations and file consolidated federal and state tax returns.

Hubbell International and Hubbell Leasing have elected to be treated as S Corporations under the provisions of subchapter S of the Internal Revenue Code. The stockholders of these companies are responsible for federal and certain state income tax liabilities arising from company earnings.

(F) LEASE-RELATED POLICIES

Hubbell Leasing's lease transactions are classified in accordance with FASB Statement of Financial Accounting Standards No. 13.

Hubbell Leasing primarily enters into direct financing leases. The present value of the future lease payments and the present value of the residual value are recorded as the initial investment in such leases (however, residual values are generally assumed to have no value). This initial investment generally represents Hubbell Leasing's leased equipment cost. Unearned lease income is equal to the difference between the future minimum lease payments plus the residual value and their corresponding present values. Unearned lease income is amortized and recorded as revenue over the term of the lease by applying a constant periodic rate of return to the declining net investment.

(G) RECLASSIFICATIONS

Certain amounts included in the 1993 financial statements have been reclassified to conform with the 1994 presentation.

(2)INVENTORIES

Had the specific cost identification method (replacement cost) been used, inventories would have been $6,552,000 greater than reported at December 31, 1994, and $5,197,000 greater than reported at December 31, 1993.

(3)NET INVESTMENT IN DIRECT FINANCING LEASES

Net investment in direct financing leases is as follows:

	1994	1993
Minimum lease payments receivable (less allowance for lease receivable bad debts of $158,900 and $291,000 at December 31, 1994 and 1993, respectively)	$ 643,655	681,285
Unearned lease income	(127,048)	(131,674)
Net investment in direct financing leases	516,607	549,611
Less current portion	156,718	151,135
	$ 359,889	398,476

At December 31, 1994, future minimum lease payments to be received are as follows:

YEAR ENDING DECEMBER 31	AMOUNT
1995	$ 374,979
1996	224,139
1997	131,157
1998	53,124
1999	19,156
	802,555
Less allowance for lease receivable bad debts	(158,900)
	$ 643,655

(4)PROPERTY, PLANT, AND EQUIPMENT

A summary of property, plant, and equipment is as follows:

	1994	1993
Land	$ 380,000	380,000
Building and improvements	2,743,574	2,711,791
Warehouse equipment	2,188,215	2,041,238
Automobiles, trucks, and other equipment	514,820	538,611
Furniture and fixtures	266,100	266,100
Office equipment	597,237	541,266
	6,689,946	6,479,006
Less accumulated depreciation	3,423,362	3,072,700
	$ 3,266,584	3,406,306

(5)DEBT OBLIGATIONS

NOTES PAYABLE

A summary of notes payable is as follows:

	1994	1993
Notes payable to bank	$10,340,001	10,546,127
Other notes payable	284,163	206,284
	$10,624,164	10,752,411

Hubbell Steel, MTC, and Hubbell International maintain a line of credit with their primary bank which provides for borrowings equal to the lesser of $15,000,000 or a calculated amount based upon qualifying accounts receivable and inventories with interest at prime (8.5% at December 31, 1994) plus 1/2%. Borrowings, which are payable upon demand, are secured by a subordinated interest in certain of Hubbell Steel's property, plant, and equipment and a primary interest in substantially all other assets. The loan agreement contains various covenants. At December 31, 1994, all covenants have been met or waived.

Borrowings under the line of credit are subject to cross default provisions with all long-term debt.

Other notes payable represent unsecured notes payable due upon demand to employees and persons related to employees with interest at prime.

LONG-TERM DEBT

A summary of long-term debt is as follows:

	1994	1993
Mortgage note issued in connection with Industrial Development Revenue Bond with interest at 92.26% of prime, due in monthly installments of $11,111 plus interest through July, 1996 and a final installment on August 1, 1996	$ 211,125	344,457
Mortgage note issued in connection with a building purchase with interest at 8%, due in monthly installments of $3,429 through September 2002 and a final balloon payment of $286,389 due November 1, 2002	390,626	400,019
$1,500,000 term note payable which bears interest at prime (8.5% at December 31, 1994) plus 1/2%, due in monthly installments of $46,725 plus interest through May 1996, secured by substantially all the assets of Hubbell Steel, MTC, and Hubbell International	749,125	1,309,825
$1,200,000 term note payable which bears interest at prime (8.5% at December 31, 1994) plus 1/2%, paid in 1994	--	281,398
$500,000 term note payable which bears interest at prime (8.5% at December 31, 1994) plus 1/2%, due in monthly installments of $8,333 plus interest through September 1997, secured by substantially all the assets of Hubbell Leasing and guaranteed by Hubbell Steel and MTC	275,009	375,005
$330,000 term note payable which bears interest at prime (8.5% at December 31, 1994) plus 1/2%, due in monthly installments of $9,167 plus interest through August 1996, secured by substantially all the assets of Hubbell Leasing and guaranteed by Hubbell Steel and MTC	192,500	302,500
$250,000 term note payable which bears interest at prime (8.5% at December 31, 1994) plus 1/2%, due in monthly installments of $6,944 plus interest through September 1995, secured by substantially all the assets of Hubbell Leasing and guaranteed by Hubbell Steel and MTC	62,512	145,840
$100,000 term note payable which bears interest at prime (8.5% at December 31, 1994) plus 1/2%, due in monthly installments of $1,667 plus interest through August 1999 secured by substantially all the assets of Hubbell Leasing and guaranteed by Hubbell Steel and MTC	93,332	--
$100,000 term note payable which bears interest at prime (8.5% at December 31, 1994) plus 1/2%, due in monthly installments of $2,778 plus interest through August 1997 secured by substantially all the assets of Hubbell Leasing and guaranteed by Hubbell Steel and MTC	88,888	--
Total long-term debt	2,063,117	3,159,044
Less current installments	1,030,060	1,278,084
	$1,033,057	1,880,960

Hubbell Steel's mortgage note issued in connection with the Industrial Development Revenue Bond is secured by Hubbell Steel's property, plant, and equipment, substantially all other assets of Hubbell Steel, and the unconditional guarantees of MTC and Hubbell International. The loan agreement contains covenants regarding maintenance of minimum net worth and restrictions on dividends, stock repurchases, and capital expenditures. At December 31, 1994, all covenants have been met or waived.

The aggregate maturities of long-term debt are as follows:

YEAR ENDING DECEMBER 31	AMOUNT
1995	$1,030,060
1996	513,075
1997	129,182
1998	32,946
1999	27,337
Thereafter	330,517
	$2,063,117

(6) INCOME TAXES

Income tax expense consists of the following:

	CURRENT	DEFERRED	TOTAL
1994:			
Federal	$1,288,500	(35,500)	1,253,000
State	303,000	18,000	321,000
	$1,591,500	(17,500)	1,574,000
1993:			
Federal	848,000	20,000	868,000
State	277,000	7,000	284,000
	$1,125,000	27,000	1,152,000

Consolidated income tax expense for the Company amounted to $1,574,000 for 1994 (an effective rate of 31%) and $1,152,000 for 1993 (an effective rate of 42.0%). The actual tax expense differs from the "expected" tax expense as shown below:

	1994	1993
Computed "expected" income tax expense at 34%	$1,721,000	873,000
Increase (reduction) in income taxes resulting from:		
Nontaxable life insurance proceeds	(340,000)	--
Subchapter S Corporations' losses	7,000	60,000
State income taxes, net of related federal income taxes	211,900	187,400
Nondeductible travel and entertainment expenses	12,600	7,500
Other	(38,500)	24,100
	$1,574,000	1,152,000

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31 are as follows:

	1994	1993
Deferred tax assets:		
Allowance for doubtful accounts	$ 42,000	42,000
Other	36,000	27,600
	78,000	69,600
Deferred tax liabilities:		
Excess tax over financial statement depreciation	173,000	166,800
Excess of tax loss in limited partnership over book loss	481,000	496,300
	654,000	663,100
Net deferred tax liabilities	$576,000	593,500

The Company has not recorded a valuation allowance related to its deferred tax assets. In assessing the realizability of deferred tax assets, management considered whether it is more likely than not that some portion or all of the deferred tax assets will not be realized.

(7)EMPLOYEE BENEFIT PLAN

The Company has a 401(k) defined contribution plan (Plan) covering all of its employees. The Company contributes a percentage of participants' earnings to the Plan. Contributions amounted to approximately $26,000 and $28,000 for the years ended December 31, 1994 and 1993, respectively.

(8)LEASE COMMITMENTS

The Company leases certain warehouse and office facilities. Total rent expense under these operating lease agreements was approximately $427,000 and $398,000 for the years ended December 31, 1994 and 1993, respectively. Minimum annual rental commitments under these leases are as follows:

	AMOUNT
1995	$505,000
1996	72,000
1997	33,000
	$610,000

(9)CONTINGENCIES

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's combined financial position.

(10)LIFE INSURANCE PROCEEDS

In 1994, the Company received $1,000,000 of life insurance proceeds on a policy related to the death of a key officer. This amount is included in other income.

Board of Directors
Carolina Commercial Heat Treating, Inc.
Charlotte, North Carolina

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying balance sheets of Carolina Commercial Heat Treating, Inc. as of December 31, 1995 and 1994, and the related statements of income, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Carolina Commercial Heat Treating, Inc. as of December 31, 1995 and 1994, and the results of its operations and cash flows for the years then ended, in conformity with generally accepted accounting principles.

Scharf Pera & Co.
Charlotte, North Carolina
January 18, 1996

CAROLINA COMMERCIAL HEAT TREATING, INC.

BALANCE SHEETS

DECEMBER 31, 1995 AND 1994

	1995	1994
ASSETS		
CURRENT ASSETS:		
Cash and temporary investments	$ 1,361,491	$ 1,166,003
Trade accounts receivable	2,294,394	2,261,594
Current portion of notes receivable	20,453	10,453
Prepaid and other assets	10,312	60,215
Total current assets	3,686,650	3,498,265
PROPERTY, PLANT AND EQUIPMENT, at cost:		
Land	339,236	295,175
Buildings	446,352	446,352
Building equipment	432,682	428,570
Shop equipment	15,416,261	13,737,233
Sales equipment	55,624	56,175
Office equipment	459,142	446,547
Motor vehicles	423,720	457,941
Leasehold improvements	168,185	167,408
Equipment deposits	65,798	450,853
	17,807,000	16,486,254
Less--accumulated depreciation	10,991,277	10,072,635
	6,815,723	6,413,619
OTHER ASSETS:		
Long-term portion of notes receivable	616,434	458,044
Cash surrender value of officers' life insurance	1,037,824	872,177
Intangible assets	10,592	11,412
	1,664,850	1,341,633
	$12,167,223	$11,253,517

CAROLINA COMMERCIAL HEAT TREATING, INC.

BALANCE SHEETS--(CONTINUED)

DECEMBER 31, 1995 AND 1994

	1995	1994
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 652,588	$ 555,418
Current portion of long-term debt	214,681	465,305
Accrued pension contribution	129,851	109,211
Accrued expenses	328,354	767,928
Accrued withholdings and taxes, other than income	121,308	120,626
Income taxes payable	11,849	5,009
Total current liabilities	1,458,631	2,023,497
LONG-TERM DEBT--less current portion	273,786	676,863
DEFERRED INCOME TAXES	8,000	14,000
STOCKHOLDERS' EQUITY:		
Common stock, $1 par value; 75,000 shares authorized, 49,200 shares issued and outstanding	49,200	49,200
Additional paid-in capital	102,414	102,414
Retained earnings	10,506,235	8,628,586
	10,657,849	8,780,200
Less treasury stock at cost--2,100 shares	(241,043)	(241,043)
	10,416,806	8,539,157
	$12,167,223	$11,253,517

See Notes to Financial Statements

CAROLINA COMMERCIAL HEAT TREATING, INC.

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 1995 AND 1994

	1995	1994
NET SALES	$21,458,596	$20,621,268
COST OF SALES	15,293,976	15,011,995
Gross profit	6,164,620	5,609,273
SELLING, GENERAL AND ADMINISTRATIVE EXPENSE	3,274,209	3,462,784
Income from operations	2,890,411	2,146,489
OTHER INCOME (EXPENSE):		
Interest expense	(54,183)	(90,579)
Other income, net	215,028	73,709
	160,845	(16,870)
Income before taxes	3,051,256	2,129,619
Taxes on income	38,200	29,825
NET INCOME	$ 3,013,056	$ 2,099,794

See Notes to Financial Statements

CAROLINA COMMERCIAL HEAT TREATING, INC.

STATEMENTS OF STOCKHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 1995 AND 1994

	COMMON STOCK		TREASURY STOCK				
	SHARES	AMOUNT	SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
Balance at December 31, 1993, as previously stated	49,200	$49,200	2,100	$(241,043)	$102,414	$ 7,754,150	$ 7,664,721
Prior period adjustment	--	--	--	--	--	(225,358)	(225,358)
Balance at December 31, 1993, as restated	49,200	49,200	2,100	(241,043)	102,414	7,528,792	7,439,363
Dividends paid	--	--	--	--	--	(1,000,000)	(1,000,000)
Net income, as previously stated	--	--	--	--	--	2,301,581	2,301,581
Prior period adjustment	--	--	--	--	--	(201,787)	(201,787)
Net income, as restated	--	--	--	--	--	2,099,794	2,099,794
Balance at December 31, 1994, as restated	49,200	49,200	2,100	(241,043)	102,414	8,628,586	8,539,157
Dividends paid	--	--	--	--	--	(1,135,407)	(1,135,407)
Net income	--	--	--	--	--	3,013,056	3,013,056
Balance at December 31, 1995	49,200	$49,200	2,100	$(241,043)	$102,414	$10,506,235	$10,416,806

See Notes to Financial Statements

CAROLINA COMMERCIAL HEAT TREATING, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 1995 AND 1994

	1995	1994
Cash flows from operating activities:		
Net income	$3,013,056	$2,099,794
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,311,762	1,113,383
(Gain) loss on sale of equipment	(13,352)	84,103
(Increase) decrease in:		
Trade accounts receivable	(32,800)	(636,820)
Prepaid and other assets	49,903	(27,886)
Income tax refund receivable	--	3,108
Increase (decrease) in:		
Accounts payable	97,170	109,396
Accrued pension contribution	20,640	10,250
Accrued salaries and wages	(439,574)	415,625
Accrued taxes other than income	682	29,731
Income tax payable	6,840	5,009
Deferred income taxes	4,000	7,144
Net cash provided by operations	4,018,327	3,212,837
Cash flows from investing activities:		
Payments received on notes receivable	15,641	11,258
Additions on notes receivable	(184,031)	(44,100)
Increase in cash surrender value of officers' life insurance	(165,647)	(121,923)
Proceeds from the sale of property, plant and equipment	67,227	48,470
Purchase of property, plant and equipment	(1,766,920)	(1,768,573)
Net cash used in investing activities	(2,033,730)	(1,874,868)
Cash flows from financing activities:		
Distributions to shareholders	(1,135,407)	(1,000,000)
Payments on long-term debt obligations	(510,803)	(316,181)
Proceeds from long-term debt obligations	15,996	245,000
Payments on notes payable	(158,895)	--
Net cash flows used in financing activities	(1,789,109)	(1,071,181)
Net increase in cash	195,488	266,788
Cash--beginning of year	1,166,003	899,215
Cash--end of year	$1,361,491	$1,166,003

See Notes to Financial Statements

CAROLINA COMMERCIAL HEAT TREATING, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1995 AND 1994

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

THE COMPANY:

Carolina Commercial Heat Treating, Inc. (the Company) is engaged in heat treating industrial users' metal parts. The Company's corporate headquarters and marketing division are located in Charlotte, North Carolina. The Company operates heat treating plants in Fountain Inn, South Carolina; Morristown, Tennessee; Reidsville, North Carolina; and Conyers, Georgia. The Company's primary customers are manufacturers.

CASH AND CASH EQUIVALENTS:

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment are recorded at cost. Depreciation is recorded on the straight-line method over the estimated useful lives of 25-32 years for buildings and building equipment, 5-7 years for shop equipment, sales equipment and office equipment, 5 years for motor vehicles and 32 years for leasehold improvements. Equipment deposits consists of commercial heat treating equipment not yet placed in service. Maintenance and repair costs are expensed as incurred. Gains or losses on dispositions are reflected in income.

INTANGIBLE ASSETS:

During 1993, the Company acquired intangible assets of $12,300 in connection with the acquisition of the Conyers, Georgia heat treating plant. These intangible assets are being amortized on the straight-line method over the estimated useful lives of 15 years.

INCOME TAXES:

The Company's stockholders have elected for the corporation to be taxed under the provision of Subchapter S of the Internal Revenue Code. Under this provision, the stockholders are taxed on their proportionate share of the Company's taxable income.

The State of Tennessee does not recognize the Subchapter S provision of the Internal Revenue Code. Income taxes have been provided on the proportionate share of income attributable to Tennessee. Deferred income taxes are provided on timing differences between financial and taxable income and result principally from the use of different depreciation methods for tax and financial reporting purposes. The Company has adopted SFAS 109, Accounting for Income Taxes, to account for deferred income taxes. Deferred taxes are computed based on the tax liability or benefit in future years of the reversal of temporary differences in the recognition of income or deduction of expenses between financial and tax reporting purposes. Under the provisions of SFAS 109, the Company elected not to restate prior years' financial statements because the effect was not significant.

SELF-INSURANCE:

The company is generally self-insured for losses and liabilities related to workers' compensation and health insurance claims. The Company's maximum self-insured exposure for workers' compensation claims is limited to $100,000 per individual and $1,000,000 in aggregate. The Company's maximum self-insured exposure for health insurance claims is limited to $35,000 per individual and $960,000 in aggregate. Losses are accrued based upon the Company's estimates of the aggregate liability for claims incurred based on Company experience.

NOTE 2--PRIOR PERIOD ADJUSTMENT:

Prior period adjustments have been made to reflect a change in accounting for bonuses payable to the Company's executive officers. The net effect of this change in accounting policy has been to decrease ending retained earnings for the year ended December 31, 1993 by $225,358, increase selling, general and administrative expense for the year ended December 31, 1994 by $201,787, and to increase accrued expenses at December 31, 1994 by $427,145, from amounts previously reported. All amounts affected have been restated in the financial statements.

NOTE 3--RELATED PARTY TRANSACTIONS:

The Company leases its corporate headquarters from Old Pineville Properties. Rents paid to this partnership were $27,000 during the years ended December 31, 1995 and 1994. The Company leases its Fountain Inn, South Carolina, and Reidsville, North Carolina heat treating plants from Blacksmith Leasing. During the years ended December 31, 1995 and 1994, the Company paid this partnership rents totaling $243,000. These partnerships are comprised of certain of the Company's shareholders.

NOTE 4--NOTES RECEIVABLE--RELATED PARTIES:

Notes receivable from related parties at December 31, 1995 and 1994 consisted of the following:

	1995	1994
Note receivable from Old Pineville Properties dated December, 1986, due in 120 monthly payments of $1,187 including interest at 9 percent; secured by the corporate headquarters building.....	$ 14,647	$ 26,959
Note receivable--trust; increased monthly by a portion of the life insurance policies premiums; payment due out of the life insurance proceeds upon death of the insured.....	460,568	441,538
Note receivable--stockholder dated July, 1995, due in 180 monthly payments of $1,430 including interest at 6.42 percent; unsecured.....	161,672	--
	636,887	468,497
Less current portion.....	20,453	10,453
	$616,434	$458,044

NOTE 5--DEFINED CONTRIBUTION PLAN:

The Company sponsors a defined contribution plan covering substantially all of its employees which have met certain specified service qualifications. All contributions to this plan are at the discretion of the Company's Board of Directors and are limited to the maximum amount allowable under Internal Revenue Service regulations. The expense for the contribution to this plan for the years ended December 31, 1995 and 1994, was $130,686 and $109,211, respectively.

NOTE 6--LONG-TERM DEBT:

Long-term debt at December 31, 1995 and 1994 consisted of the following:

	1995	1994
Commercial note payable dated December 21, 1993; due in 60 monthly installments of $12,023, including interest at 7.5 percent; secured by equipment costing $6,963,429	$386,366	$ 497,168
Promissory note payable dated December 31, 1993; due in 3 annual installments of $200,000 plus interest payable quarterly at 8 percent; first installment due December 31, 1994; secured by equipment costing $1,017,700	--	400,000
Promissory note payable dated December 31, 1994; due in 19 monthly installments of $12,895; first installment due January 1, 1995; unsecured	90,260	245,000
Capitalized lease payable dated February, 1995; payable in 36 monthly installments of $486.75 plus interest at 6 percent beginning April, 1995; secured by shop equipment	11,841	--
	488,467	1,142,168
Less current portion	214,681	465,305
	$273,786	$ 676,863

At December 31, 1995, long-term debt was due in aggregate annual installments as follows:

Year ending December 31,	
1996	214,681
1997	134,143
1998	139,643
Thereafter	--
	$488,467

NOTE 7--INCOME TAXES:

The provision for Tennessee state income taxes at December 31, 1995 and 1994 consisted of the following:

	1995	1994
State income tax at statutory rates	$40,121	$27,816
Tax credits	(5,921)	(5,135)
Deferred income taxes	4,000	7,144
	$38,200	$29,825

NOTE 8--COMMITMENTS AND CONTINGENCIES:

The Company occupies certain facilities and uses certain equipment under operating leases. Commitments under operating leases with terms extending beyond one year at December 31, 1995, were as follows:

	RELATED PARTIES REAL PROPERTY	REAL PROPERTY	VEHICLES
1996	270,000	60,219	147,240
1997	270,000	64,130	132,990
1998	256,500	65,412	113,715
1999	256,500	38,598	108,240
2000	256,500	--	97,265
Thereafter	702,000	--	35,913

For the years ended December 31, 1995 and 1994, operating lease expense was $358,619 and $352,290, respectively. Operating lease expenses paid to related parties for the years ended December 31, 1995 and 1994 was $270,000.

NOTE 9--OTHER MATTERS:

MAJOR CUSTOMERS:

For the years ended December 31, 1995 and 1994, respectively, the Company had sales to one customer representing 16 percent and 15 percent of its total for the years then ended.

NO DEALER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE OFFER MADE BY THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY, THE SELLING STOCKHOLDERS OR ANY OF THE UNDERWRITERS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE COMMON STOCK OFFERED HEREBY TO ANY PERSON BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION MAY NOT LAWFULLY BE MADE. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF.

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UNTIL , 1996 (25 DAYS AFTER THE DATE OF THIS OFFERING), ALL DEALERS EFFECTING TRANSACTIONS IN THE COMMON STOCK OFFERED HEREBY, WHETHER OR NOT PARTICIPATING IN THIS DISTRIBUTION, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS DELIVERY REQUIREMENT IS IN ADDITION TO THE OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

3,000,000 SHARES

GIBRALTAR STEEL CORPORATION

COMMON STOCK
($.01 PAR VALUE)

(L O G O)

SALOMON BROTHERS INC

SMITH BARNEY INC.

PROSPECTUS
DATED , 1996

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth all expenses, other than selling commissions, payable by the registrant 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 listing fee.

Filing fee for registration statement	$22,753
NASD filing fee	7,099
Blue Sky fees and expenses	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
NASDAQ listing fee	17,500
Miscellaneous	*
TOTAL	$ *

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*To be supplied by amendment.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Indemnification of directors is authorized under Section 145 of the Delaware General Corporation Law, which generally provides as follows:

Under Section 145(a) of the General Corporation Law of Delaware, Registrant may indemnify any officer or director in any action other than actions by or in the right of Registrant, 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 Registrant, and, with respect to any criminal action or proceedings has no reasonable cause to believe his conduct was unlawful. Under Section 145(b) Registrant may indemnify any officer or director in any action by or in the right of Registrant 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 the best interest of Registrant, except where such director or officer shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to Registrant, 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 Registrant's 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 Registrant 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 Registrant would have the power to indemnify him under the provisions of the 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 referenced to such sections.

The Certificate of Incorporation of the Company provides that the Company shall indemnify each officer and director of the Company to the fullest extent permitted by applicable law. The Certificate of Incorporation also provides that, to the fullest extent permitted by the Delaware General Corporation Law, a director of the Company shall not be liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director.

ITEM 16. RECENT SALES OF UNREGISTERED SECURITIES

Except as hereinafter set forth, there have been no sales of unregistered securities of the Registrant by the Registrant within the past three years:

Immediately prior to the consummation of its initial public offering in November 1993, the Company consummated a reorganization whereby it issued an aggregate of 7,500,000 shares of Common Stock to the then-existing stockholders of each of its subsidiaries in exchange for all of the outstanding capital stock of the subsidiaries. No underwriters, brokers or finders were employed in connection with this reorganization. The number of shares of Common Stock issued by the Company in connection with this reorganization was determined by the existing stockholders of each of the subsidiaries based upon an independent appraisal of each of the subsidiaries and was not the result of an arms-length negotiation. The shares of Common Stock issued in connection with this reorganization were issued in transactions not involving a public offering in reliance on the exemption provided under Section 4(2) of the Securities Act.

ITEM 17. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits:

EXHIBIT NUMBER	EXHIBIT	SEQUENTIALLY NUMBERED PAGE
* 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	By-Laws of the Registrant (incorporated by reference to Exhibit 3.2 to the Registrant's Registration Statement on Form S-1 (Registration No. 33-69304))	
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 Lippes, Silverstein, Mathias & Wexler LLP	
10.1	Credit Agreement dated November 10, 1994 among Gibraltar Steel Corporation and Gibraltar Steel Corporation of New York and Chase Manhattan Bank, N.A. as Administrative Agent and the Banks listed in Schedule 1 thereof (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated November 14, 1994).	
10.2	Amendment Agreement dated as of December 28, 1995 among Gibraltar Steel Corporation, Gibraltar Steel Corporation of New York, The Chase Manhattan Bank, N.A., Fleet Bank, Mellon Bank, N.A. and The Chase Manhattan Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.32 to the Registrant's Annual Report on Form l0-K for the year ended December 31, 1995).	
10.3	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))	
10.4	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)).	

EXHIBIT NUMBER	EXHIBIT	SEQUENTIALLY NUMBERED PAGE
10.7	Agreement dated April 24, 1994 between Gibraltar Metals Division and International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) and its Amalgamated Local No. 55. (incorporated by reference to Exhibit 10.26 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994).	
10.8	Agreement dated July 30, 1993 between Gibraltar Strip and Strapping Division and International Union United Automobile Aerospace and Agricultural Implement Workers of America (UAW) and its Amalgamated Local No. 55. (incorporated by reference to Exhibit 10.10 to the Registrant's Registration Statement on Form S-1 (Registration No. 33-69304)).	
10.9	Lease dated December 1, 1987 between American Steel and Wire Corporation as Lessor and Gibraltar Strip Steel, Inc., as Lessee, as amended by an Amendment to Lease dated February 1, 1992. (incorporated by reference to Exhibit 10.11 to the Registrant's Registration Statement on Form S-1 (Registration No. 33-69304)).	
10.10	Bond Purchase Agreement dated June 16, 1994 among the Industrial Development Board of the County of Hamilton, Tennessee, Fleet Bank of New York and Gibraltar Steel Corporation of Tennessee.	
10.11	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)).	
10.12	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).	
10.13	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)).	
10.14	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)).	
10.15	Agreement dated June 29, 1992 for Adoption by Gibraltar Steel Corporation of Chase Lincoln First Bank, N.A. (now Chase Manhattan Bank, N.A.) Non-Standardized Prototype 401(k) Retirement Savings Plan (incorporated by reference to Exhibit 10.17 to the Registrant's Registration Statement on Form S-1 (Registration No. 33-69304)).	
10.16	Gibraltar Steel Corporation Incentive Stock Option Plan, Second Amendment and Restatement.	
10.17	Gibraltar Steel Corporation Non-Qualified Stock Option Stock Plan, First Amendment and Restatement.	
10.18	Gibraltar Steel Corporation Profit Sharing Plan dated August 1, 1984, as Amended April 14, 1986 and May 1, 1987 (incorporated by reference to Exhibit 10.21 to the Registrant's Registration Statement on Form S-1 (Registration No. 33-69304)).	
10.19	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)).	

EXHIBIT NUMBER	EXHIBIT	SEQUENTIALLY NUMBERED PAGE
10.20	Gibraltar Strip Steel, Inc. Profit Sharing and Retirement Plan (incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form S-8 (Registration Number 33-87034)).	
10.21	Lease dated January 11, 1996 between Turn Key Warehousing, Inc., as Lessor and Gibraltar Metals, a division of Gibraltar Steel Corporation of New York, as Lessee.	
10.22	Stock Purchase Agreement dated as of April 3, 1995 among Gibraltar Steel Corporation of New York and Albert Fruman, Marshall Fruman, Lee Fruman, Dale Fruman and William R. Hubbell Trust under agreement dated July 20, 1980 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated April 6, 1995).	
10.23	Purchase Agreement dated as of February 14, 1996 among Gibraltar Steel Corporation and Harold J. Hendershot, Jr., James M. Hendershot, Nancy Hendershot Preston, Martha M. Hendershot, Harold J. Hendershot, III, Kirsten P. Hendershot, Traci H. Kennedy, Christine L. Collins, Wayne D. Collins, Jason P. Collins and Michael N. Preston (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated February 26, 1996).	
10.24	Lease dated November 2, 1992 between MGI Properties and Mill Transportation Company, as modified by Lease Extension and Modification Agreement dated as of July 24, 1995 between MGI Holdings, Inc. and Mill Transportation Company.	
10.25	Real Property Lease Agreement dated February 14, 1996 between Blacksmith Leasing and Carolina Commercial Heat Treating, Inc.	
10.26	Real Property Lease Agreement dated February 14, 1996 between Blacksmith Leasing and Carolina Commercial Heat Treating, Inc.	
10.27	Lease dated as of August 1, 1995 between John W. Rex and Carolina Commercial Heat Treating, Inc.	
21.1	Subsidiaries of the Registrant	
23.1	Consent of Lippes, Silverstein, Mathias & Wexler LLP (contained in Exhibit 5.1 to this registration statement)	
23.2	Consent of Price Waterhouse LLP	
23.3	Consent of KPMG Peat Marwick LLP	
23.4	Consent of Scharf Pera & Co.	
24.1	Power of Attorney (contained in part III of this registration statement)	

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*To be supplied by amendment.

(b) Financial Statement Schedules:

Schedule VIII -- Valuation and Qualifying Accounts and Reserves.

Schedule X -- Supplementary Income Statement Information.

ITEM 18. 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) The undersigned registrant hereby undertakes that:

(i) For purposes of determining any liability under the Securities Act of 1933, 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 Securities 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 Securities Act of 1933, 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 this offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SCHEDULE VIII

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
(IN THOUSANDS)

Description	BALANCE AT JANUARY 1, 1993	ADDITIONS: CHARGED TO COSTS AND EXPENSES	ADDITIONS: CHARGED TO OTHER ACCOUNTS	(1) DEDUCTIONS	BALANCE AT DECEMBER 31, 1993
Allowance for bad debts	$260	$178	$--	$(125)	$313

Description	BALANCE AT JANUARY 1, 1994	ADDITIONS: CHARGED TO COSTS AND EXPENSES	ADDITIONS: CHARGED TO OTHER ACCOUNTS	(1) DEDUCTIONS	BALANCE AT DECEMBER 31, 1994
Allowance for bad debts	$313	$ 53	$ 15	$ (54)	$327

Description	BALANCE AT JANUARY 1, 1995	ADDITIONS: CHARGED TO COSTS AND EXPENSES	ADDITIONS: CHARGED TO OTHER ACCOUNTS(2)	(1) DEDUCTIONS	BALANCE AT DECEMBER 31, 1995
Allowance for bad debts	$327	$ 50	$149	$ (35)	$491

(1) Deductions relate to write-off of specific accounts.

(2) Includes $161,000 from acquired company and subsidiaries.

SCHEDULE X

SUPPLEMENTARY INCOME STATEMENT INFORMATION
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	1995	1994	1993
Maintenance and repairs	$ *	$ *	$ 1,882
Depreciation and amortization of intangible assets, preoperating costs and similar deferrals	*	*	*
Taxes, other than payroll and income taxes	*	*	*
Royalties	*	*	*
Advertising costs	*	*	*

* Less than 1% of total sales.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, THE REGISTRANT 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 MAY 17, 1996.

GIBRALTAR STEEL CORPORATION

s/ Brian J. Lipke

By _____

BRIAN J. LIPKE
CHAIRMAN OF THE BOARD, PRESIDENT
AND
CHIEF EXECUTIVE OFFICER

KNOW ALL MEN BY THESE PRESENTS that each person whose signature appears below hereby constitutes and appoints Brian J. Lipke, Neil E. Lipke, Curtis W. Lipke, and Walter T. Erazmus, and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any or all amendments to this Registration Statement and to file the same with all exhibits thereto, and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorney-if-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in or about the premises, as fully and to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-if-fact and agent, or his substitute or substitutes, may lawfully do or come to be done by virtue thereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, THIS 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, President and Chief Executive Officer (Principal Executive Officer)	May 17, 1996
s/ Walter T. Erazmus WALTER T. ERAZMUS	Executive Vice President--Finance and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	May 17, 1996
s/ Curtis W. Lipke CURTIS W. LIPKE	Director	May 17, 1996
s/ Neil E. Lipke NEIL E. LIPKE	Director	May 17, 1996

SIGNATURE	TITLE	DATE
s/ Gerald S. Lippes GERALD S. LIPPES	Director	May 17, 1996
s/ Arthur A. Russ, Jr. ARTHUR A. RUSS, JR.	Director	May 17, 1996
s/ William P. Montague WILLIAM P. MONTAGUE	Director	May 17, 1996
 DAVID N. CAMPBELL	Director	May , 1996

EXHIBIT 10.10

THE INDUSTRIAL DEVELOPMENT BOARD
OF THE COUNTY OF HAMILTON, TENNESSEE

(HAMILTON COUNTY, TENNESSEE)

and

FLEET BANK OF NEW YORK

and

GIBRALTAR STEEL CORPORATION OF TENNESSEE

BOND PURCHASE AGREEMENT

Dated as of June 16, 1994

$8,000,000
The Industrial Development Board of the County of Hamilton, Tennessee
1993 Taxable Industrial Development Revenue Bonds
(Gibraltar Steel Corporation of Tennessee Facility)

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BOND PURCHASE AGREEMENT

THIS BOND PURCHASE AGREEMENT (the "Bond Purchase Agreement") dated as of June 16, 1994 is among THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF HAMILTON, TENNESSEE, a public corporation of the State of Tennessee having its office at c/o Shumacker & Thompson, P.C., Suite 500, First Tennessee Building, Chattanooga, Tennessee 37402 (the "Issuer"), FLEET BANK OF NEW YORK, a banking corporation duly organized and existing under the laws of the State of New York having an office at 10 Fountain Plaza, Buffalo, New York 14202 (the "Bank") and GIBRALTAR STEEL CORPORATION OF TENNESSEE, a business corporation duly organized and validly existing under the laws of the State of Tennessee having its principal place of business at 3556 Lake Shore Road, Buffalo, New York 14219 (the "Company").

The Bank has agreed to lend to the Issuer the aggregate principal amount of EIGHT MILLION AND N0/100 DOLLARS ($8,000,000) to finance the acquisition, construction and equipping of the Facility and to purchase the Issuer's 1993 Taxable Industrial Development Revenue Bonds, to be issued in one series, evidencing the Issuer's obligation to repay such principal amount, and the Issuer has agreed to issue, execute and deliver the Bonds, on the terms of this Bond Purchase Agreement.

The Series 1 Bond Proceeds will constitute a term loan (the "Term Loan") upon the terms and conditions set forth in the Series 1 Bond.

Accordingly, the parties agree as follows:

ARTICLE I

DEFINITIONS

Definition of Terms. All of the capitalized terms used in this Bond Purchase Agreement and not otherwise defined shall have the same meanings assigned thereto in the Schedule of Definitions attached hereto as SCHEDULE A and made a part hereof.

ARTICLE II

REPRESENTATIONS AND COVENANTS

Section 2.01. Representations and Covenants by Issuer. The Issuer represents and covenants to the Bank and the Company that:

A. The Issuer is an industrial development corporation duly established and validly existing under the Act and is a public corporation duly organized and validly existing under the laws of the State.

B. Under the Act, it is the Issuer's purpose to advance the Public Purposes of the State. In accordance with the Act, the Issuer has determined to acquire the Land, construct the Improvements and purchase the Equipment which together constitute the Facility, and to lease the Facility to the Company pursuant to the Lease Agreement.

C. The Issuer has full legal and corporate right, power and authority to execute, deliver and perform each of the Issuer Documents, including, but not limited to, the power to execute, deliver, issue and sell the Bonds and receive the Bond Proceeds as provided for by this Bond Purchase Agreement; to apply the Bond Proceeds to the Costs of the Facility; to lease the Facility to the Company pursuant to the Lease Agreement; to pledge and assign certain revenues derived and to be derived by the Issuer from the Lease Agreement to the Bank pursuant to the Pledge and Assignment; and to grant a deed of trust on and security interest in the Facility to the Bank pursuant to the Deed of Trust and the Issuer Security Agreement to secure, among other things, the punctual payment of the principal of, and premium, if any, and interest on the Bonds.

D. By the Bond Resolution, the Issuer has duly authorized the execution, delivery and performance of each of the Issuer Documents. The issuance, execution and delivery of the Bonds and such documents when executed and delivered by the Issuer shall constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms.

E. There is no action, suit, proceeding or investigation at law or in equity pending or to the knowledge of the Issuer threatened in any court or before any administrative body, either state or Federal, calling into question the creation, organization or existence of the Issuer, the Issuer's right or authority to exercise any of its powers conferred by the Act, the validity of any of the Issuer Documents, or the authority of the Issuer to execute, deliver and perform any of the Issuer Documents or to issue, execute and deliver the Bonds.

F. Neither the execution and delivery of the Issuer Documents and all other documents contemplated thereby, the issuance, execution and delivery of the Bonds and the consummation of the transactions contemplated thereby nor the fulfillment of or compliance with the provisions of the Bonds and any of the Issuer Documents and all other documents contemplated thereby will conflict with or result in a breach of any of the terms, conditions or provisions of the Act, any other applicable law or ordinance of the State or any political subdivision thereof or the Certificate of Establishment, or By-laws of the Issuer, as amended, or of any corporate restriction or any agreement or instrument to which the Issuer is a party or by

which it or its Property is bound, or will constitute a default under any of the foregoing.

G. Except for a filing with the Tennessee State Director of Local Finance regarding the issuance of the Bond and a filing under Tennessee Public Chapter 1000 regarding property tax abatements, each of which will be made by the Issuer on a timely basis, no further consent, authorization or approval of, or filing or registration with, any governmental or regulatory body is required for the execution and delivery of the Issuer Documents and the performance of the transactions contemplated thereby.

H. All requirements and conditions specified in the Act, the Certificate of Establishment and the By-laws of the Issuer and all other applicable laws and regulations that govern the adoption of the Bond Resolution, the provision and lease of the Facility to the Company pursuant to the Lease Agreement, and the execution and delivery of the Issuer Documents and the issuance, execution and delivery of the Bonds have been fulfilled.

I. Except as provided in Section 9.5 of the Lease Agreement, the Issuer will take no action and, to the extent of its ability to do so, will suffer no action to be taken to terminate its existence.

J. The Issuer will apply the proceeds from the sale of the Bonds to the purposes and subject to the provisions specified in this Bond Purchase Agreement and the Lease Agreement.

K. The Issuer will take all action and do all things which it is authorized by law to take and do in order to perform and observe all covenants and agreements on its part to be performed and observed under the Issuer Documents and the Bonds and in order to provide for and to assure payment of the Bonds and interest thereon when due.

L. The Issuer will not create, make or suffer to exist (1) any Lien on the Facility, other than Permitted Encumbrances, or (2) any assignment of any revenues derived or to be derived from the Lease Agreement, other than the Pledge and Assignment.

M. The Issuer will not take any action impairing any authority, right or benefit given or conferred by the Bond Resolution or any Issuer Document.

N. The Issuer will cause to be paid the principal of, and premium, if any and the interest on the Bonds as the same

become due, but solely to the extent provided in Section 5.03 hereof.

O. The Issuer will execute, acknowledge when appropriate, and deliver from time to time at the request of the Bank such instruments and documents as in the opinion of the Bank are necessary or desirable to carry out the intent and purpose of this Bond Purchase Agreement.

P. Any certificate signed by an Authorized Representative, or any other officer of the Issuer, and delivered to the Bank shall be deemed a representation and warranty by the Issuer to the Bank as to the statements made therein.

Q. The Issuer repeats, confirms and incorporates by reference herein, with the same effect as if set forth herein in full, all the representations and covenants made by it in the Lease Agreement.

Section 2.02. Representations and Covenants by Bank. The Bank hereby agrees with and represents to the Issuer that:

A. The Bank is purchasing the Bonds for its own account and not for the account of others.

B. The Bank has not offered the Bonds for re-sale and presently it has no arrangement, written or oral, with any person for the distribution, transfer, or re-sale of the Bonds and in the event of any such distribution, re-transfer or re-sale, the Bank will comply in all respects with the securities laws of the United States, the State and any other state of the United States (including the District of Columbia), to the extent then applicable, and in that regard will make or cause to be made to any prospective purchaser or transferee such disclosures with respect to the affairs and condition, financial or otherwise, of the Company, any other Guarantors or the Issuer as may be then required or reasonably appropriate under the circumstances.

C. The Bank has had an opportunity to make such investigations and has had access to such information concerning the affairs and the condition, financial or otherwise, of the Issuer, the Company or any other Guarantors in connection with and as a basis for the purchase of the Bonds as the Bank deems necessary under the circumstances and in that connection, the Bank acknowledges that neither the Issuer nor its counsel have made any investigation or inquiry with respect to the affairs or condition, financial or otherwise, of the Company or any other Guarantors; neither the Issuer nor its counsel have made and do not make any representation to the Bank with respect to the adequacy, sufficiency or accuracy of any financial statements or other information provided to the Bank with respect to the

ability of the Company or any other Guarantors to pay the Bonds or fulfill its or their other obligations with respect to the transactions contemplated in connection therewith.

Section 2.03. Representations and Covenants by Company. The Company represents and covenants to the Bank and the Issuer that:

A. The Company is a business corporation duly organized and validly existing under the laws of the State. The Company will maintain its corporate existence in good standing and remain or become duly qualified or licensed and in good standing as a foreign corporation in each jurisdiction in which the conduct of its businesses requires such qualification or license.

B. The Company has full legal right, power and authority to execute, deliver and perform each of the Company Documents, and all other documents contemplated thereby.

C. The Company has duly authorized the execution, delivery and performance of each of the Company Documents. The issuance, execution and delivery of such documents when executed and delivered by the Company shall constitute legal, valid and binding obligations of the Company enforceable in accordance with their respective terms.

D. There is no action, suit, proceeding or investigation at law or in equity pending or to the knowledge of the Company threatened in any court or before any administrative body, either state or Federal, calling into question the creation, organization or existence of the Company, the Company's right or authority to exercise any of its powers, the validity of the Company Documents, or the authority of the Company to execute, deliver or perform any of the Company Documents.

E. The Company will take all action and do all things which it is authorized by law to take and do in order to perform and observe all covenants and agreements on its part to be performed and observed under the Company Documents.

F. The Company will execute, acknowledge, when appropriate, and deliver from time to time at the request of the Bank such instruments and documents as in the opinion of the Bank are necessary or desirable to carry out the intent and purpose of this Bond Purchase Agreement.

G. The Company repeats, confirms and incorporates by reference herein, with the same effect as if set forth herein in full, all the representations and covenants made by it in the Lease Agreement.

H. The Company covenants for itself and on behalf of the Issuer that all advances of the Term Loan received under this Bond Purchase Agreement and the Deed of Trust and the right to receive such advances will be held by the Company in trust solely for the purpose of constructing, acquiring, improving, equipping, furnishing and/or bettering the Improvements, to the extent that such Improvements constitute a "project" within the meaning of the Act.

I. The Company will not take or omit to take any action which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that contemplated by the Bonds, the Bond Purchase Agreement and the other Bond Documents, as in force from time to time.

J. Corporate Guarantor, on a consolidated basis, shall maintain a ratio of income before taxes to interest expense of not less than 3:5 to 1 at all times.

K. Corporate Guarantor, on a consolidated basis, shall maintain a ratio of its liabilities (including those liabilities subordinated to Bank) to Tangible Net Worth not to exceed the ratio stated on EXHIBIT B hereto for each of the stated periods.

L. Corporate Guarantor, on a consolidated basis, will maintain a Tangible Net Worth of not less than the amount stated on EXHIBIT B hereto at the times stated therein.

M. Corporate Guarantor will furnish to Bank: (i) within forty-five (45) days after the end of each of the first three (3) fiscal quarters of each of Company's fiscal years unaudited, consolidated and consolidating, balance sheets and income statements of Company at and as of the end of each such quarter, all in such detail as Bank may reasonably request, together with a compliance certificate, in form and substance satisfactory to Bank, certifying to Corporate Guarantor's compliance with the financial ratios and covenants in the loan documents pertaining to Corporate Guarantor; (ii) within one hundred twenty (120) days after the end of each fiscal year of Corporate Guarantor, annual audited, consolidated financial statements of Corporate Guarantor audited by independent certified public accountants satisfactory to Bank, together with a compliance certificate, in form and substance satisfactory to Bank, certifying to Corporate Guarantor's compliance with the financial ratios and covenants in the loan documents pertaining to Corporate Guarantor.

N. Corporate Guarantees; Corporate Guarantor. Company and Corporate Guarantor shall each permit Bank to conduct field

examinations of their respective accounts receivable, inventory and other assets, at such times as Bank shall determine in its discretion.

O. Company and Corporate Guarantor shall allow Bank and any persons designated by Bank access to all locations where Company's inventory is located and shall cooperate in the periodic inspection thereof. Company shall also permit Bank to periodically inspect and review Company's books and records and to make extracts from and copies of such books and records. Company agrees to pay for the reasonable costs and expenses incurred by Bank in connection with such inspections.

P. Company, Corporate Guarantor and each Affiliate Guarantor will promptly inform Bank of the commencement of any action, suit, counterclaim or proceeding against Company, Corporate Guarantor or any Affiliate Guarantor involving (i) a claim in excess of Five Hundred Thousand Dollars ($500,000.00), unless such claim is fully covered by insurance; (ii) a claim which results in the aggregate of all claims then outstanding and not fully insured to exceed Five Hundred Thousand Dollars ($500,000.00); (iii) a claim which would materially adversely affect the business of Company; or (iv) a claim which questions the validity of this Agreement, the Deed of Trust, the Assignment of Rents, the Company Security Agreement, any of the Bond Documents, any of the Company Documents, any agreement or document executed in connection herewith or any action taken or to be taken pursuant to any of the foregoing.

Q. Company and Corporate Guarantor will promptly pay all of its taxes, assessments and other governmental charges prior to the date on which penalties are attached thereto, establish adequate reserves for the payment of all taxes and assessments and make all required withholding and other tax deposits; provided, however, that nothing herein contained shall be interpreted to require the payment of any tax, assessment or charge so long as its validity is being contested in good faith.

R. Company shall: (i) at all times, maintain insurance with responsible insurance carriers as to which Bank is a named insured, mortgagee and loss payee, as appropriate, against fire, theft and other hazards on all of its property so insurable, in such manner and to the extent that like properties are usually insured by other operating businesses of a similar character in the same general localities, (ii) at all times, maintain adequate insurance with responsible insurance carriers against liability on account of damage to persons or property and under all applicable workers' compensation laws; and (iii) promptly deliver to Bank upon request, certificates of insurance for any of those insurance policies required to be carried by Company pursuant hereto.

S. Company shall promptly notify Bank in writing of (i) any material adjustment or assessment by any taxing authority as soon as it has knowledge thereof and the results of any audit of any tax returns of Company after its completion; (ii) the occurrence of any event or the existence of a condition which constitutes, or which but for a requirement of lapse of time or notice, or both would constitute, an Event of Default; or (iii) any default by Company in the performance of any terms or conditions contained in any of the Bond Documents or any mortgage, indenture or instrument relating to borrowed money or the lease of real or personal property to which Company is a party.

T. Company shall deliver to Bank, promptly upon the Bank's request, copies of (i) all annual reports, including schedules and attachments, filed with the Internal Revenue Service or PBGC by Company or a Controlled Group Member with respect to any Pension Plan or Welfare Plan and (ii) all notices Company or a Controlled Group Member receives from the Internal Revenue Service, PBGC, or U.S. Department of Labor with respect to any Pension Plan, Welfare Plan, or Multiemployer Plan, promptly after the filing or receipt of such documents. As soon as possible, and in any event within thirty (30) days after Company knows or has reason to know that any Reportable Event or Prohibited Transaction has occurred with respect to any Pension Plan or Welfare Plan, or that the PBGC or Company or any Controlled Group member has instituted or will institute proceedings under Title IV or ERISA to terminate any Pension Plan, or that application will be made to the Secretary of the Treasury for a waiver of the minimum funding standard pursuant to Section 414(d) of the Code with respect to any Pension Plan or Multiemployer Plan, Company or Controlled Group Member will deliver to Bank a certificate of the Chief Financial Officer of Company or Controlled Group Member setting forth details as to such Reportable Event or Prohibited Transaction or Pension Plan termination or waiver application and the action Company or Controlled Group Member proposes to take with respect thereto.

U. Upon receipt by Company of: (a) notice that the operations of Company or any Subsidiary are not in full compliance with requirements of applicable federal, state or local environmental, health and safety statutes and regulations, (b) notice that Company or any Subsidiary is subject to federal or state investigation evaluating whether any remedial action is needed to respond to the release of any hazardous or toxic waste, substance or constituent, or other substance into the environment, or (c) notice that any properties or assets of Company, or of any Subsidiary are subject to an Environmental Lien, Company shall notify Bank of such notice and the steps Company plans to take in response thereto.

V. During the term of this Agreement, Company will execute and deliver to Bank and, as necessary, pay for the filing of all documents Bank may request in connection with this Agreement, and defend any action, proceeding or claim affecting the security for the Bonds.

W. Corporate Guarantor, on a consolidated basis, will not incur in any one fiscal year aggregate capital expenditures in excess of Ten Million Dollars ($10,000,000) unless such capital expenditures are financed by Bank. The indebtedness represented by the Bonds shall not be included for the purpose of this calculation.

X. Company and Corporate Guarantor will not declare, make or incur any liability to make or pay any distributions, dividends, acquisition, redemption or retirement of its stock or any warrants, rights or options therefor, without the prior written consent of Bank.

Y. Corporate Guarantor, on a consolidated basis, will not mortgage, pledge or otherwise encumber or suffer to be encumbered any of its assets except for liens granted to Bank or to the Issuer pursuant to the Bond Documents or to Chase Manhattan Bank prior to the date hereof.

Z. Corporate Guarantor and its subsidiaries, will not make loans or advances to, or guarantee, endorse or otherwise be or become liable or contingently liable in connection with the obligations or indebtedness (including, but not limited to indebtedness for borrowed money or for the deferred purchase price of property, the face amount of all letters of credit issued for the account of such person and all drafts drawn thereunder and not repaid, all liabilities secured by any lien or any property owned by such person, even though such person has not assumed or become liable for the payment thereof and lease obligations of such person which, in accordance with GAAP, should be capitalized, but excluding guaranties or other contingent obligations) of any other person, including any subsidiary, directly or indirectly, or permit any subsidiary to do so, except (i) as an endorser of instruments for the payment of money deposited to its bank account for collection in the ordinary course of business; (ii) trade credit extended in the ordinary course of business; (iii) advances made in the usual course of business to officers and employees for travel and other out-of-pocket expenses incurred by them on behalf of Gibraltar Steel Corporation of New York, the Company, or any subsidiaries in connection with their business; (iv) Gibraltar Steel Corporation may guaranty obligations or indebtedness of Persons in an amount not to exceed $5,000,000.00 in the aggregate; (v) Gibraltar Steel Corporation and Gibraltar Steel Corporation of New York may guaranty IRB obligations of Gibraltar Steel of Tennessee in the

original principal amount of $8,000,000.00; (vi) Gibraltar Steel Corporation of New York may advance to the Gibraltar Steel Corporation amounts from time to time not to exceed $5,000,000.00 in the aggregate at any one time outstanding; (vii) existing Indebtedness as set forth on Schedule 4.15 attached to the Credit Agreement dated as of December 31, 1993 among Gibraltar Steel Corporation, Gibraltar Steel Corporation of New York, The Chase Manhattan Bank, N.A., as Agent, The Chase Manhattan Bank, N.A. and Fleet Bank of New York and (viii) Gibraltar Steel Corporation of New York and Gibraltar Steel Corporation may advance amounts from time to time not to exceed in the aggregate at any one time outstanding the following amounts to each of the following Subsidiaries:

Subsidiary	Amount
Gibraltar Strip Steel	$7,500,000
Gibraltar Steel Corporation of Tennessee	$5,000,000
Integrated Technologies International, Ltd.	$1,000,000
Kydco Holdings	$1,000,000
Cleveland Pickling	$1,000,000

AA. None of Corporate Guarantor, its subsidiaries and Company will convey, lease or sell all or any substantial portion of its or their property, assets or business to any person or entity except the sale of inventory in the ordinary course of business.

BB. For purposes of this section "substantial portion" shall mean any and all purchases or transfer prices in excess of $1,000,000 in the aggregate in any one fiscal year and any transaction shall be permissible only if no Default shall occur as a result thereof.

CC. Corporate Guarantor or its subsidiaries may merge or consolidate with or into any other corporation, partnership or entity, acquire the capital stock or substantially all of the assets of any other person or entity or change its corporate structure provided that Corporate Guarantor or such subsidiary is the surviving entity, that the aggregate transaction price for all such transactions during the term hereof does not exceed $10,000,000, that the surviving entity has guaranteed or will guarantee the payment of the Bonds and that no Event of Default shall then exist.

DD. Payments by Corporate Guarantor, on a consolidated annual basis, for operating leases, as defined by generally accepted accounting principles, shall not exceed $2,500,000.

ARTICLE III

CLOSING OF LOAN, FUNDING OF LOAN AND
PURCHASE AND SALE OF BOND

Section 3.01. Closing Date. On the Closing Date the Bank agrees, subject to the terms and conditions of this Bond Purchase Agreement and the Bonds, to pay to the Issuer as the purchase price thereof the aggregate principal amount of EIGHT MILLION AND N0/100 DOLLARS ($8,000,000.00) in immediately available funds upon receipt of the Bonds in such aggregate principal amount. The Bank shall make such payment in immediately available funds by depositing the amount of Eight Million Dollars ($8,000,000) in the Project Fund, pursuant to Section 4.02 hereof.

Section 3.02. Conditions Precedent to Closing.

A. The Issuer's obligation to deliver the Bonds and accept payment therefor is conditioned upon the purchase of the Bonds in accordance herewith on the Closing Date and is subject to the further condition that all documents, certificates, opinions and other items delivered on the Closing Date shall be reasonably satisfactory in form and substance to Issuer's counsel.

B. The obligation of the Bank to purchase the Bonds shall be subject to the receipt by the Bank of each of the following in form and substance satisfactory to the Bank and its counsel:

1. The executed original Bonds in the form set forth in EXHIBIT A hereto;

2. Evidence as to (i) the due organization and existence of the Issuer, the Company and any other Guarantors; (ii) the due authorization and execution of each of the Bond Documents; (iii) the discharge and release of all Liens on the Facility (except for Permitted Encumbrances); (iv) the vesting of title to the Facility in the Issuer; (v) the absence of litigation involving the Issuer, the Company, or any other Guarantors which might materially affect the transactions contemplated hereby; (vi) the existence of all required consents and the absence of any Event of Default or any event which with the giving of notice or the passage of time would be an Event of Default with respect to any Bond Documents; (vii) the truth and accuracy of all representations and warranties contained in the Bond Documents; (viii) the delivery to the title company for filing or recording, as appropriate, of documents necessary to perfect the lien of the security interests granted pursuant to the Issuer Security Agreement, the Affiliate Security Agreements

and the Company Security Agreement in connection with the transactions contemplated hereby and by the Lease Agreement, the Deed of Trust, the Leasehold Deed of Trust, the Pledge and Assignment, the Assignment of Rents and the Guaranty; (ix) the payment of all fees and expenses of the Issuer and the Bank; (x) the delivery to the title company for filing or recording, as appropriate, of documents necessary to modify the Deed of Trust, the Leasehold Deed of Trust, the Memorandum of Lease and the Pledge and Assignment to conform to the terms hereof; and (xi) the receipt of all necessary governmental permits, licenses and other authorizations relating to the acquisition, construction, equipping, use and operation of the Facility;

3. A certified copy of the Bond Resolution; proof of due corporate action by the Issuer, the Company and the Corporate Guarantor; and executed duplicate originals of the Bond Documents (except for the Bonds);

4. Opinions of counsel to the Issuer, the Company and any other Guarantors as to each of the matters set forth in subsection B.2 above and such other matters as the Bank may require;

5. An opinion of Issuer's Counsel as to the due existence and authority of the Issuer and the valid issuance of the Bond;

6. Certificates or policies evidencing the insurance required to be obtained by the Company pursuant to the Lease Agreement;

7. The policy evidencing title insurance as required to be obtained by the Company pursuant to the Lease Agreement covering the Land and Improvements in the amount of $4,000,000;

8. Evidence that all real estate taxes, assessments and water and sewage charges levied or assessed against the Facility have been paid in full and (b) any applicable conveyance tax law has been complied with;

9. A certificate of a duly authorized officer of the Company certifying that: (i) the representations and warranties contained in Section 2.03 of this Agreement are correct on and as of the Closing Date as though made on and as of such date; and (ii) no event has occurred and is continuing, or would result from the sale and delivery of the Bond, which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both;

10. A Phase I Environmental Report, in form and content satisfactory to the Bank, and prepared, at the Bank's request, by a company of the Bank's choice, showing that there are no environmental problems at the Facility site in Chattanooga, Tennessee. The Company shall have paid all fees for such report on or before the Closing Date.

11. A duly executed copy of a fee simple deed and associated real estate closing documents evidencing the acquisition by the Company of title to the Land in the name of the Issuer, and any improvements thereon, free and clear of all liens and encumbrances, and a title insurance policy in form and substance satisfactory to the Bank declaring the Bank a named insured in respect of such real property.

12. Evidence, satisfactory to the Bank, that fire, casualty and other insurance is in force for the Facility and the contents thereof in accordance with the requirements of Sections 6.4 and 6.5 of the Lease Agreement.

13. An appraisal, performed by an independent appraiser satisfactory to the Bank, of the real estate and improvements at the Centre South Riverport Industrial Park site in Chattanooga, Tennessee, on an "as-built" basis. The real estate appraisal shall be dated within one year of the Closing Date and shall be obtained by the Bank from an appraiser of the Bank's choice. The Company shall have paid the appraisal fee on or before the date of this Agreement.

14. Evidence, satisfactory to the Bank, that all government permits are in force which are required for the construction of the Facility and the operation of the business of the Company, including evidence that the Facility will, when completed, comply with all applicable zoning laws and regulations.

15. Such additional certificates, instruments or other documents as the Issuer or the Bank may reasonably require.

Section 3.03. Intentionally Omitted.

Section 3.04. Mutilated, Lost, Stolen or Destroyed Bonds.

A. In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and, upon its request, the Company shall authenticate and deliver, a new Bond of like maturity, interest rate and principal amount and bearing the same number as the mutilated, destroyed, lost or stolen Bond, in exchange for the mutilated Bond or in substitution for the Bond so destroyed, lost or stolen. In every case of exchange or

substitution, the applicant shall furnish to the Issuer, the Company and the Bank (i) such security or indemnity as may be required by them to hold each of them harmless from all risks, however remote, and (ii) evidence to their satisfaction of the mutilation, destruction, loss or theft of the applicant's Bond and of the ownership thereof. Upon the issuance of any Bond upon such exchange or substitution, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees, of the Issuer, the Company or the Bank. In case any Bond which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Issuer may, instead of issuing a Bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to the Issuer, the Company and the Bank such security or indemnity as they may require to hold them harmless and evidence to the satisfaction of the Issuer, the Company and the Bank of the mutilation, destruction, loss or theft of such Bond and of the ownership thereof.

B. Every Bond issued pursuant to the provisions of shall constitute an additional contractual Issuer (whether or not the destroyed, lost or be found at any time to be enforceable) and to all the benefits of this Bond Purchase and proportionately with any and all other under this Bond Purchase Agreement.

C. The Bond shall be held and owned upon the express condition that the provisions of this Section 3.04 are exclusive, with respect to the replacement or payment of a mutilated, destroyed, lost or stolen Bond, and shall preclude all other rights or remedies, notwithstanding any law or statute existing or hereinafter enacted to the contrary.

Section 3.05. Registration, Reissue or Transfer of Bonds. So long as any Bond or Bonds remain outstanding, the Issuer shall maintain and keep, at the office of the Bank (unless the Bank shall have resigned as Bond Registrar of the Issuer), books for the transfer and registration of the Bonds; and upon presentation thereof for such purpose at such office, the Issuer shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Bank may prescribe, any Bond entitled to registration or transfer. So long as any Bond or Bonds remain outstanding, the Issuer shall make all necessary provisions to permit the exchange of Bonds at the office of the Bank. The Bank is hereby appointed and agrees to serve as Bond Registrar for the Issuer for the purposes of registering and making transfers on such registration books; provided, however, that at any time the Bank shall no

longer be an Owner of the Bonds, the Bank may, upon 30 days' written notice to the Issuer, resign from such offices and the Issuer shall appoint a successor Bond Registrar. By execution of this Bond Purchase Agreement, the Bank accepts such appointment as Bond Registrar. Each Bond shall be transferable only upon the books of the Issuer, which shall be kept for that purpose at the office of the Bank (unless the Bank shall have resigned as Bond Registrar of the Issuer), by the registered Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Bank duly executed by the registered Owner or his attorney duly authorized in writing. Upon the transfer of any such Bond, the Issuer shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and maturity and rate of interest as the surrendered Bond.

The Issuer and the Bank, or any successor Bond Registrar of the Issuer, may deem and treat the person in whose name any outstanding Bond shall be registered upon the books of the Issuer as the absolute Owner of such Bond, whether such Bond shall be overdue or not, for all purposes, and neither the Issuer nor the Bank nor any successor Bond Registrar of the Issuer shall be affected by any notice to the contrary. The term "Bond" or "Bonds" shall include a Bond or Bonds issued by the Issuer in exchange for or upon transfer of any Bond under this Section 3.05.

If any Owner of the Bond proposes to transfer the Bond with the result that there shall be more than one Owner of the Bond, the Owner shall make such arrangements as shall be satisfactory to the Issuer and the Company and in accordance with Section 3.06 hereof, for the appointment of a trustee and the execution of the Indenture for the benefit of the Bondholders, in form satisfactory to the Issuer and the Company, at the expense of the Company.

Section 3.06. Execution of Indenture. If at any time the Bank shall so request of the Issuer, whether or not there is more than one Owner of the Bonds, the Issuer will, as soon as practicable after the receipt of a written request from the Bank, execute and deliver an Indenture of Trust (the "Indenture") to a bank or trust company, as trustee, which (a) is satisfactory to the Bank, the Issuer and the Company, (b) is organized under the laws of the State or organized under the laws of the United States of America, (c) has its principal office in the State and (d) has a capital and surplus of at least $10,000,000 or such lesser amount as shall be satisfactory to the Bank, the Issuer and the Company (if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms). The Indenture shall provide for the issuance (and the Issuer will authorize the issuance thereunder as herein

provided) of a principal amount of new industrial development revenue bonds of the Issuer (the "New Bonds"), in aggregate principal amount equal to the aggregate principal amount of such Bonds Outstanding and unpaid at the time of such authorization, bearing interest at the same rate as such Outstanding Bonds and in all other respects substantially similar to and having substantially all the rights and privileges carried by the Bonds.

Section 3.07. Assignment to Trustee. In connection with the execution of the Indenture, the Bank shall assign to the trustee under the Indenture, to be held by such trustee for the benefit of all the owners of the Bonds, all of the rights of the Issuer assigned to the Bank in accordance with the Pledge and Assignment and all of the Bank's rights pursuant to the Guaranty and the Deed of Trust, and in that connection will execute and deliver all such instruments and documents as may be deemed necessary or appropriate by the Bank.

Section 3.08. Terms of Indenture and New Bonds. The Indenture and the New Bonds to be issued thereunder shall, insofar as may be appropriate, embody the substance of all covenants, conditions and provisions of this Bond Purchase Agreement and the Bonds, respectively, together with such other provisions as may be desirable (and not inconsistent with the provisions of this Bond Purchase Agreement, the Lease Agreement, the Bond Resolution and the Bonds) and as are usually contained in indentures of similar issuers providing for bonds of comparable aggregate principal amount and maturity, or are usually contained in such bonds. The Indenture and the New Bonds shall be in form and substance satisfactory to the Bank and in such forms as may be necessary to comply with any applicable recording or other statutes and with any rules or regulations thereunder and with the decisions of Federal and State courts. The New Bonds shall be issuable in definitive form as registered bonds without coupons in the same denominations (or in denominations of $5,000 or multiples thereof) and maturities as the Outstanding Bonds originally issued, and shall be in typewritten form and may be reproduced by xerographic, photocopy or other comparable process.

Section 3.09. Opinion of Bond or Independent Counsel. At the time of the execution of the Indenture, Independent Counsel shall furnish to the Bank, and to the trustee under the Indenture an opinion to the effect that (i) the Indenture and the New Bonds are in form in compliance with this Article III, (ii) the Indenture has been duly authorized, executed and delivered by the Issuer and is a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, (iii) the Indenture (or a financing statement or similar notice thereof if and to the extent permitted or required by applicable law) has been properly recorded or filed in all public

offices in which recording or filing is necessary to perfect the liens and security interests, assigned in accordance with Section 3.07 of this Bond Purchase Agreement, as valid first liens and security interests, (iv) the remedies provided in the Indenture are enforceable in accordance with their terms (except as such remedies may be limited by bankruptcy laws or by other laws which do not, in the opinion of such counsel, materially interfere with the practical realization of the benefits provided by the Indenture for the New Bonds outstanding thereunder or make inadequate the remedies necessary for such realization), and (v) the New Bonds have been duly authorized and will, when executed, authenticated and delivered as herein and in the Indenture provided, constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their terms and will be entitled to the benefits of the Indenture, as aforesaid.

Section 3.10. Exchange of Bonds. After the execution and delivery of the Indenture, upon surrender of any Bond or Bonds by its owner, the Issuer will deliver to such owner, in exchange for such Bond or Bonds, New Bonds in the same aggregate principal amount with the same maturity as the Bond or Bonds surrendered, in such authorized denominations as the owner may elect and bearing interest from the date to which interest shall have been paid on the Bond or Bonds so surrendered.

Section 3.11. Company to Bear All Expenses. The Company shall bear all expenses in connection with the preparation, issuance and delivery of the Indenture, the New Bonds, the assignments to the trustee, and all related documents (including any official statement), all trustee fees and all legal fees incurred by the Issuer, the Bank, or the trustee, all recording or filing fees incurred in connection with any of the documents, and all stamp or other taxes payable in respect of the issuance and delivery of the New Bonds.

ARTICLE IV

BOND PROCEEDS AND ESTABLISHMENT OF FUNDS

Section 4.01. Establishment of Funds. The following trust funds are hereby established with the Bank and shall be held, maintained and administered by the Bank on behalf of the Issuer in accordance with this Bond Purchase Agreement:

1. The Industrial Development Board of the County of Hamilton, Tennessee Project Fund - Gibraltar Steel Corporation of Tennessee Facility (the "Project Fund").

2. The Industrial Development Board of the County of Hamilton, Tennessee Renewal Fund - Gibraltar Steel

Corporation of Tennessee Facility (the "Renewal Fund").

Section 4.02. Application of Bond Proceeds; Deposits into Project Fund. The Bank shall deposit all Bond Proceeds of the Series 1 Bond in the Project Fund. The amounts in the Project Fund shall be subject to a security interest, lien and charge in favor of the Bank until disbursed as provided herein.

Section 4.03. Use of Money in Project Fund. The Bank shall disburse moneys in the Project Fund in such manner as the Company may direct in writing from time to time, upon the satisfaction of the conditions set forth in Section 3.02B hereof and the receipt of such supporting documentation as the Bank may reasonably require to evidence use of the moneys in accordance with Section 2.03(H) hereof.

Section 4.04. Intentionally Omitted

Section 4.05. Intentionally Omitted.

Section 4.06. Payments into Renewal Fund; Application of Renewal Fund.

A. The Net Proceeds resulting from any insurance award, condemnation award, title insurance or recovery from any contractor, subcontractor, materialman or other Person with respect to the Facility shall be deposited in the Renewal Fund. The amounts in the Renewal Fund shall be subject to a security interest, lien and charge in favor of the Bank until disbursed as provided herein.

B. Except as otherwise provided in this Section 4.06, the Bank shall apply the amounts deposited in the Renewal Fund to the prepayment of the principal of the Bonds.

C. If an Event of Default shall exist at the time of a deposit of Net Proceeds in the Renewal Fund, the Bank, unless it exercises the remedy provided by Section 10.2(a)(iv) of the Lease Agreement, shall apply the amounts deposited in the Renewal Fund to the payment of the principal of the Bonds.

D. If an Event of Default shall not exist at the time of a deposit in the Renewal Fund and if the Company elects to replace, repair, rebuild, restore or relocate the Facility, the Bank shall apply the amounts in the Renewal Fund to the payment (or reimbursement to the extent the same have been paid by or on behalf of the Company or the Issuer) of the costs of the replacement, repair, rebuilding, restoration or relocation of the Facility, in accordance with the terms of Article VII of the Lease Agreement and upon requisitions submitted to the Bank and signed by an Authorized Representative of the Company. Such requisitions shall be in substantially the same form and subject to the same conditions as requisitions from the Construction Fund. The Bank shall apply any amount remaining in the Renewal Fund after the completion of replacing, repairing, rebuilding, restoring or relocating the Facility, to the prepayment of the principal of the Bonds.

Section 4.07. Intentionally Omitted.

Section 4.08. Investment of Moneys.

A. Moneys held in any fund established pursuant to Section 4.01 hereof shall be invested and reinvested by the Bank in Authorized Investments, pursuant to written direction by the Authorized Representative of the Company, or pursuant to oral direction promptly confirmed in writing by such Authorized Representative. Such investments shall mature in such amounts and have maturity dates or be subject to redemption at the option of the holder on or prior to the date on which the amounts invested therein will be needed for the purposes of such Fund. The Bank may at any time sell or otherwise reduce to cash a sufficient amount of such investments whenever the cash balance in such Fund is insufficient for the purposes thereof. Any such investments shall be held by or under control of the Bank and shall be deemed at all times a part of the Fund for which such moneys are invested, and the interest accruing thereon and any profit realized from such investment shall be credited and held in and any loss shall be charged to the applicable Fund.

B. The Bank may make any investment permitted by this Section 4.07 through its own bond department. The Bank shall not be liable for any depreciation in the value of any investment made pursuant to this Section 4.07 or for any loss arising from any such investment.

ARTICLE V

PAYMENT AND PREPAYMENT BY ISSUER

Section 5.01. Payment of Principal, Interest and Premium. The Issuer shall pay the principal of, interest on and premium, if any, on each Bond in accordance with the provisions of such Bond and as provided in Section 5.03 hereof.

Section 5.02. Prepayment and Redemption of Bonds.

A. Optional Prepayment. At the option of the Issuer, upon direction of the Company, the Bonds may be prepaid at any time in whole or from time to time in part on any Bond Payment Date in multiples of $10,000 principal amount at a prepayment price equal to 100% of the principal amount thereof plus interest accrued to the prepayment date, provided that such payment complies with the terms and conditions set forth in the Bond. The Company may direct such prepayment only if it shall prepay an amount of rent under the Lease Agreement which is equal to the amount of such prepayment, plus accrued interest and shall reimburse the Issuer for any Prepayment Premium paid by the Issuer under Section 5.02D hereof.

Except as provided in 5.02(D) below, the Bonds may be prepaid in whole, but not in part, at any time at a prepayment price equal to 100% of the principal amount of the Bonds to be prepaid plus interest accrued thereon to the date of prepayment upon the Issuer's and the Company's compliance with the terms and conditions set forth in the Bonds and the occurrence of any of the following events:

(i) the Facility shall have been damaged or destroyed to such extent that, in the opinion of an Authorized Representative of the Company and of an Independent Engineer (in each case expressed in a certificate filed with the Issuer and the Bank within sixty (60) days after such damage or destruction), (a) the Facility cannot be reasonably restored within a period of four (4) consecutive months after such damage or destruction to the condition thereof immediately preceding such damage or destruction, or (b) the Company is thereby prevented or is reasonably expected to be thereby prevented from carrying on its normal operations within the Facility for a period of four (4) consecutive months after such damage or destruction, or (c) the cost of restoration of the Facility would exceed the Net Proceeds of insurance carried thereon, plus the amount for which the Company is self-insured as

the result of permitted deductible amounts under Section 6.5 of the Lease Agreement; or

(ii) title to, or the use of, all or any part of the Facility shall have been taken by Condemnation so that in the opinion of an Authorized Representative of the Company and of an Independent Engineer (in each case expressed in a certificate filed with the Issuer and the Bank within sixty (60) days after the date of such taking), the Company is thereby prevented from carrying on its normal operations therein for a period of four (4) consecutive months after such taking; or

(iii) as a result of changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether federal, state or local) or by final decree, judgment or order of any court or administrative body (whether federal, state or local) entered after the Company's contest thereof in good faith, the Lease Agreement, in the opinion of an Authorized Representative of the Company expressed in a certificate filed with the Issuer and the Bank within sixty (60) days after the happening of the event, becomes void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties or imposes material additional burdens or liabilities on the Company.

The Company may direct such prepayment only if it shall prepay an amount of rent under the Lease Agreement which is equal to the amount of the prepayment described above, plus accrued interest and shall reimburse the Issuer for any Prepayment Premium paid by the Issuer under Section 5.02D hereof.

The amount of any prepayment shall be applied to installments of principal in inverse order of maturity and shall not diminish the amount of monthly payments due under the Bonds until the Bonds are paid in full.

B. Mandatory Prepayment. The Bonds shall be prepaid, in whole or in part, at a prepayment price of 100% of the amount so prepaid plus accrued interest to the date of prepayment at the times and in the amounts set forth below:

(i) on the Bond Payment Date next succeeding the earlier of the date of completion of replacing, repairing, rebuilding, restoring or relocating the Facility or the election by the Company not to so apply the Net Proceeds resulting from any insurance, condemnation award or title insurance award in the amount remaining in the Renewal Fund to be applied to the prepayment of the Bonds as provided in Section 4.06 hereof; and

(iii) on the Bond Payment Date next succeeding the completion of the application of the Net Proceeds resulting from any recovery from any contractor, subcontractor, materialmen or other Person as provided in Section 7.4 of the Lease Agreement in the amount remaining in the Renewal Fund to be applied to the prepayment of the Bonds as provided in such Section and Section 4.06 hereof;

C. Application of Partial Prepayments. A partial prepayment of the principal of the Bonds shall be applied to the principal of the Bond having the largest maturity outstanding.

D. Redemption. The Bonds shall be subject to mandatory redemption, without premium or penalty, upon certain conditions all as more fully provided in such Bonds.

Section 5.03. Special Obligation.

A. The Bonds are a special obligation of the Issuer, and the principal of, interest and premium, if any, on the Bonds and all other charges payable pursuant to or expenses or liabilities incurred with respect to obligations under the Issuer Documents and all other documents contemplated thereby shall be payable solely out of (i) the revenues and other moneys of the Issuer derived and to be derived from the leasing, sale or other disposition of the Facility, (ii) pursuant to the Pledge and Assignment, and as otherwise provided in the Bond Resolution and the Bond Documents. Neither the members, officers, agents or employees of the Issuer, nor any person executing the Bonds, shall be liable personally or be subject to any personal liability or accountability by reason of the issuance of the Bonds. The Bonds are not and shall not be a debt of the State or any municipality (including without limitation the County) of the State and neither the State nor any such municipality (including without limitation the County), shall be liable thereon.

B. All payments made by or on behalf of the Company to the Owner of the Bonds or upon its order, pursuant to the Bond Documents shall, to the extent of the sum or sums so paid, satisfy and discharge the liability of the Issuer for moneys

payable upon the Bonds or pursuant to this Bond Purchase Agreement.

C. No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Agreement, against any past, present or future officer or member of the Board of Directors of the Issuer, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officer or board member as such is hereby waived and released.

Section 5.04. Defeasance.

If there shall (i) be paid the principal of, premium, if any, and interest on the Bonds at the rate set forth in the Bonds and all other amounts payable by the Issuer hereunder or (ii) be deposited with the Bank an amount sufficient to pay (a) the principal of, premium, if any, and interest on the Bonds on the dates when due, or to prepay the principal of, and interest on the Bonds at the rate set forth in the Bonds in accordance with its terms and the terms of this Bond Purchase Agreement, and (b) all other amounts payable by the Issuer hereunder, then in such event the security interests created by the Deed of Trust, the Issuer Security Agreement and the Pledge and Assignment shall thereupon terminate and be discharged and satisfied and then all the moneys and properties of the Issuer shall be free and clear of such security interests. In such event the Bank shall execute and record or file all documents requested by the Issuer to effect such discharge and satisfaction.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

Section 6.01. Events of Default Defined. The term Event of Default shall have the meaning set forth in Schedule A hereto and shall include, but not be limited to, the following:

A. The principal or prepayment price of or interest on any Bond shall not be paid on the date when due; or

B. An Event of Default under the Deed of Trust, the Leasehold Deed of Trust, the Lease Agreement, the Guaranty, any Affiliate Guaranty, any related document or any indenture, loan agreement, credit agreement, capital lease or other agreement to which the Company is a party or by which it or its assets is bound, or under the Credit Agreement between the Corporate

Guarantor, Gibraltar Steel Corporation of New York, the Chase Manhattan Bank, N.A., as agent and the Chase Manhattan Bank, N.A. and Fleet Bank of New York dated as of December 31, 1993, shall have occurred and be continuing; or

C. Any representation or warranty made by (i) the Issuer in the Issuer Documents or (ii) the Company in the Company Documents or any other instrument or certificate executed in connection herewith or therewith or (iii) any other Guarantor or Affiliate Guarantor in the Guaranty or any Affiliate Guaranty (so as to be an Event of Default under any of the Issuer Documents or the Company Documents) shall prove to have been false or misleading in any material respect when made; or

D. The failure by the Issuer or the Company to observe or perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than the obligation of the Company to pay principal and interest on the Bonds, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, given to the Issuer and the Company by the Bank.

Section 6.02. Remedies on Default. Whenever any Event of Default shall have occurred, the Bank or any owner of the Bonds may take, to the extent permitted by law, any one or more of the following remedial steps: (i) terminate its obligation to disburse the moneys in the Project Fund and the Renewal Fund, (ii) declare the outstanding principal of and interest on the Bonds to be forthwith due and payable, whereupon the same shall become forthwith due and payable without protest, presentment, notice or demand, all of which are expressly waived by the Issuer, or (iii) exercise any one or more of the remedies provided in the Deed of Trust, the Leasehold Deed of Trust, the Lease Agreement, the Pledge and Assignment, the Assignment of Rents, the Company Security Agreement, the Affiliate Security Agreements, the Issuer Security Agreement, the Guaranty or any or all of the Affiliate Guaranties and/or any of the other Bond Documents.

Section 6.03. Remedies Cumulative. No failure on the part of the Bank to exercise any of its rights and no delay in exercising and no course of dealing with respect to any such right shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any other remedies provided by law.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Company to Pay Expenses. The Company agrees to pay (i) the reasonable fees and expenses of the Bank, the Issuer and their respective counsel, and all other costs and expenses incidental to the financing hereunder, the issuance of the Bonds and the costs of producing the documents referred to herein; (ii) all taxes, if any, upon all documents and transactions pursuant to, or contemplated by, this Bond Purchase Agreement; (iii) all expenses of all filings and recordings pursuant to, or contemplated by, this Bond Purchase Agreement; and (iv) all costs of collection (including reasonable counsel fees) upon the occurrence of an Event of Default under the Bond Documents.

Section 7.02. Recording and Filing.

A. The Issuer shall be responsible for the recording or filing and the Company, on behalf of and as agent for the Issuer, shall cause to be recorded or filed, the Lease Agreement or a memorandum thereof, the Deed of Trust, the Leasehold Deed of Trust, the Pledge and Assignment, the Assignment of Rents, any agreement modifying any of the foregoing, and all other security instruments and financing statements in such manner and in such places as may be required by law to perfect the security interests contemplated herein and therein.

B. The Issuer and the Company hereby irrevocably appoint the Bank, their agent and attorney-in-fact (which appointment shall be deemed to be an agency coupled with an interest) to execute and file on their behalf financing statements and amendments thereto to perfect and continue perfecting the security interests held by it.

C. The Bank shall cause to be filed all security instruments, including without limitation continuation statements under the Uniform Commercial Code of the State, in such manner and in such places as may be required by law to protect and maintain in force all such security interests held by it.

Section 7.03. Notices. All notices, requests; demands or other communications shall be either delivered personally or be sent by certified mail, postage prepaid, return receipt requested addressed as follows or to such other addresses as any party may specify in writing to the other:

To the Issuer:

The Industrial Development Board of the County of
Hamilton, Tennessee
c/o Shumacker & Thompson
Suite 500, First Tennessee Building
701 Market Street
Chattanooga, Tennessee 37402-4800
Attention: Ross I. Schram, III, Esq.

To the Company:

Gibraltar Steel Corporation of Tennessee
3556 Lake Shore Road
Buffalo, New York 14219
Attention: Mr. Walter Erazmus Chief Financial Officer

With a copy to:

Miller & Martin
Volunteer State Life Building
832 Georgia Avenue, 10th Floor
Chattanooga, Tennessee 37402
Attention: Alfred E. Smith, Jr., Esq.

To the Bank:

Fleet Bank of New York
Corporate Banking Group
10 Fountain Plaza, 9th Floor
Buffalo, New York 14202
Attention: John J. Larry Vice President

With a copy to:

Nixon, Hargrave, Devans & Doyle
1600 Main Place Tower
Buffalo, New York 14202
Attention: D. Bruce Kratz, Esq.

Such notices shall be deemed to have been given upon receipt or upon the refusal of the party being notified to accept delivery of such notice.

Section 7.04. Amendment. This Bond Purchase Agreement may not be amended, changed, modified, altered or terminated except by a written instrument executed and delivered by the parties hereto.

Section 7.05. Binding Effect. This Bond Purchase Agreement shall be binding upon and inure to the benefit of the Issuer, the Company, the Bank and their respective successors and assigns.

Section 7.06. Execution of Counterparts. This Bond Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.07. Applicable Law. This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard or reference to its conflict of laws principles.

Section 7.08. Severability. In the event any provision of this Bond Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 7.09. Table of Contents and Section Headings Not Controlling. The Table of Contents and the headings of the several sections in this Bond Purchase Agreement have been prepared for the convenience of reference only and shall not control, affect the meaning of or be taken as an interpretation of any provision of this Bond Purchase Agreement.

Section 7.10. Survival of Obligations. This Bond Purchase Agreement and the representations and warranties contained herein shall survive the purchase and sale of the Bonds and shall remain in full force and effect until the Bonds or any replacement or New Bonds substituted therefor in accordance with the terms hereof, together with interest thereon, and all amounts payable under this Bond Purchase Agreement shall have been paid in full. However, the obligation of the Issuer to make payments required by Section hereof shall survive the termination of this Bond Purchase Agreement and the payment in full of the Bonds.

IN WITNESS WHEREOF, the parties have caused this Bond Purchase Agreement to be duly executed as of the day and year first above written.

THE INDUSTRIAL DEVELOPMENT BOARD OF
THE COUNTY 0F HAMILTON, TENNESSEE

By: /s/ Dan Mayfield

Dan Mayfield
Chairman

FLEET BANK OF NEW YORK

By: /s/ John J. Larry

John J. Larry
Vice President

GIBRALTAR STEEL CORPORATION OF
TENNESSEE

By: /s/ Walter Erazmus

Walter Erazmus
Chief Financial Officer

STATE OF TENNESSEE)
: SS.:
COUNTY OF HAMILTON)

On this 15th day of June, 1994, before me personally came Dan Mayfield, to me known, who, being by me, duly sworn, did depose and say that he resides at Chattanooga, TN; that he is the Chairman of THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF HAMILTON, TENNESSEE, the public corporation of the State of Tennessee described in and which executed the within Bond Purchase Agreement; and that he signed his name thereto by order of the Board of Directors of said public corporation.

My commission expires:
July 24, 1996

/s/
Notary Public

STATE OF TENNESSEE)
: SS.:
COUNTY OF HAMILTON)

On this 16th day of June, 1994, before me personally came JOHN J. LARRY, to me known, who, being by me duly sworn, did depose and say that he resides at Grand Island, New York; that he is the Vice President of FLEET BANK OF NEW YORK, the banking institution described in and which executed the within Bond Purchase Agreement; and that he signed his name thereto by order of the Board of Directors of such banking institution.

/s/
Notary Public
112096

STATE OF TENNESSEE)
:SS.:
COUNTY OF HAMILTON)

On this 16th day of June, 1994, before me personally came Walter Erazmus, to me known, who, being by me duly sworn, did depose and say that he resides at East Amherst, NY; that he is the V.P. Finance & Treasurer of GIBRALTAR STEEL CORPORATION OF TENNESSEE, the business corporation described in and which executed the within Bond Purchase Agreement; and that he signed his name thereto by order of the Board of Directors of said corporation.

/s/
Notary Public
112096

EXHIBIT A

FORM OF BONDS

ATTENTION:

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND MAY NOT BE SOLD OR TRANSFERRED WITHOUT REGISTRATION UNDER SAID ACT OR EXEMPTION THEREFROM

THE PRINCIPAL OF AND INTEREST ON THIS BOND ARE SPECIAL OBLIGATIONS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF HAMILTON, TENNESSEE (THE "ISSUER"). THIS BOND SHALL NOT CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF TENNESSEE, THE COUNTY OF HAMILTON, OR OF ANY OTHER MUNICIPALITY BUT SHALL BE PAYABLE BY THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF HAMILTON, TENNESSEE SOLELY FROM THE SOURCES REFERRED TO IN THIS BOND. THE ISSUER HAS NO TAXING POWER.

THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF HAMILTON, TENNESSEE HAMILTON COUNTY, TENNESSEE 1993 TAXABLE INDUSTRIAL DEVELOPMENT REVENUE BOND (GIBRALTAR STEEL CORPORATION OF TENNESSEE FACILITY)

Series I
No. R-1 $8,000,000

THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF HAMILTON, TENNESSEE, a public corporation of the State of Tennessee (the "Issuer"), acknowledges itself indebted, and for value received hereby promises to pay, solely from the source and as hereinafter provided, to FLEET BANK OF NEW YORK, 10 Fountain Plaza, Buffalo, New York, 14202 (the "Bank"), or registered assigns, the principal sum borrowed by the Issuer in the amount of Eight Million and No/100 Dollars ($8,000,000) or the aggregate principal amount of all advances made by the Owner to the Issuer pursuant to the Bond Purchase Agreement, as defined herein, as shown on the Schedule of Aggregate Principal Amount of Advances of Bond Proceeds annexed hereto as Schedule A, whichever amount is less, on June 16, 2004 or sooner as provided herein. In no case may the outstanding principal amount of this Bond exceed $8,000,000. The outstanding principal amount hereof shall bear interest upon the terms set forth herein.

All capitalized terms used herein, unless otherwise defined, shall have the meaning ascribed to such terms in Schedule A to the Bond Purchase Agreement (as hereinafter defined), which Schedule A is hereby incorporated by reference in this Bond and made a part hereof.

The outstanding principal amount hereof shall bear interest during the Permanent Loan Period, at the election of the

Company, at the per annum rate (a) equal to the Bank's "Stated Prime Rate" (as defined in the Bond Purchase Agreement) as the Stated Prime Rate may be determined from time to time, or (b) at the LIBOR Rate (as defined in the Bond Purchase Agreement) plus one and fifteen one hundredth percent (1.15%), each rate calculated on a 360-day basis for the actual number of days outstanding or at such other rate as is provided for by this Bond upon the occurrence of certain events. The LIBOR Rate may be exercised for a period of not less than thirty (30) nor more than one hundred eighty (180) consecutive days. The Company shall give the Bank not less than three (3) days notice of its election to use the LIBOR Rate. The Stated Prime rate will be applied at any time that a LIBOR Rate election is not in effect.

Interest accruing from the date hereof shall be payable monthly in arrears commencing on the first day of the month immediately following the month in which the Closing Date occurs and continuing on the first day of each calendar month thereafter until the date that the outstanding principal amount hereof and all accrued interest is paid in full.

Each monthly payment shall be applied by the Bank first to the payment of interest and then to the reduction and payment of principal.

The principal of this Bond shall be paid in eighty-four (84) installments consisting of eighty-three (83) consecutive monthly installments, commencing on the first day of the month immediately following the month in which the first anniversary of the Closing Date occurs and continuing on the first day of each calendar month thereafter for eighty-three (83) months, and a final installment which shall be payable upon the Maturity Date. The eighty-four (84) installments shall each be in the amount of Ninety-Five Thousand Two Hundred and Thirty-Eight Dollars ($95,238) each.

The entire unpaid principal amount of this Bond, together with all accrued and unpaid interest thereon, shall become due and payable on the Maturity Date, unless earlier paid or redeemed in full. From and after the Maturity Date, any unpaid principal shall bear interest at the Default Rate, as defined below.

Any payment of interest or principal which is due on a Saturday, Sunday or a day which banks are authorized or required to be closed in the State of New York shall be payable on the next succeeding day that the Bank is open for the transaction of business. In the event any payment is not paid in immediately available funds on or before the tenth day of the calendar month in which it is due, the Issuer shall pay the same together with a late payment penalty in an amount equal to two percent (2%) of

the amount of such overdue payment. If an event of default occurs hereunder or under the Bond Purchase Agreement dated the Closing Date among the Issuer, the Bank and the Company (the "Bond Purchase Agreement") or under the Lease Agreement dated as of September 30, 1993 between the Issuer and the Company (the "Lease Agreement"), or under any related document, then default interest shall be charged on the balance due on this Bond at the Stated Prime Rate, as the same may change from time to time, plus four percent (4%) per annum (the "Default Rate").

This Bond shall be payable in lawful money of the United States of America. Payment on this Bond shall be made at the office of the registered owner of this Bond. So long as the Bank shall be the sole Owner of this Bond, such payments shall be made at the office of the Bank at 10 Fountain Plaza, Buffalo, New York 14202 or at such other address as the Bank may designate in writing to the Issuer.

This Series 1 Bond is one of a duly authorized issue of the Issuer's 1993 Taxable Industrial Development Revenue Bonds (Gibraltar Steel Corporation of Tennessee Facility) and is issued in the aggregate principal amount of $8,000,000 (the "Bond") and is issued pursuant to a bond resolution duly adopted by the Issuer (the "Resolution") and the Bond Purchase Agreement for the purposes (i) of financing certain industrial facilities located in the City of Chattanooga, Hamilton County, Tennessee (the "Facility"), which have been leased to the Company under and pursuant to, and as more fully described in, the Lease Agreement, and (ii) of paying necessary expenses incidental thereto, so as to thereby protect and promote the well being of the people of the State of Tennessee.

This Bond is secured by (i) a Deed of Trust and Security Agreement dated as of September 30, 1993 from the Issuer to the Bank (the "Deed of Trust"), covering certain land located in the City of Chattanooga, Hamilton County, Tennessee and more particularly described therein, (ii) a Leasehold Deed of Trust and Security Agreement dated as of September 30, 1993 from the Company to the Bank (the "Leasehold Deed of Trust") covering the Company's right, title and interest under the Lease Agreement, (iii) a Pledge and Assignment with Acknowledgment thereof by the Company dated as of the Closing Date from the Issuer to the Bank (the "Pledge and Assignment") of certain rights and remedies of the Issuer under the Lease Agreement, and (iv) security interests in certain assets of the Company, its Affiliates and the Issuer pursuant to the Company Security Agreement, the Affiliate Security Agreements and the Issuer Security Agreement, each dated the Closing Date. Payment of the principal of, premium, if any, and interest on the Bond is unconditionally guaranteed together with payment of all other 1993 Taxable Industrial Revenue Bonds of the Issuer with respect to the Gibraltar Steel Corporation of Tennessee Facility and together with all amounts owing by the

Company to the Bank, by the Company and by Gibraltar Steel Corporation pursuant to a Guaranty Agreement dated as of the Closing Date (the "Guaranty") and by the Company's Affiliates pursuant to the Affiliate Guaranties dated as of the Closing Date (the "Affiliate Guaranties").

This Bond is a special obligation of the Issuer and is payable solely out of the revenues and other moneys derived and to be derived from the leasing, any sale or other disposition of the Facility and as otherwise provided in the Resolution, the Bond Purchase Agreement, the Lease Agreement, the Pledge and Assignment, the Deed of Trust, the Leasehold Deed of Trust, the Company Security Agreement, the Affiliate Security Agreements, the Issuer Security Agreement, the Guaranty and the Affiliate Guaranties. Reference is hereby made to each of those documents and to all amendments and supplements thereto for a description of the rights, duties, and obligations of the Issuer, the Company, the Guarantors and the owner of this Bond. By acceptance of this Bond, the Owner hereof assents to all the provisions of such documents and of all of the Bond Documents and all amendments and supplements thereto.

Neither the members, officers, agents or employees of the Issuer, nor any person executing this Bond, shall be liable personally or be subject to any personal liability or accountability by reason of the issuance of this Bond. THIS BOND IS NOT AND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OF THE STATE OF TENNESSEE OR ANY MUNICIPALITY OF THE STATE OF TENNESSEE (INCLUDING WITHOUT LIMITATION HAMILTON COUNTY, TENNESSEE), AND NEITHER THE STATE OF TENNESSEE NOR ANY MUNICIPALITY OF THE STATE OF TENNESSEE (INCLUDING WITHOUT LIMITATION HAMILTON COUNTY, TENNESSEE) SHALL BE LIABLE HEREON.

All payments made by or on behalf of the Company to the Bank, or to its successors or assigns, or upon its or their order, pursuant to the Lease Agreement, Pledge and Assignment, Deed of Trust, Affiliate Guaranties or Guaranty shall, to the extent of the sum or sums so paid, satisfy and discharge the liability of the Issuer upon this Bond or under the Bond Purchase Agreement.

The installments of principal on this Bond may be prepaid prior to maturity, in whole or in part, at the option of the Issuer without premium or penalty, in multiples of $10,000. This Bond may be prepaid prior to maturity in whole, at the option of the Issuer, without premium or penalty, in certain extraordinary circumstances set forth in Section 5.02(A) of the Bond Purchase Agreement. In addition, this Bond shall be prepaid prior to maturity, in whole or in part, as set forth in Section 5.02(B) of the Bond Purchase Agreement. Any and all such partial prepayments shall be applied on the outstanding principal

of this Bond in the manner set forth in Section 5.02(C) of the Bond Purchase Agreement.

The Owner of this Series 1 Bond shall have the right to cause this series 1 Bond to be redeemed prior to maturity in whole (but not in part) on, or at any time after the eighth anniversary of the Closing Date (the "Series 1 Redemption Date") provided that such put option is exercised by written notice to Issuer not less than six (6) months prior to the redemption date (the "Redemption Date"). The redemption price (the "Redemption Price") for a redemption pursuant to this paragraph shall be the sum of (i) the unpaid principal amount of this Bond to be redeemed and (ii) accrued and unpaid interest on this Bond to the date of redemption.

When the Owner shall elect to cause this Series 1 Bond to be redeemed in accordance with the above paragraph, the Owner shall provide the Issuer with a written notice which shall state as follows: (i) that this Series 1 Bond is being called for redemption pursuant to the provisions hereof; (ii) the Redemption Date; (iii) that this Bond will be redeemed at the office of the Issuer; (iv) that on the Redemption Date there shall become due and payable the principal amount of this Series 1 Bond being called for redemption, accrued interest on this Series 1 Bond to the date of redemption; and (v) that from and after the redemption date interest on the principal amount of this Bond shall cease to accrue. Failure to give notice by mailing as required by this paragraph or any defect therein shall not affect the validity of any proceeding for the redemption of this Bond. Upon the Issuer's receipt of such written notice, the Issuer may direct the Owner, in writing prior to the Redemption Date, to transfer the Bond, on the Redemption Date and at the Issuer's cost and expense, to an entity selected by the Issuer, in exchange for payment to the Owner in full of all amounts, including principal and interest, due on the Bonds.

If the Issuer shall not, prior to the Redemption Date, direct the Owner to transfer the Bond, in exchange for full payment thereof, then the Series 1 Bond so called for redemption shall become due and payable on the Redemption Date so designated at the Redemption Price, plus interest accrued and unpaid to the date of redemption, and, upon presentation and surrender thereof at the offices specified in such notice, together with, in the case of Bonds presented by other than the Owner, a written instrument of transfer duly executed by the Owner, or his duly authorized attorney, such Series 1 Bond, shall be paid at the Redemption Price plus interest accrued and unpaid to the date of redemption. If, on the Redemption Date, monies for the redemption of the entire series I Bond, together with interest to the date of redemption, shall be held by the Issuer so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then from and after the Redemption

Date, interest on the Bonds or portions thereof of such Series and maturity so called for redemption shall cease to accrue and become payable. If said monies shall not be so available on the Redemption Date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

All monies received by Bank for redemption of the Series 1 Bond, whether in whole or in part, shall be applied by Bank first to the payment of accrued interest on the principal amount of this Series 1 Bond being called for redemption; second, to the reduction and payment of the remaining unpaid principal amount of the Series I Bond being called for redemption.

Upon the occurrence of an Event of Default, as defined in Section 6.01 of the Bond Purchase Agreement, the principal hereof and accrued interest hereon may be declared to be forthwith due and payable in the manner, upon the conditions and with the effect provided in said Bond Purchase Agreement.

This Bond shall be binding upon the Issuer, its successors and assigns and shall inure to the benefit of the Bank and its successors and assigns.

Subject to the effect of federal and state securities laws, this Bond is fully negotiable and transferable only upon the books of the Issuer kept by the Bank as the agent and registrar of the Issuer, by the registered Owner hereof in person or by his attorney duly authorized in writing, upon the surrender of the Bond, together with a written instrument of transfer satisfactory to the Bank, duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new Bond or Bonds, in registered form, in the same aggregate principal amount and of the same maturity and rate of interest shall be issued to the transferees in exchange therefor as provided in the Bond Purchase Agreement, and upon payment of any costs and charges prescribed therein.

The Issuer and the Bank may deem and treat the Person in whose name this Bond is registered as the absolute Owner hereof for all purposes, and neither the Issuer nor the Bank shall be affected by any notice to the contrary.

Upon payment in full of the principal of, premium, if any, and interest on this Bond, this Bond shall be surrendered to the Issuer.

In no event shall the amount of interest due and payable under this Bond exceed the maximum rate of interest allowed by applicable law. In the event any such payment is paid by the Issuer or received by the owner, then such excess sums shall be credited as a payment of principal, unless the Issuer

shall notify the owner in writing that the Issuer elects to have such excess sum returned to the Issuer. It is the express intent of this Bond that the Issuer not pay and the Owner not receive, directly or indirectly, in any manner whatsoever, interest in excess of that which may be lawfully paid by the Issuer under applicable law.

IN WITNESS WHEREOF, THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF HAMILTON, TENNESSEE has caused this Bond to be executed in its name by the manual signature of its as of the 16th day of June, 1994.

THE INDUSTRIAL DEVELOPMENT BOARD OF
THE COUNTY OF HAMILTON, TENNESSEE

By_____
Dan Mayfield
Chairman

ATTENTION:

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND MAY NOT BE SOLD OR TRANSFERRED WITHOUT REGISTRATION UNDER SAID ACT OR EXEMPTION THEREFROM

AUTHENTICATION BY THE COMPANY

This Bond is the Bond mentioned in the within mentioned Bond Purchase Agreement.

GIBRALTAR STEEL CORPORATION OF TENNESSEE

By_____
Walter Erazmus
Chief Financial Officer

Prior to any transfer of this Bond, all payments or partial prepayments of principal of the within Bond shall be appropriately endorsed by the Owner hereof on the table below.

Date	Amount paid or prepaid	Unpaid balance	Signature

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ (please print or typewrite name and address of transferee) _____ _____ the within Bond and all right, title and interest thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____

In the presence of:

_____

EXHIBIT B

FINANCIAL COVENANTS/RATIOS

Liabilities to Tangible Net Worth

1.25:1 from December 31, 1993 through December 30, 1995
1.00:1 from December 31, 1995 and thereafter

Tangible Net Worth

$50,000,000 from December 31, 1993 through December 30, 1995

with such Tangible Net Worth requirement increasing $5,000,000
with each successive fiscal year ending after December 30, 1995.

SCHEDULE A TO BOND PURCHASE AGREEMENT

SCHEDULE OF DEFINITIONS

"Act" means the Tennessee Industrial Development Corporations Act of 1955, Chapter 210 of the Public Acts of 1955, as codified in Sections 7-53-101 et seq., of the Tennessee Code Annotated, as heretofore amended and as hereafter amended from time to time.

"Acknowledgment" means the Acknowledgment by the Company of the Pledge and Assignment.

"Act of Bankruptcy" means the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against the Company or the Issuer under any applicable bankruptcy, reorganization, insolvency or similar law as is now or hereafter in effect.

"Affiliates" means collectively, Gibraltar Strip Steel, Gibraltar Steel of New York, Cleveland Pickling, Integrated Technologies International Limited and Kydco Holdings.

"Affiliate Guaranties" means, collectively, the Guaranty Agreements dated as of the Closing Date between the Bank and each of Gibraltar Strip Steel, Gibraltar Steel of New York, Cleveland Pickling, Integrated Technologies International Limited and Kydco Holdings, as the same may be amended from time to time.

"Affiliate Security Agreements" means, collectively, the Security Agreements dated as of the Closing Date between the Bank and each of Corporate Guarantor, Gibraltar Strip Steel, Gibraltar Steel of New York, Cleveland Pickling, Integrated Technologies International Limited and Kydco Holdings, as the same may be amended from time to time.

"Assigned Leases" means those Leases which have been conditionally assigned by the Company to the Bank pursuant to the Assignment of Rents.

"Assignment of Rents" means the Assignment of Subleases and Rents dated as of the Closing Date made by the Company to the Bank.

"Authorized Investments" means (i) obligations of the State, the State of New York or the United States of America or (ii) obligations, the principal and interest of which are guaranteed by the State, the State of New York or the United States of America or (iii) obligations of any agency of the

United States of America which may from time to time be legally purchased by savings banks within the State or the State of New York as an investment of funds belonging to them or under their control or (iv) bankers' acceptances of, or certificates of deposit issued by, or time deposits with, any bank, trust company or national banking association (including the Bank) having undivided capital and surplus aggregating at least $25,000,000 or (v) repurchase agreements or other contracts for the purchase and sale of and secured by obligations of the type specified in (i) through (iii) above or (vi) commercial paper of any Person other than the Company or any related person which has been classified for rating purposes by Moody's National Credit Office as Prime-1 or by Standard & Poor's as A-1 or (vii) other obligations described in Section 103(a) of the Code.

"Authorized Representative" means, in the case of the Issuer, the Chairman, Vice Chairman, Secretary or Assistant Secretary of the Issuer; in the case of the Company, its President, Treasurer and any Vice President; and, in the case of both, such additional persons as, at the time, are designated to act on behalf of the Issuer or the Company, as the case may be, by written certificate furnished to the Bank and to the Issuer or the Company, as the case may be, containing the specimen signature of each such person and signed on behalf of (i) the Issuer by the Chairman, Vice Chairman, Secretary or Assistant Secretary of the Issuer, or (ii) the Company by the President, Treasurer or any Vice President of the Company.

"Bank" means (i) Fleet Bank of New York, a banking corporation duly organized under the laws of the State of New York or (ii) its successors or assigns, or (iii) any surviving, resulting or transferee banking institution.

"Bill of Sale" means the Bill of Sale given by the Company to the Issuer with respect to the Equipment, dated the Closing Date, as the same may be amended from time to time.

"Bond" or Bonds" means the Issuer's 1993 Taxable Industrial Development Revenue Bonds (Gibraltar Steel Corporation of Tennessee Facility) issued in the aggregate principal amount of $8,000,000 authorized to be issued pursuant to @-he Bond Resolution and sold to the Bank pursuant to the Bond Purchase Agreement which are in substantially the form of Exhibit A attached to the Bond Purchase Agreement. The Bonds are issued in the form of a Series 1 Bond in the principal amount of $8,000,000 maturing in the year 2004.

"Bond Documents" means the Bond Purchase Agreement, the Bonds, the Lease Agreement, the PILOT Agreement, the Pledge and Assignment, the Deed of Trust, the Leasehold Deed of Trust, the Issuer Security Agreement, the Company Security Agreement, the Assignment of Rents, the Environmental Compliance and Indemnification Agreement, the Guaranty, the Affiliate Guaranties, the Affiliate Security Agreements and the Modification Agreement.

"Bond Payment Date" means any date on which each Debt Service Payment shall be payable on the Bonds so long as the Bonds shall be outstanding.

"Bond Proceeds" means the aggregate amount, plus accrued interest, paid to the Issuer by the Bank pursuant to the Bond Purchase Agreement as the purchase price of the Bonds.

"Bond Purchase Agreement" means the Bond Purchase Agreement dated as of the Closing Date among the Issuer, the Company and the Bank, as the same may be amended from time to time.

"Bond Registrar" means the Bank as bond registrar with respect to the Bonds and its successors and assigns in such capacity.

"Bond Resolution" means the resolution adopted by the Issuer on September 2, 1993 authorizing the issuance, execution, sale and delivery of the Bond and the execution and delivery of the Issuer Documents, as such resolution may be amended or supplemented from time to time.

"Bondholder" means Owner.

"Business Day" means any day other than a Saturday, a Sunday, a legal holiday or a day on which banking institutions in New York, New York or any city in which the principal office of the Bank is located are authorized by law or executive order to remain closed.

"Cleveland Pickling", means Cleveland Pickling Inc., a Delaware corporation.

"Closing Date" means June 16, 1994 which is the date of sale and delivery of the Bonds.

"Code" means the Internal Revenue Code of 1986, and any successor statute of similar import, and the final and temporary

regulations of the Department of the Treasury promulgated thereunder, in each case as in effect from time to time. References to sections of the Code shall be construed to refer to any successor sections.

"Company" means Gibraltar Steel Corporation of Tennessee, a business corporation duly organized and validly existing under the laws of the State, and its successors and assigns.

"Company Documents" means the Bond Purchase Agreement, the Bill of Sale, the Lease Agreement, the Acknowledgment, the Assignment of Rents, the Leasehold Deed of Trust, the Company Security Agreement, the PILOT Agreement, the Environmental Compliance and Indemnification Agreement, the Guaranty, the Affiliate Guaranties, the Affiliate Security Agreements and the Modification Agreement.

"Company Security Agreement" means the Security Agreement dated as of the Closing Date between the Company and the Bank, as the same may be amended from time to time.

"Company's Subsidiaries" or "Subsidiary" means any entity in which Company directly or indirectly possesses a controlling interest.

"Condemnation" means the taking of title to, or the use of, Property under the exercise of the power of eminent domain by any governmental entity or other Person acting under governmental authority.

"Controlled Group" means a controlled group of corporations of which Company is a member within the meaning of Section 414(b) of the Code, any group of corporations or entities under common control with Company within the meaning of Section 414(b) of the Code, any group of corporations or entities under common control with Company within the meaning of Section 414(c) of the Code or any affiliated service group of which Company is a member within the meaning of Section 414(m) of the Code.

"Controlled Group Member" means each trade or business (whether or not incorporated) which is a member of a Controlled Group.

"Corporate Guarantor" means Gibraltar Steel corporation, a corporation duly organized and in good standing

under the laws of the State of New York, and any successors, transferees or assigns thereof.

"Cost of the Facility" or "Costs of the Facility" means all those costs and items of expense listed in Section 4.3 of the Lease Agreement.

"County" means the County of Hamilton, Tennessee.

"Current Assets" means those assets of Company classified as current in accordance with generally accepted accounting principles.

"Current Liabilities" means those liabilities of Company classified as current in accordance with generally accepted accounting principles with adequate provisions for all accrued liabilities, including, without limitation, all federal and state taxes, except those taxes classified as deferred in accordance with generally accepted accounting principles.

"Debt Service Payment" means, with respect to any Bond Payment Date, (i) the interest payable on such Bond Payment Date on all Bonds then Outstanding, plus (ii) the principal or Redemption Price, if any, payable on such Bond Payment Date on all such Bonds.

"Deed" means the Deed given by the County to the Issuer with respect to the Land and the existing improvements thereon.

"Deed of Trust" means the Deed of Trust dated as of September 30, 1993 covering, among other things, the Facility, given by the Issuer to the Trustee for the use and benefit of the Bank as security for the payment of the Bonds, as the same may be modified, amended, renewed or extended from time to time.

"Environmental Compliance and Indemnification Agreement" means the Environmental Compliance and Indemnification Agreement dated the date hereof and given by the Company in favor of the Bank, as the same may be amended from time to time.

"Environmental Lien" means a lien in favor of the United States government or any state or political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory, or administrative functions of or pertaining to government for (i) any liability under federal or state environmental laws or regulations, or (ii) for damages arising from or costs incurred by such governmental entity in response to a release of a hazardous or toxic waste substance or constituent, or other substance into the environment.

"Equipment" means all machinery, equipment and other personal property used and to be used in connection with the Facility and financed with Bond Proceeds.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import and regulations thereunder, as in effect from time to time. References to sections of ERISA shall be construed also to refer to any successor sections.

"Event of Default" means any of the events defined as an Event of Default by Section 6.01 of the Bond Purchase Agreement, by Section 10.1 of the Lease Agreement, by Section 4.1 of the Guaranty, by Paragraph 13 of the Deed of Trust by Paragraph 13 of the Leasehold Deed of Trust or under any credit agreement or loan with Chase Manhattan Bank, N.A.

"Facility" means the Land, the Improvements and the Equipment leased to the Company under the Lease Agreement, acquired, constructed, equipped and installed with Bond Proceeds.

"Fiscal Year" means the twelve (12) month period beginning on January 1 in any year or such other fiscal year as the Company may select from time to time.

"Gibraltar Strip) Steel", means Gibraltar Strip Steel, Inc., a Delaware corporation.

"Gibraltar Steel of New York", means Gibraltar Steel Corporation of New York, a New York corporation.

"Government obligations" means (i) obligations of the United States of America or (ii) obligations, the principal and interest of which are guaranteed by the United States of America.

"Guaranty" means the Guaranty Agreement by the Guarantors to the Bank dated as of the Closing Date, as the same may be amended from time to time.

"Guarantors" means, collectively, the Company and Gibraltar Steel Corporation, a Delaware corporation, and "Guarantor" shall mean any one of the Guarantors.

"Improvements" means all those buildings, improvements, structures and other related facilities (i) affixed or attached to the Land, (ii) financed with Bond Proceeds or with any payment by the Company pursuant to the Lease Agreement, and (iii) not part of the Equipment, all as they may exist from time to time.

"Independent Counsel" means an attorney or attorneys or firm or firms of attorneys duly admitted to practice law before the highest court of any state of the United States of America or in the District of Columbia and not a full time employee of the Issuer, the Company, the Guarantors or the Bank.

"Integrated Technologies International Limited", means Integrated Technologies International, Ltd, a Delaware corporation.

"Issuer" means the (i) The Industrial Development Board of the County of Hamilton, Tennessee, a public corporation duly created and existing under the Act, its successors and assigns, and (ii) any local governmental body resulting from or surviving any consolidation or merger to which the Issuer or its successors may be a party.

"Issuer Documents" means the Bond Purchase Agreement, the Bonds, the Lease Agreement, the Pledge and Assignment, the Deed of Trust, the Issuer Security Agreement, the PILOT Agreement and the Modification Agreement.

"Issuer Security Agreement" means the Security Agreement dated as of the Closing Date between the Issuer and the Bank, as the same may be amended from time to time.

"Kydco Holdings" means Kydco Holdings, Inc., a New York corporation.

"Land" means the property leased by the Issuer to the Company pursuant to the Lease Agreement and more particularly bounded and described in SCHEDULE "All attached thereto.

"Lease Agreement" means the Lease Agreement dated as of September 30, 1993 by and between the Issuer, as lessor, and the Company, as lessee, with respect to the Facility, as the same may be amended from time to time.

"Lease Term" means the duration of the leasehold estate created in the Lease Agreement as specified in section 5.2 of the Lease Agreement.

"Leasehold Deed of Trust" means the Leasehold Deed of Trust dated as of September 30, 1993 covering, among other things, the Facility, given by the Company to the Trustee for the use and benefit of the Bank as security for the payment of the Bonds, as the same may be modified, amended, renewed or extended from time to time.

"LIBOR Rate" means the London Interbank Offering Rate which is the rate as determined on the basis of the offered rates for deposits in U.S. dollars for a period of time comparable to such LIBOR Advance which appear on the Telerate page 3750 as of 11:00 a.m. London time on the day that is three Banking Days preceding the first day of such LIBOR Advance. If such rate does not appear on the Telerate page 3750 the rate for that date will be determined on the basis of the offered rates for deposits in U.S. dollars for a period of time comparable to such LIBOR Advance which are offered by four major banks in the London intermarket at approximately 11:00 a.m. London time, on the day that is three Banking Days preceding the first day of such LIBOR Advance. The principal London office of each of the four major London banks will be requested to provide a quotation of its U.S. dollar deposit offered rate. If at least two such quotations are provided as requested, the rate for that date will be determined on the basis of the rates quoted for loans in U.S. dollars to leading European banks for a period of time comparable to such LIBOR Advance offered by major banks in New York City at approximately 11:00 a.m. New York City time, on the day that is three Banking Days preceding the first day of such LIBOR Advance. In the event that the Bank is unable to obtain any such quotation as provided above, it will be deemed that LIBOR pursuant to a LIBOR Advance cannot be determined.

In the event that the Board of Governors of the Federal Reserve System shall impose a Reserve Percentage with respect to LIBOR deposits of the Bank, then for any period during which such Reserve Percentage shall apply, LIBOR shall be equal to the amount determined above divided by an amount to 1 minus the Reserve Percentage.

"Lien" means any interest in Property securing an obligation owed to a Person whether such interest is based on the common law, statute or contract, and including, but not limited to, the security interest arising from a mortgage, deed of trust, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" includes reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other similar title exceptions and encumbrances, including, but not limited to, mechanics', materialmen's, warehousemen's, carriers' and other similar encumbrances, affecting real property.

"Maturity Date" means June 16, 2004.

"Modification Agreement" means the Modification Agreement dated as of the Closing Date among the Issuer, the Trustee, the Bank and the Company, as the same may be amended from time to time.

"Multiemployer Plan" means any employee benefit plan (a) which is a "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA and (b) to which Company or any controlled Group Member has or had an obligation to contribute.

"Net Proceeds" means so much of the gross proceeds with respect to which that term is used as remain after payment of all expenses, costs and taxes (including attorneys' fees) incurred in obtaining such gross proceeds.

"Outstanding" or "Bonds Outstanding" or "Outstanding Bonds" means all bonds which have been authenticated by the Company and delivered by the Issuer under the Bond Purchase Agreement, or any supplement thereto, except: (a) any Bond cancelled by the Bank because of payment or redemption prior to maturity; (b) any Bond deemed paid in accordance with the provisions of Section 3.04 of the Bond Purchase Agreement, except that any such Bond shall be considered Outstanding until the maturity date thereof only for the purposes of being exchanged or registered; and (c) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to Section 3.09 of the Bond Purchase Agreement, unless proof satisfactory to the Bank is presented that any Bond, for which a Bond in lieu of or in substitution therefor shall have been authenticated and delivered, is held by a bona fide purchaser, as that term is defined in Article 8 of the Uniform Commercial Code of the State, as amended, in which case both the Bond so substituted and replaced and the Bond or Bonds so authenticated and delivered in lieu thereof or in substitution therefor shall be deemed Outstanding.

"Owner" means the registered owner of any Bond as shown on the registration books maintained by the Bond Registrar pursuant to the Bond Purchase Agreement.

"PBGC" means the Pension Benefit Guaranty Corporation established under Title IV of ERISA or any other governmental agency, department or instrumentality succeeding to the functions of the said corporation.

"Pension Plan" means any employee pension benefit plan (other than a Multiemployer Plan) as defined in Section 3(2) of ERISA maintained for employees of Company, Company's Subsidiaries

or any Controlled Group Member or to which Company or any Controlled Group member made, or was required to make, contributions at any time within the preceding six years.

"Permanent Loan Period" means the period beginning on the Closing Date and ending on June 16, 2004.

"Permitted Encumbrances" means (i) exceptions to title set forth in the Title Report and accepted by the Bank in writing, (ii) the Deed of Trust, (iii) the Lease Agreement, (iv) the Pledge and Assignment, (v) the Assignment of Rents, (vi) utility, access and other easements and rights-of-way, restrictions and exceptions that do not materially impair the utility or the value of the Property affected thereby for the purposes for which it is intended, (vii) the Leasehold Deed of Trust, (viii) liens created by the Company Security Agreement, (ix) liens created by the Issuer Security Agreement, (x) mechanics', materialmen's, warehousemen's, carriers' and other similar Liens which are approved in writing by the Bank or its counsel, (xi) encumbrances permitted by the Bond Purchase Agreement, (xii) Liens for taxes not yet delinquent and (xiii) liens created by the Security Agreement entered into by the Company in connection with the Credit Agreement dated as of December 31, 1993 among Gibraltar Steel Corporation, Bank and The Chase Manhattan Bank, N.A. and any other liens or encumbrances in favor of The Chase Manhattan Bank, N.A. pursuant to any agreement dated on or before December 31, 1993.

"Person" or "Persons" means an individual, partnership, corporation, limited liability company, trust or unincorporated organization, and a government or agency or political subdivision or branch thereof, or any other entity.

"PILOT Agreement" means the Agreement for Payments in Lieu of Ad Valorem Taxes dated as of September 17, 1993 among the Company, the County and the Issuer, and joined by the Hamilton County Trustee and the Hamilton County Assessor of Property, as amended from time to time.

"Pledge and Assignment" means the Pledge and Assignment with Acknowledgment thereof by the Company dated as of September 30, 1993 from the Issuer to the Bank.

"Prohibited Transaction" shall have the meaning set forth in Section 406 of ERISA or Section 4975 of the Code.

"Project Fund" means the fund so designated which is created by Section 4.01 of the Bond Purchase Agreement.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"Public Purposes" means the State's objective to authorize the incorporation in the several municipalities in the State of public corporations to finance, acquire, own, lease and/or dispose of properties, to the end that such corporations may be able to maintain and increase employment opportunities, increase the production of agricultural commodities, and increase the quantity of housing available in affected municipalities by promoting industry, trade, commerce, tourism and recreation, agricultural and housing construction, by inducing manufacturing, industrial, governmental, educational, financial, service, commercial, recreational and agricultural enterprises to locate in or remain in the State and further the use and production of the State's agricultural products and natural resources, and to vest such corporations with all powers that may be necessary to enable them to accomplish such purposes.

"Renewal Fund" means the fund so designated and created pursuant to Section 4.01 of the Bond Purchase Agreement.

"Reportable Event" means (i) a reportable event described in Section 4043 of ERISA and regulations thereunder; or (ii) a withdrawal by a substantial employer from a single employer plan which has two or more contributing sponsors, at least two of which are not under common control, as referred to in Section 4063(b) of ERISA.

"Schedule of Definitions" means this Schedule of Definitions attached to the Bond Purchase Agreement, as the same may be amended from time to time.

"Series 1 Bond" means the Issuer's Series 1 1993 Taxable Industrial Development Revenue Bond (Gibraltar Steel Corporation of Tennessee Facility) issued in the principal amount of $8,000,000 maturing on December 31, 2003.

"State" means the State of Tennessee.

"Stated Prime Rate" means the rate of interest established by the Bank from time to time as a guide for determining actual lending rates to the Bank's customers.

"Substitute Facilities" means facilities of substantially the same nature as the proposed Facility.

"Tangible Net Worth" means the depreciated book value of all assets of Company with no adjustments due to upward revaluation of assets less (i) intangible assets and (ii) total liabilities of Company.

"Title Report" means Title Policy No. 112-02-033616, Case No. 931057 issued by Lawyers Title Insurance Corporation to the Bank on October 1, 1993, as amended or revised from time to time on or prior to the Closing Date.

"Trustee" means Louann Smith, acting as the trustee under the Deed of Trust and the Leasehold Deed of Trust, and her successors and assigns.

"Unassigned Rights" means the rights of the Issuer in moneys payable pursuant to and under Sections 4.3(vi), 5.3(b), 6.4(b) and (c), 6.7, 8.2, 10.4(a) and 11.2(b) of the Lease Agreement.

"Welfare Plan" means an employee welfare benefit plan as defined in Section 3(l) of ERISA, maintained for employees of Company or any Controlled Group Member.

"Working Capital" means the excess of Current Assets over Current Liabilities.

EXHIBIT 10.16

GIBRALTAR STEEL CORPORATION
INCENTIVE
STOCK OPTION PLAN

Second Amendment and Restatement

WHEREAS, Gibraltar Steel Corporation, a Delaware corporation with offices at 3556 Lake Shore Road, Buffalo, New York 14219 (the "Company") adopted an incentive stock option plan known as the Gibraltar Steel Corporation Incentive Stock Option Plan (the "Plan") on September 21, 1993 to enable the Company to attract and retain highly qualified individuals as officers and key employees of the Company by providing such officers and key employees an equity based form of incentive compensation; and

WHEREAS, the Company amended the Plan effective August 9, 1994 to allow members of the Committee of Directors that administers the Plan to be eligible to receive options under the terms of other plans which, from time to time, are adopted and maintained by the Company including, but not limited to, the Gibraltar Steel Corporation Non-Qualified Stock Option Plan; and

WHEREAS, the Company desires to amend the Plan to increase the total number of shares of common stock, par value $.01 per share of the Company (hereinafter the "Common Stock") which may be issued in connection with options granted pursuant to the terms of the Plan by Two Hundred Thousand (200,000) shares; and

WHEREAS, the Company desires to amend and restate the terms of the documents containing the terms of the Plan to incorporate the terms of the first amendment to the Plan into the terms of such plan document, to provide for the increase in the number of shares of Common Stock of the Company which may be issued in connection with the exercise of options granted pursuant to the terms of the Plan and to make certain other technical amendments to the terms of the Plan;

NOW, THEREFORE, in consideration of the foregoing, the Company hereby adopts the following as the Second Amendment and Restatement of the Gibraltar Steel Corporation Incentive Stock Option Plan effective as of February 15, 1996:

1. Purpose of Plan. The Gibraltar Steel Corporation Incentive Stock Option Plan (the "Plan") is intended to provide officers and other key employees of the Company and officers and other key employees of any subsidiaries of the Company as that term is defined in Section 3 below (hereinafter individually referred to as a "Subsidiary" and collectively as "Subsidiaries") with an additional incentive for them to promote the success of

the business, to increase their proprietary interest in the success of the Company and its Subsidiaries, and to encourage them to remain in the employ of the Company or its Subsidiaries. The above aims will be effectuated through the granting of certain stock options, as herein provided, which are intended to qualify as Incentive Stock Options ("ISOs") under Section 422 of the Internal Revenue Code of 1986, as the same has been and shall be amended ("Code").

2. Administration. The Plan shall be administered by a Committee (the "Committee") composed of not less than two (2) Directors of the Company who shall be appointed by and serve at the pleasure of the Board of Directors of the Company. Any Director that serves as a member of the Committee shall not receive or be eligible to receive a grant of an option or any other equity security of the Company under this Plan during the period of his or her service as a member of the Committee and during the one year period prior to his or her service as a member of the Committee. If the Committee is composed of two (2) Directors, both members of the Committee must approve, in writing, any action to be taken by the Committee in order for such action to be deemed to be an action of the Committee pursuant to the provisions of this Plan. If the Committee is composed of more than two (2) Directors, a majority of the Committee shall constitute a quorum for the conduct of its business, and (a) the action of a majority of the Committee members present at any meeting at which a quorum is present, or (b) action taken without a meeting by the approval in writing of a majority of the Committee members, shall be deemed to be action by the Committee pursuant to the provisions of the Plan. The Committee is authorized to adopt such rules and regulations for the administration of the Plan and the conduct of its business as it may deem necessary or proper.

Any action taken or interpretation made by the Committee under any provision of the Plan or any option granted hereunder shall be in accordance with the provisions of the Code, and the regulations and rulings issued thereunder as such may be amended, promulgated, issued, renumbered or continued from time to time hereafter in order that, to the greatest extent possible, the options granted hereunder shall constitute "incentive stock options" within the meaning of the Code. All action taken pursuant to this Plan shall be lawful and with a view to obtaining for the Company and the option holder the maximum advantages under the law as then obtaining, and in the event that any dispute shall arise as to any action taken or interpretation made by the Committee under any provision of the Plan, then all doubts shall be resolved in favor of such having been done in accordance with the said Code and such revenue laws, amendments, regulations, rulings and provisions as may then be applicable. Any action taken or interpretation made by the Committee under any provision of the Plan shall be final. No member of the Board

of Directors or the Committee shall be liable for any action, determination or interpretation taken or made under any provision of the Plan or otherwise if done in good faith.

3. Participation. The Committee shall determine from among the officers and key employees of the Company and its Subsidiaries (as such term is defined in Section 424 of the Code) those individuals to whom options shall be granted (sometimes hereinafter referred to as "Optionees"), the terms and provisions of the options granted (which need not be identical), the time or times at which options shall be granted and the number of shares of Common Stock, (or such number of shares of stock in which the Common Stock may at any time hereafter be constituted), for which options are granted. Notwithstanding the foregoing, in no event shall any individuals that are Directors of the Company be granted or awarded any options under the terms of this Plan.

In selecting Optionees and in determining the number of shares for which options are granted, the Committee may weigh and consider the following factors: the office or position of the optionee and his degree of responsibility for the growth and success of the Company and its Subsidiaries, length of service, remuneration, promotions, age and potential. The foregoing factors shall not be considered to be exclusive or obligatory upon the Committee, and the Committee may properly consider any other factors which to it seem appropriate. The terms and conditions of any option granted by the Committee under this Plan shall be contained in a written statement which shall be delivered by the Committee to the Optionee as soon as practicable following the Committee's establishment of the terms and conditions of such option.

An Optionee who has been granted an option under the Plan may be granted additional options under the Plan if the Committee shall so determine.

Notwithstanding the foregoing, if at the time an option is granted to an individual under this Plan, the individual owns stock of the Company possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any of its Subsidiaries, (or if such individual would be deemed to own such percentage of such stock under Section 424(d) of the Code) such option shall continue to be valid and binding upon the Company according to its terms but shall not be deemed to have been granted under this Plan and shall not be deemed to be an "incentive stock option" as defined in Section 422(b) of the Code. In addition, in no event shall any options be granted under this Plan at any time after the termination date set forth at the end of this Plan.

4. Shares Subject to the Plan. The Company is authorized to issue options under this Plan for the purchase of the number of shares of Common Stock described in the following provisions of this Section 4. On September 21, 1993 (the date on which this Plan became effective), the aggregate number of shares of Common Stock which was reserved for issuance pursuant to options which were permitted to be granted hereunder was Four Hundred Thousand (400,000) shares (subject to the anti-dilutive adjustments provided for by Section 5 hereof). Effective February 15, 1996, in addition to the number of shares of Common Stock reserved for issuance pursuant to options which were permitted to be granted as of February 14, 1996, an additional Two Hundred Thousand (200,000) shares of Common Stock shall be reserved for issuance pursuant to options which may be granted hereunder. Accordingly, the total number of shares of Common Stock which may be issued pursuant to the exercise of options which may be granted under the terms of this Plan shall be equal to the sum of Four Hundred Thousand (400,000) shares (subject to anti-dilutive adjustments made at any time after September 21, 1993 pursuant to Section 5 hereof) and Two Hundred Thousand (200,000) shares (subject to anti-dilutive adjustments made at any time after February 15, 1996 pursuant to Section 5 hereof).

Notwithstanding the foregoing, if this amendment and restatement to the Plan is not approved by the stockholders of the Company within twelve (12) months following the effective date of this amendment and restatement, any options issued pursuant to the terms of this Plan at any time after the total number of shares of Common Stock which may be acquired upon the exercise of all previously issued options equals Four Hundred Thousand (400,000) shares (subject to the anti-dilutive adjustments provided for by Section 5 hereof) shall continue to be valid and binding upon the Company pursuant to their terms but shall not be deemed to have been issued under the terms of this Plan and shall not be deemed to be an "incentive stock option" as defined in section 422(b) of the Code. With respect to shares subject to options which expire or terminate pursuant to the provisions of this Plan without having been exercised in full, such shares shall be considered to be available again for placement under options granted thereafter under the Plan. Shares issued pursuant to the exercise of incentive stock options granted under the Plan shall be fully paid and non-assessable.

5. Anti-Dilution Provisions. The aggregate number of shares of Common Stock and the class of such shares as to which options may be granted under the Plan, the number and class of such shares subject to each outstanding option, the price per share thereof (but not the total price), and the number of such shares as to which an option may be exercised at any one time, shall all be adjusted proportionately in the event of any change, increase or decrease in the outstanding shares of Common Stock Company or any change in classification of its Common Stock without receipt of consideration by the Company which results

either from a split-up, reverse split or consolidation of shares, payment of a stock dividend, recapitalization, reclassification or other like capital adjustment so that upon exercise of the option, the Optionee shall receive the number and class of shares that he would have received had he been the holder of the number of shares of Common Stock for which the option is being exercised immediately preceding such change, increase or decrease in the outstanding shares of Common Stock. Any such adjustment made by the Committee shall be final and binding upon all Optionees, the Company, and all other interested persons. Any adjustment of an incentive stock option under this paragraph shall be made in such manner as not to constitute a "modification" within the meaning of Section 424(h)(3) of the Code.

Anything in this Article 5 to the contrary notwithstanding, no fractional shares or scrip representative of fractional shares shall be issued upon the exercise of any option. Any fractional share interest resulting from any change, increase or decrease in the outstanding shares of Common Stock or resulting from any reorganization, merger, or consolidation for which adjustment is provided in this Article 5 shall disappear and be absorbed into the next lowest number of whole shares, and the Company shall not be liable for any payment for such fractional share interest to the optionee upon his exercise of the option.

6. Option Price. The purchase price under each option issued shall be determined by the Committee at the time the option is granted, but in no event shall such purchase price be less than one hundred percent (100%) of the fair market value of the Common Stock on the date of the grant. If the Common Stock is listed upon an established stock exchange or exchanges on the day the option is granted, such fair market value shall be deemed to be the highest closing price of the Common Stock on such stock exchange or exchanges on the day the option is granted, or if no sale of the Company's Common Stock shall have been made on any stock exchange on that day, on the next preceding day on which there was a sale of such stock.

If the Common Stock is listed in the NASDAQ National Market System, the fair market value of the Common Stock shall be the average of the high and low closing sale prices in the NASDAQ National Market System on the day the option is granted, or if no sale of the Common Stock shall have been made on the NASDAQ National Market System on that day, on the next preceding day on which there was a sale of such stock.

7. Option Exercise Periods. The time within which any option granted hereunder may be exercised shall be, by its terms, not earlier than one (1) year from the date such option is granted and not later than ten (10) years from the date such option is granted. The Optionee must remain in the continuous employment of the Company or any of its Subsidiaries from the

date of the grant of the option to and including the date of exercise of option in order to be entitled to exercise his option. Options granted hereunder shall be exercisable in such installments and at such dates as the Committee may specify. In addition, with respect to all options granted under this Plan, unless the Committee shall specify otherwise, the right of each Optionee to exercise his option shall accrue, on a cumulative basis, as follows:

(a) one-fourth (1/4) of the total number of shares of Common Stock which could be purchased (subject to adjustment as provided in Section 5 hereof) (such number being hereinafter referred to as the "Optioned Shares") shall become available for purchase pursuant to the option at the end of the one (1) year period beginning on the date of the option grant;

(b) one-fourth (1/4) of the Optioned Shares shall become available for purchase pursuant to the option at the end of the two (2) year period beginning on the date of the option grant;

(c) one-fourth (1/4) of the Optioned Shares shall become available for purchase pursuant to the option at the end of the three (3) year period beginning on the date of the option grant; and

(d) one-fourth (1/4) of the Optioned Shares shall become available for purchase pursuant to the option at the end of the four (4) year period beginning on the date of the option grant.

Continuous employment shall not be deemed to be interrupted by transfers between the Subsidiaries or between the Company and any Subsidiary, whether or not elected by termination from any Subsidiary of the Company and re-employment by any other Subsidiary or the Company. Time of employment with the Company shall be considered to be one employment for the purposes of this Plan, provided there is no intervening employment by a third party or no interval between employments which, in the opinion of the Committee, is deemed to break continuity of service. The Committee shall, at its discretion, determine the effect of approved leaves of absence and all other matters having to do with "continuous employment". Where an optionee dies while employed by the Company or any of its Subsidiaries, his options may be exercised following his death in accordance with the provisions of Section 10 below.

Notwithstanding the foregoing provisions of this Section 7, in the event the Company or the stockholders of the Company enter into an agreement to dispose of all or substantially all of the assets or stock of the Company by means of a sale, merger, consolidation, reorganization, liquidation, or otherwise, or in the event a Change of Control shall occur, an

option shall become immediately exercisable with respect to the full number of shares subject to that option during the period commencing as of the date of execution of such agreement and ending as of the earlier of (i) ten (10) years from the date such option was granted, or (ii) ninety (90) days following the date on which a Change in Control occurs or the disposition of assets or stock contemplated by the agreement is consummated. Ninety (90) days following the consummation of any such disposition of assets or stock, or Change in Control, this Plan and any unexercised options issued hereunder (or any unexercised portion thereof) shall terminate and cease to be effective, unless provision is made in connection with such transaction for assumption of options previously granted or the substitution for such options of new options covering the securities of a successor corporation or an affiliate thereof, with appropriate adjustments as to the number and kind of securities and prices.

For purposes of this Plan, a "Change in Control" shall be deemed to have occurred if:

(a) any "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of more than thirty percent (30%) of the then outstanding voting stock of the Company, otherwise than through a transaction arranged by, or consummated with the prior approval of its Board of Directors; or

(b) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Company (and any new director whose election to the Board of Directors or whose nomination for election by the Company's stockholders was approved by a vote of at least two thirds of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved) (the "Continuing Directors") cease for any reason to constitute a majority thereof; or

(c) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company immediately prior thereto continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity) at least 80% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation (provided, however, that if prior to the merger or consolidation, the Board of Directors of the Company adopts a resolution that is approved by a majority of the Continuing Directors providing that such merger or consolidation shall not constitute a "Change in Control" for purposes of the

Plan, then such a merger or consolidation shall not constitute a "Change in Control"); or

(d) the stockholders of the Company approve an agreement for the sale or disposition by the Company of all or substantially all the assets of the Company.

Any change or adjustment made pursuant to the terms of this paragraph shall be made in such a manner so as not to constitute a "modification" as defined in Section 424 of the Code, and so as not to cause any incentive stock option issued under this Plan to fail to continue to qualify as an incentive stock option as defined in Section 422(b) of the Code. Notwithstanding the foregoing, in the event that any such agreement shall be terminated without consummating the disposition of said stock or assets, any unexercised unaccrued installments that had become exercisable solely by reason of the provisions of this paragraph shall again become unaccrued and unexercisable as of said termination of such agreement; subject, however, to such installments accruing pursuant to the normal accrual schedule provided in the terms under which such option was granted. Any exercise of an installment prior to said termination of said agreement shall remain effective despite the fact that such installment became exercisable solely by reason of the Company or its stockholders entering into said agreement to dispose of the stock or assets of the Company.

8. Exercise of Option. Options shall be exercised as follows:

(a) Notice and Payment. Each option, or any installment thereof, shall be exercised, whether in whole or in part, by giving written notice to the Company at its principal office, specifying the options being exercised (by reference to the date of the grant of the option), the number of shares to be purchased and the purchase price being paid, and accompanied by the payment of all or such part of the purchase price as shall be specified in the option, by cash, certified or bank check payable to the order of the Company. Each such notice shall contain representations on behalf of the optionee that he acknowledges that the Company is selling the shares being acquired by him under a claim of exemption from registration under the Securities Act of 1933 as amended (the "Act"), as a transaction not involving any public offering; that he represents and warrants that he is acquiring such shares with a view to "investment" and not with a view to distribution or resale; and that he agrees not to transfer, encumber or dispose of the shares unless: (i) a registration statement with respect to the shares shall be effective under the Act, together with proof satisfactory to the Company that there has been compliance with applicable state law; or (ii) the Company shall have received an opinion of counsel in form and content satisfactory to the Company to the effect that the transfer qualifies under Rule 144 or some other disclosure

exemption from registration and that no violation of the Act or applicable state laws will be involved in such transfer, and/or such other documentation in connection therewith as the Company's counsel may in its sole discretion require.

(b) Issuance of Certificates. Certificates representing the shares purchased by the Optionee shall be issued as soon as practicable after the optionee has complied with the provisions of Section 8(a) hereof.

(c) Rights as a Stockholder. The Optionee shall have no rights as a stockholder with respect to the shares of Common Stock purchased until the date of the issuance to him of a certificate representing such shares.

9. Assignment of Option. Subject to the provisions of Section 10, options granted under this Plan may not be assigned voluntarily or involuntarily or by operation of law. Any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of, or to subject to execution, attachment or similar process, any incentive stock option, or any right thereunder, contrary to the provisions hereof shall be void and ineffective, shall give no right to the purported transferee, and shall, at the sole discretion of the Committee, result in forfeiture of the option with respect to the shares involved in such attempt.

10. Effect of Termination of Employment, Death or Disability. (a) In the event of the termination of employment of an Optionee during the two (2) year period after the date of issuance of an option to him either by reason of: (i) a discharge for cause; or (ii) voluntary separation on the part of the Optionee and without consent of the Company or the Subsidiary for whom the Optionee was employed, any option or options theretofore granted to him under this Plan, to the extent not theretofore exercised by him, shall forthwith terminate.

(b) In the event of the termination of employment of an Optionee (otherwise than by reason of death or retirement of the Optionee at his Retirement Date) by the Company or by any of the Subsidiaries employing the optionee at such time, any option or options granted to him under the Plan to the extent not theretofore exercised shall be deemed cancelled and terminated forthwith, except that, subject to the provisions of subparagraph (a) of this Section, such Optionee may exercise any options theretofore granted to him, which have not then expired and which are otherwise exercisable within the provisions of Section 7 hereof, within three (3) months after such termination. If the employment of an optionee shall be terminated by reason of the Optionee's retirement at his Retirement Date by the Company or by any of the Subsidiaries employing the Optionee at such time, the Optionee shall have the right to exercise such option or options held by him to the extent that such options have not expired, at any time within three (3) months after such retirement. The

provisions of Section 7 to the contrary notwithstanding, upon retirement, all options held by an Optionee shall be immediately exercisable in full. The transfer of an Optionee from the employ of the Company to a Subsidiary corporation of the Company or vice versa, or from one Subsidiary corporation of the Company to another, shall not be deemed to constitute a termination of employment for purposes of this Plan.

(c) In the event that an Optionee shall die while employed by the Company or by any of the Subsidiaries or shall die within three (3) months after retirement on his Retirement Date (from the Company or any Subsidiary), any option or options granted to him under this Plan and not theretofore exercised by him or expired shall be exercisable by the estate of the Optionee or by any person who acquired such option by bequest or inheritance from the Optionee in full, notwithstanding Section 7, at any time within one (1) year after the death of the Optionee. References hereinabove to the Optionee shall be deemed to include any person entitled to exercise the option after the death of the Optionee under the terms of this Section.

(d) In the event of the termination of employment of an Optionee by reason of the Optionee's disability, the Optionee shall have the right, notwithstanding the provisions of Section 7 hereof, to exercise all options held by him, to the extent that options have not previously expired or been exercised, at any time within one (1) year after such termination. The term "disability" shall, for the purposes of this Plan, be defined in the same manner as such term is defined in Section 22(e)(3) of the Internal Revenue Code of 1986.

(e) For the purposes of this Plan, "Retirement Date" shall mean, with respect to an Optionee, the date the Optionee is otherwise entitled to retire under the retirement plan of the Company or, if applicable, the Subsidiary by whom the optionee is employed.

11. Amendment and Termination of the Plan. The Board of Directors of the Company may at any time suspend, amend or terminate the Plan; provided, however, that except as permitted in Section 13 hereof, no amendment or modification of the Plan which would:

(a) increase the maximum aggregate number of shares as to which options may be granted hereunder (except as contemplated in Section 5); or

(b) reduce the option price or change the method of determining the option price; or

(c) increase the time for exercise of options to be granted or those which are outstanding beyond the terms of ten (10) years; or

(d) change the designation of the employees or class of employees eligible to receive options under this Plan, may be adopted unless with the approval of the holders of a majority of the outstanding shares of Common Stock represented at a stockholders' meeting of the Company, or with the written consent of the holders of a majority of the outstanding shares of Common Stock. No amendment, suspension or termination of the Plan may, without the consent of the holder of the option, terminate his option or adversely affect his rights in any material respect.

12. Incentive Stock Options; Power to Establish Other Provisions. It is intended that the Plan shall conform to and (except as otherwise expressly set forth herein) each option shall qualify and be subject to exercise only to the extent that it does qualify as an "incentive stock option" as defined in Section 422 of the Code and as such section may be amended from time to time or be accorded similar tax treatment to that accorded to an incentive stock option by virtue of any new revenue laws of the United States. The Board of Directors may make any amendment to the Plan which shall be required so to conform the Plan. Subject to the provisions of the Code, the Committee shall have the power to include such other terms and provisions in options granted under this Plan as the Committee shall deem advisable, provided, however, that no option shall be granted hereunder which does not qualify under the Code.

13. Maximum Annual Value of Options Exercisable. Notwithstanding any provisions of this Plan to the contrary if: (a) the sum of: (i) the fair market value (determined as of the date of the grant) of all options granted to an Optionee under the terms of this Plan which become exercisable for the first time in any one calendar year; and (ii) the fair market value (determined as of the date of the grant) of all options previously granted to such Optionee under the terms of this Plan or any other incentive stock option plan of the Company or its subsidiaries which also become exercisable for the first time in such calendar year; exceeds (b) $100,000; then, (c) those options shall continue to be binding upon the Company in accordance with their terms but, to the extent that the aggregate fair market of all such options which become exercisable for the first time in any one calendar year (determined as of the date of the grant) exceeds $100,000, such options shall not be deemed to be incentive stock options as defined in Section 422(b) of the Code. Accordingly, no optionee shall be entitled to exercise options granted under any incentive stock option plan of the Company and any parent or subsidiary of the Company, in any single calendar year, for shares of Common Stock the value of which (determined at the time of grant of the options) exceeds $100,000 except to the extent such options first become exercisable in previous complete calendar years. For purposes of the foregoing, the determination of which options shall be recharacterized as not

being incentive stock options issued under the terms of this Plan shall be made in inverse order of their grant dates and, accordingly, the last options received by the Optionee shall be the first options to be recharacterized as not being incentive stock options granted pursuant to the terms of the Plan.

14. General Provisions (a) No incentive stock option shall be construed as limiting any right which the Company or any parent or subsidiary of the Company may have to terminate at any time, with or without cause, the employment of an Optionee.

(b) The Section headings used in this Plan are intended solely for convenience of reference and shall not in any manner amplify, limit, modify or otherwise be used in the construction or interpretation of any of the provisions hereof.

(c) The masculine, feminine or neuter gender and the singular or plural number shall be deemed to include the other whenever the content so indicates or requires.

(d) No options shall be granted under the Plan after ten (10) years from the date the Plan is adopted by the Board of Directors of the Company or approved by the stockholders of the Company, whichever is earlier.

15. Effective Date and Duration of the Plan. The Plan became effective on September 21, 1993, the date the adoption of the Plan was approved by the Board of Directors of the Company. On November 5, 1993, as required by Section 422 of the Code, the Plan was approved by the Stockholders of the Company. The Plan will terminate on September 20, 2003; provided however, that the termination of the Plan shall not be deemed to modify, amend or otherwise affect the terms of any options outstanding on the date the Plan terminates.

IN WITNESS WHEREOF, the undersigned has executed this Plan by and on behalf of the Company on and as of the 15th day of February, 1996.

GIBRALTAR STEEL CORPORATION

By: /s/ Brian J. Lipke

DATE ADOPTED BY BOARD OF DIRECTORS: September 21, 1993

DATE APPROVED BY STOCKHOLDERS: November 5, 1993

TERMINATION DATE: September 21, 2003

EXHIBIT 10.17

GIBRALTAR STEEL CORPORATION
NON-QUALIFIED STOCK OPTION PLAN

First Amendment and Restatement

WHEREAS, Gibraltar Steel Corporation, a Delaware corporation with offices at 3556 Lake Shore Road, Buffalo, New York 14219 (the "Company") adopted a non-qualified stock option plan known as the "Gibraltar Steel Corporation Non-Qualified Stock Option Plan") on September 21, 1993 to enable the Company to attract to membership on the Board of Directors of the Company, individuals with substantial consulting experience with respect to the legal, financial and operational concerns of large public and privately held corporations; and

WHEREAS, the Company desires to amend the Plan to increase the number of shares of common stock par value $.01 per share of the Company (hereinafter the "Common Stock") which may be issued in connection with options granted pursuant to the terms of the Plan by Two Hundred Thousand shares (200,000); and

WHEREAS, the Company desires to amend and restate the terms of the document which contains the terms of the Plan to provide for the increase in the number of shares of Common Stock of the Company which may be issued in connection with the exercise of options granted pursuant to the terms of the Plan and to make certain other technical amendments to the terms of the Plan;

NOW, THEREFORE, in consideration of the foregoing, the Company hereby adopts the following as the First Amendment and Restatement of the Gibraltar Steel Corporation Non-Qualified Stock Option Plan effective as of February 15, 1996:

1. Purpose of Plan. The Gibraltar Steel Corporation Non-Qualified Stock option Plan (the "Plan") is intended to provide a tool to the management of the Company for attracting, motivating and retaining highly qualified officers and key employees to employment with the Company by providing such officers and other key employees with an additional incentive to promote the success of the business, to increase their proprietary interest in the success of the Company and to encourage them to remain in the employ of the Company and its subsidiaries and affiliates.

A further purpose of the Plan is to provide the Company's management with an additional equity based program which can be used to attract individuals with substantial consulting experience with respect to the legal, financial and operational concerns of large public and privately held corporations to membership on the Company's Board of Directors.

2. Administration. The Plan shall be administered by a Committee (the "Committee") which shall be composed of not less than two (2) Directors of the Company who shall be appointed by and serve at the pleasure of the Board of Directors of the Company. If the Committee is composed of two (2) Directors, both members of the Committee must approve, in writing, any action to be taken by the Committee in order for such action to be deemed an action of the Committee pursuant to the provisions of the Plan. If the Committee is composed of more than two (2) Directors, a majority of the Committee shall constitute a quorum for the conduct of its business, and (a) the action of a majority of the Committee members present at any meeting at which a quorum is present, or (b) action taken without a meeting by the approval, in writing, of a majority of the Committee members, shall be deemed to be action by the Committee pursuant to the provisions of the Plan. The Committee is authorized to adopt such rules and regulations for the administration of the Plan as it may deem necessary or proper.

Any action taken or interpretation made by the Committee under any provision of the Plan shall be final. No member of the Board of Directors or the Committee shall be liable for any action, determination or interpretation taken or made under any provision of the Plan or otherwise if done in good faith.

3. Participation. The Committee shall determine which individuals shall be granted options under the terms of this Plan, which individuals may, but are not required to, include officers and employees of the Company, legal or financial advisors to the Company and non-employee Directors of the Company (all such individuals being sometimes hereinafter referred to as "Optionees").

4. Option Terms. The Committee shall establish the terms and conditions (which need not be identical) upon which the options granted hereunder may be exercised, the time or times at which options shall be granted and the number of shares of Common Stock (or such number of shares of stock in which such Common Stock may at any time hereafter be constituted), for which options are granted. The terms and conditions established by the Committee with respect to any option granted by the Committee under this Plan shall be contained in a written statement which shall be delivered by the Committee to the Optionee as soon as practicable following the Committee's establishment of the terms and conditions of such Option.

Notwithstanding the foregoing, unless otherwise modified by action of the Company's Board of Directors, the following terms and conditions shall apply with respect to any options granted hereunder:

(a) in the case of an individual that is an employee of the Company or any of its subsidiaries or affiliates, the right to exercise options granted hereunder shall be conditioned on the continuous employment of such individual by the Company or any of its subsidiaries or affiliates between the date of the grant of the option and the date of exercise of the option;

(b) in the case of an individual that is a member of the Board of Directors of the Company or the Board of Directors of any subsidiary or affiliate of the Company but is not an employee of the Company or any subsidiary or affiliate of the Company, the right to exercise options granted hereunder shall be conditioned on the continuous membership by such individual on the Board of Directors of the Company or any such subsidiary or affiliate;

(c) with respect to options granted under the Plan prior to the closing of the public offering of the Company's Common Stock (the "Public Offering") the right to exercise such options shall accrue, on a cumulative basis, as follows:

(i) one fourth (1/4) of the total number of shares of Common Stock which could be purchased (subject to adjustment as provided for in Section 6 hereof) (such number being hereinafter referred to as the "Optioned Shares") shall become available for purchase pursuant to the option at the end of the one (1) year period following the closing of the Public Offering;

(ii) one-fourth (1/4) of the Optioned Shares shall become available for purchase pursuant to the option at the end of the two (2) year period following the closing of the Public Offering;

(iii) one-fourth (1/4) of the Optioned Shares shall become available for purchase pursuant to the option at the end of the three (3) year period following the closing of the Public Offering; and

(iv) one-fourth (1/4) of the Optioned Shares shall become available for purchase pursuant to the option at the end of the four (4) year period following the closing of the Public Offering.

An Optionee who has been granted an option under the Plan may be granted additional options under the Plan if the Committee shall so determine.

The purchase price payable for Common Stock in connection with the exercise of options granted hereunder shall be determined by the Committee at the time of the grant of any options hereunder.

In addition, except as otherwise set forth above and subject to the provisions of Section 7 hereof, at the time of the grant of any options under this Plan, the Committee shall establish the time at which and within which such options may be exercised.

5. Shares Subject to the Plan. The Company is authorized to issue options under the Plan for the purchase of the number of shares of Common Stock described in the following provisions of this Section 5. On September 21, 1993 (the date on which this Plan became effective), the aggregate number of shares of Common stock which was reserved for issuance pursuant to options which were permitted to be granted hereunder was Two Hundred Thousand (200,000) shares (subject to the anti-dilutive adjustments provided for by Section 6 hereof). Effective February 15, 1996, in addition to the number of shares of Common Stock reserved for issuance pursuant to the options which were permitted to be granted as of February 14, 1996, an additional Two Hundred Thousand (200,000) shares of Common Stock shall be reserved for issuance pursuant to options which may be granted hereunder. Accordingly, the total number of shares of Common Stock which may be issued pursuant to the exercise of options which may be granted under the terms of this Plan shall be equal to the sum of Two Hundred Thousand (200,000) shares (subject to anti-dilutive adjustments made at any time after September 21, 1993 pursuant to Section 6 hereof) and Two Hundred Thousand (200,000) shares subject to anti-dilutive adjustments made at any time after February 15, 1996 pursuant to Section 6 hereof). With respect to any shares which are subject to options which expire or terminate pursuant to the provisions of the Plan without having been exercised in full, such shares shall be considered to be available again for placement under options granted thereafter under the Plan. Shares issued pursuant to the exercise of stock options granted under the Plan shall be fully paid and nonassessable.

6. Anti-Dilution Provisions. The aggregate number of shares of Common Stock and the class of such shares as to which options may be granted under the Plan, the number and class of such shares subject to each outstanding option, the price per share thereof (but not the total price), and the number of such shares as to which an option may be exercised at any one time, shall all be adjusted proportionately in the event of any change, increase or decrease in the outstanding shares of Common Stock or any change in classification of its Common Stock without receipt of consideration by the Company which results either from a split-up, reverse split or consolidation of shares, payment of a stock dividend, recapitalization, reclassification or other like capital adjustment so that upon exercise of the option, the Optionee shall receive the number and class of shares that he would have received had he been the holder of the number of shares of Common Stock for which the option is being exercised immediately preceding such change, increase or decrease in the

outstanding shares of Common Stock. Any such adjustment made by the Committee shall be final and binding upon all optionees, the Company and all other interested persons.

7. Option Exercises Upon a Change in Control. Notwithstanding the provisions of Section 4 hereof, in the event that the Company or the stockholders of the Company enter into an agreement to dispose of all or substantially all of the assets or stock of the Company by means of a sale, merger, consolidation, reorganization, liquidation, or otherwise, or in the event a Change of Control shall occur, each outstanding option shall become immediately exercisable with respect to the full number of shares subject to such options during the period commencing as of the date of execution of such agreement and ending as of the earlier of (i) ten (10) years from the date such option was granted, or (ii) ninety (90) days following the date on which a Change in Control occurs or the disposition of assets or stock contemplated by the agreement is consummated. Ninety (90) days following the consummation of any such disposition of assets or stock, or Change in Control, this Plan and any unexercised options issued hereunder (or any unexercised portion thereof) shall terminate and cease to be effective, unless provision is made in connection with such transaction for assumption of options previously granted or the substitution for such options of new options covering the securities of a successor corporation or an affiliate thereof, with appropriate adjustments as to the number and kind of securities and prices.

For purposes of this Plan, a "Change in Control" shall be deemed to have occurred if:

(a) any "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of more than thirty percent (30%) of the then outstanding voting stock of the Company, otherwise than through a transaction arranged by, or consummated with the prior approval of its Board of Directors; or

(b) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Company (and any new director whose election to the Board of Directors or whose nomination for election by the Company's stockholders was approved by a vote of at least two thirds of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved) (the "Continuing Directors") cease for any reason to constitute a majority thereof; or

(c) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other

than a merger or consolidation which would result in the voting securities of the Company immediately prior thereto continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity) at least 80% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation (provided, however, that if prior to the merger or consolidation, the Board of Directors of the Company adopts a resolution that is approved by a majority of the Continuing Directors providing that such merger or consolidation shall not constitute a "Change in Control" for purposes of the Plan, then such a merger or consolidation shall not constitute a "Change in Control"); or

(d) the stockholders of the Company approve an agreement for the sale or disposition by the Company of all or substantially all the assets of the Company.

Notwithstanding the foregoing, in the event that any such agreement shall be terminated without consummating the disposition of said stock or assets, any unexercised unaccrued installments that had become exercisable solely by reason of the provisions of this paragraph shall again become unaccrued and unexercisable as of said termination of such agreement; subject, however, to such installments accruing pursuant to the normal accrual schedule provided in the terms under which such option was granted. Any exercise of an installment prior to said termination of said agreement shall remain effective despite the fact that such installment became exercisable solely by reason of the Company or its stockholders entering into said agreement to dispose of the stock or assets of the Company.

8. Exercise of Option. Options shall be exercised as follows:

(a) Notice and Payment. Each option, or any installment thereof, shall be exercised, whether in whole or in part, by giving written notice to the Company at its principal office, specifying the options being exercised (by reference to the date of the grant of the option), the number of shares to be purchased and the purchase price being paid, and accompanied by the payment of all or such part of the purchase price as shall be specified in the option, by cash, certified or bank check payable to the order of the Company. Each such notice shall contain representations on behalf of the Optionee that he acknowledges that the Company is selling the shares being acquired by him under a claim of exemption from registration under the Securities Act of 1933 as amended (the "Act"), as a transaction not involving any public offering; that he represents and warrants that he is acquiring such shares with a view to "investment" and not with a view to distribution or resale; and that he agrees not to transfer, encumber or dispose of the shares unless: (i) a

registration statement with respect to the shares shall be effective under the Act, together with proof satisfactory to the Company that there has been compliance with applicable state law; or (ii) the Company shall have received an opinion of counsel in form and content satisfactory to the Company to the effect that the transfer qualifies under Rule 144 or some other disclosure exemption from registration and that no violation of the Act or applicable state laws will be involved in such transfer, and/or such other documentation in connection therewith as the Company's counsel may in its sole discretion require.

(b) Issuance of Certificates. Certificates representing the shares purchased by the optionee shall be issued as soon as practicable after the optionee has complied with the provisions of Section 8(a) hereof.

(c) Rights as a Stockholder. The optionee shall have no rights as a stockholder with respect to the shares purchased until the date of the issuance to him of a certificate representing such shares.

9. Assignment of Option. Subject to the provisions of Section 10(e) hereof, options granted under this Plan may not be assigned voluntarily or involuntarily or by operation of law. Any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of, or to subject to execution, attachment or similar process, any stock option, or any right thereunder, contrary to the provisions hereof shall be void and ineffective, shall give no right to the purported transferee, and shall, at the sole discretion of the Committee, result in forfeiture of the option with respect to the shares involved in such attempt.

10. Effect of Termination of Employment, Removal, Death or Disability. (a) If an optionee is employed by the Company or any subsidiary or affiliate of the Company on the date he receives a grant of an option and if such Optionee's employment with the Company or is terminated by reason of: (i) a discharge for cause; or (ii) voluntary separation on the part of the Optionee and without consent of the Company or the subsidiary or affiliate of the Company that the Optionee is employed by, any option or options theretofore granted to him under this Plan, to the extent not theretofore exercised by him, shall be terminated.

(b) If an Optionee is a non-employee member of the Board of Directors of the Company or any subsidiary or affiliate of the Company on the date he receives the grant of an option and if such Optionee's membership on the Board of Directors of the Company and on the Board of Directors of all other subsidiaries and affiliates of the Company is terminated by reason of: (i) removal for cause; or (ii) voluntary resignation on the part of the Optionee without the consent of the other members of the Board of Directors of the Company or such other members of each

subsidiary or affiliate of the Company whose Board of Directors the Optionee is a member of, any option or options theretofore granted to him under this Plan, to the extent not otherwise exercised by him, shall be terminated.

(c) If an Optionee is employed by the Company or any subsidiary or affiliate of the Company at the time he receives a grant of an option hereunder and if such Optionee's employment with the Company or any such subsidiary or affiliate of the Company is terminated by reason of the Optionee's retirement at age 65 under the terms of the retirement plan of the Company or such subsidiary or affiliate of the Company that is the employer of such Optionee, the Optionee shall have the right to exercise such option or options held by him to the extent that such options have not expired, at any time within three (3) months after such retirement.

(d) If an optionee is a non-employee member of the Board of Directors of the Company or any subsidiary or affiliate of the Company at the time he receives a grant of an option hereunder and if such Optionee's membership on the Board of Directors of the Company and all subsidiaries and affiliates of the Company is terminated by reason of the Optionee's resignation at or after his attainment of age 65, the Optionee shall have the right to exercise such option or options held by him to the extent that such options have not expired, at any time within three (3) months after such retirement.

(e) In the event that an Optionee shall die at any time that options granted hereunder are outstanding, any option or options granted to him under this Plan and not theretofore exercised by him or expired shall be exercisable by the estate of the Optionee or by any person who acquired such option by bequest or inheritance from the optionee in full at any time within one (1) year after the death of the Optionee. References hereinabove to the Optionee shall be deemed to include any person entitled to exercise the option after the death of the optionee under the terms of this Section.

(f) If an Optionee is employed by the Company or any subsidiary or affiliate of the Company at the time he receives a grant of an option hereunder and if his employment with the Company or any such subsidiary or affiliate of the Company is terminated by reason of his disability, the Optionee shall have the right to exercise all options held by him to the extent that such options have not previously expired or been exercised, at any time within one (1) year after such termination. If an Optionee is a non-employee member of the Board of Directors of the Company or any subsidiary or affiliate of the Company at the time he receives a grant of an option hereunder and if his membership on the Board of Directors of the Company and all other subsidiaries and affiliates of the Company is terminated by

reason of his disability, the optionee shall have the right to exercise all options held by him to the extent that such options have not previously expired or been exercised, at any time within one (1) year after such termination. The term "disability" shall, for the purposes of this Plan, be defined in the same manner as such term is defined in Section 22(e)(3) of the Internal Revenue Code of 1986.

11. Indemnity. The Company shall indemnify and hold harmless any person who is or has been a member of the Committee appointed under Section 2 hereof or the Board of Directors of the Company, from and against any and all loss, expense, liability or costs, including, without limitation, reasonable attorney's fees that may be imposed upon or reasonably incurred by him in connection with or resulting from any claim, action, suit or proceeding to which he may be a party or in which he may be involved by reason of any action taken or failure to act under the Plan provided that such person provides the Company prompt written notice of any such claim together with the opportunity to defend against claim or action at the Company's expense.

12. Amendment and Termination of the Plan. The Board of Directors of the Company may at any time suspend, amend or terminate the Plan.

13. General Provisions. (a) No stock option granted hereunder shall be construed as limiting any right which the Company or any parent or subsidiary of the Company may have to terminate at any time, with or without cause, the employment of an Optionee or an optionee's membership on the Board of Directors of the Company or the Board of Directors of any subsidiary or affiliate of the Company.

(b) The Section headings used in this Plan are intended solely for convenience of reference and shall not in any manner amplify, limit, modify or otherwise be used in the construction or interpretation of any of the provisions hereof.

(c) The masculine, feminine or neuter gender and the singular or plural number shall be deemed to include the other whenever the content so indicates or requires.

14. Effective Date and Duration of the Plan. The Plan shall became effective on September 21, 1993 and shall continue until terminated by the Board of Directors of the Company or, if earlier, the date that all shares of Common Stock which may be issued in connection with the exercise of options which may be granted under the terms of the Plan have been issued.

IN WITNESS WHEREOF the undersigned has executed this Plan on and as of the 15th day of February, 1996.

GIBRALTAR STEEL CORPORATION

By: /s/ Brian J. Lipke

EXHIBIT 10.21

THE STATE OF TEXAS) (

COUNTY OF CAMERON) (

LEASE AGREEMENT

THIS Lease Agreement is made this 11th day of January, 1996, in the City of Brownsville, State of Texas, by and between TURN KEY WAREHOUSING, INC., a Texas Sub-Chapter S Corporation, Brownsville, Cameron County, Texas 78521, and GIBRALTAR METALS, a Division of GIBRALTAR STEEL CORPORATION, a New York corporation, at 1050 Military Road, Buffalo, Erie County, New York 14217.

WHEREAS, TURN KEY WAREHOUSING, Inc., is the "operator" of a parcel of property located at 200 Texas Avenue in Brownsville, Cameron County, Texas, which is a warehouse/shipping facility, and said Limited Liability Company wishes to lease said property to any interested tenant.

WHEREAS, GIBRALTAR METALS, A DIVISION OF GIBRALTAR STEEL CORPORATION is involved in a business requiring the use of such a facility and wishes to lease such property for use in connection with its respective business needs.

WHEREAS, the parties are willing and able to enter into this Lease Agreement and the offer to lease has been accepted by the appropriate party.

NOW, THEREFORE, for and in consideration of the premises and mutual promises of the parties and the mutual benefits they will gain by the performance thereof, all in accordance with the provisions hereinafter set forth, TURN-KEY WAREHOUSING, Inc., hereinafter referred to as "LESSOR", and GIBRALTAR METALS, A DIVISION OF GIBRALTAR STEEL CORPORATION, hereinafter referred to as "LESSEE", agree as follows:

I .

TERM OF AGREEMENT

This lease Agreement shall be for a term beginning on the 1st day of January, 1996, and terminating on the 31st day of December, 1997. At the end of such term, LESSOR shall have the right to re-take the leased property, or alternatively, to re-lease same.

II.

PROPERTY BEING LEASED

The property being leased by LESSOR to LESSEE is a property described as "fifteen thousand (15,000) square feet (approximately) of a warehouse facility located at 200 Texas Avenue, Brownsville, Cameron County, Texas of the LESSOR, as described in greater detail in the diagram annexed hereto as Exhibit "A" and incorporated by reference herein.

III.

USE OF PREMISES

The property being leased by LESSEE may be used only for the operation of a warehouse/shipping facility (for trans-shipment and related purposes), as shall be defined by LESSOR. In this connection, LESSEE shall have the right to determine the hours during which all or any part of the said facility will be open for patronage. In no event will the leasehold premises or any part thereof be used or occupied as a residence or overnight facility.

IV.

LEASEHOLD FACILITIES AND OPERATION

LESSEE shall maintain and operate the said leased area, facilities and/or services in a lawful and proper manner, in accordance with the following:

A. In the event LESSEE is adjudicated as bankrupt or files for bankruptcy protection, this Lease Agreement shall be unaffected and continue to be in force.

B. In the event the demised premises is subjected to condemnation proceedings, the Lease Agreement shall remain in effect to the extent possible and the lease will be prorated accordingly, in light of any such taking of the premises; in any event, any award of condemnation proceeds shall be retained by LESSOR only.

C. No hazardous substances or waste materials will be placed onto or stored on the demised premises, in violation of law or the public health, safety and welfare.

D. This Lease Agreement is subject to any deeds of trust, security interests or mortgages that do or will constitute a lien against the property where the demised premises is located; to this extent, the parties hereto will execute any instruments, releases or other documents and required to subordinate thereunder.

E. LESSOR shall perform services for LESSEE pursuant to the terms and conditions of the Service Agreement annexed hereto as Exhibit "A" and incorporated by reference herein, which may be terminated by either party on sixty (60) days prior written notice, in accordance with the terms set forth in Exhibit "A".

F. LESSEE shall at all times maintain such area, facilities and services in a safe, sound and clean condition, and shall provide the personnel, equipment, services and commodities necessary to effect same.

G. LESSOR shall be responsible for repairs in any manner related to the operation of said business, and for any and all damages to any facility or equipment used by LESSEE under this Agreement.

H. LESSEE agrees not to erect, affix, display, post or place any sign, notice, advertisement or bill in or about any part of the demised premises or on any equipment or facilities used by LESSEE, without first securing the consent and approval of LESSOR, and will not be unreasonably withheld.

I. LESSOR shall be responsible for providing electric, water, sewage or garbage utilities (as appropriate) for the demised premises; the responsibility for any other utilities (e.g., telephone) is vested LESSEE. However, the costs of such utilities provided by LESSOR shall be reimbursed by LESSEE (on a pro-rata, per square foot, basis). (Incorporated in the actual Lease Agreement - Exhibit "A").

V.

RENTAL FEES

In consideration for the use of the property being leased, LESSEE will pay LESSOR the following sums during the term of this Lease Agreement on a monthly basis, such sums to be paid on or before the first of each month: the sum of FIVE THOUSAND SEVEN HUNDRED TWENTY FIVE AND 00/100ths ($5725.00) DOLLARS a month (as calculated in the currency of the United States of America) for the term of this lease. In the event of a renewal of this lease, rental fees shall be subject to renegotiation in connection with such renewal, but at no time shall the monthly rent to less than the foregoing amounts. Any late payment will require the payment of a charge of FIFTY AND NO/100THS ($50.00) DOLLARS a day to avoid a default. Any holding over beyond the expiration of the lease term will require the payment of the pro-rata rentals, in accordance with the rates above. To secure the payment of the said rental fees, LESSOR is vested with a landlord's lien under this Lease Agreement, by contract, and by virtue of Subchapter B of Chapter 54 of the Texas Property Code, by law.

V.

INGRESS AND EGRESS

During the term of this Lease Agreement, LESSOR shall allow reasonable ingress and egress to the property being leased.

VII.

INSURANCE

During the term of this Lease Agreement, LESSOR shall procure and keep in force the following insurance.

A) Workman's Compensation Insurance protecting all of its employees on the premises;

B) Liability and Property Damage Insurance with limits as to personal injury and death;

C) Fire and Hazard Insurance (including extended coverage) for the leasehold premises.

LESSOR shall supply to GIBRALTAR METALS, A DIVISION OF GIBRALTAR STEEL CORPORATION certificates of insurance naming GIBRALTAR METALS, A DIVISION OF GIBRALTAR STEEL CORPORATION as loss-payee.

VIII.

INDEMNITY

LESSEE shall indemnify, defend and hold harmless LESSOR from any and all liabilities, claims, demands, actions, losses, damages and costs, including all costs of defense thereof, of any nature whatsoever, for injury to or death of persons or loss or damage to property, or for any other reason, occurring on the leased premises or in any manner arising out of or connected with LESSEES' use and occupation of the said premises during the term of this Lease Agreement or any time of occupancy of the said premises by LESSEE, including any claims, liabilities and actions based upon nuisance or inverse condemnation or environmental penalties or assessments, and including claims and actions based upon the acts or omissions of LESSEE, or its agents and employees. Upon demand, LESSEE shall, at its own expense, defend LESSOR against any and all such liabilities, claims, demands, actions, losses, damages and costs. Moreover, LESSEE shall give LESSOR prompt notice of any claim within its knowledge that in any way directly or indirectly affects either LESSOR or LESSEE. Both parties shall have the right to participate in the defense of such claim to the extent of their interest.

IX.

TERMINATION

This Lease Agreement may be terminated prior to the end of the aforesaid leasehold term: (A) by the mutual agreement of the parties, set forth in writing and signed by the parties; or (B) should either party default in conforming with or adhering to any requirement, condition or term of this Lease Agreement, and after such default is brought to the attention of the defaulting party, such default is not corrected within fifteen (15) days. Either party may, at its option, extend the period for performance to correct any such default; if eight party attempts to terminate this Lease Agreement on the basis of default, the defaulting party has to be given an opportunity to be heard before the termination is finalized.

X.

ASSIGNMENT

This Lease Agreement may be assigned or sublet at all or in part by LESSEE with the consent and approval LESSOR, as set forth in writing and signed by both parties, however, LESSEE shall remain fully liable thereon. Any assignee or sublessee will be bound by the terms of this Lease Agreement. LESSOR reserves the right to assign this Lease Agreement in conjunction with the sale or purchase of the property upon which the leasehold is located.

XI.

COMPLIANCE WITH ALL LAWS

Both parties will act, at all times, in compliance with all pertinent City and County ordinances, orders, regulations and policies, as well as all applicable State and Federal Laws.

XII.

NON-WAIVER

Any waiver by either party of any default or breach of this Lease Agreement shall not be a continuing waiver of such default or breach, nor as a waiver of or permission for (express or implied) any other or subsequent default or breach.

XIII.

PARTIES BOUND

This Lease Agreement shall be binding upon and inure to the benefit or the parties to this Lease Agreement and their respective heirs, executors, administrators, legal representatives, successors and assigns, as appropriate.

XIV.

"ACT OF GOD" EXCUSES PERFORMANCE

In the event that either party shall be prevented from completing performance of their respective obligations hereunder by an "act of God" or any other occurrence whatsoever which is beyond the control of the parties hereto, then they shall be excused from any further performance of their obligations and undertakings hereunder, provided however, that in the event that any such performance is only interrupted or delayed, the affected party shall only be excused from such performance for such period of time as is reasonably necessary after such occurrence to remedy the effects thereof.

XV.

ENTIRE AGREEMENT; AMENDMENT

This instrument contains the entire agreement between the parties relating to the rights herein granted and obligations herein assumed, and supersedes any prior understandings, representations, memorandums or agreements regarding the property that is the subject of this Lease Agreement. Any oral representations or modifications

concerning this instrument shall be of no force or effect. This Lease Agreement may be amended, provided that no amendment, modification or alteration of the terms of this Lease Agreement shall be binding unless the same is in writing and duly executed by the parties hereto.

XVI.

BREACH OF OBLIGATIONS

This Lease Agreement is entire as to all of the performances to be rendered under it. Breach of any obligation to be performed by either party shall constitute a breach of the entire Lease Agreement and shall give the other party the right to terminate this Lease Agreement, in accordance with the Paragraph regarding termination above.

XVII.

LAW GOVERNING

This Lease Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

XVIII.

VENUE

The obligations and undertakings of each of the parties to this Lease Agreement shall be performable in Cameron County, Texas.

XIX.

NOTICE

All notices to either party shall be sent by certified or registered mail addressed to the parties as set forth above, at their respective addresses set forth above, or at such other address as may be otherwise designated.

XX.

INVALIDITY

If any term, provision, covenant or condition of this Lease Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions of this Lease Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated. Moreover, it is the intention of

the parties to this Lease Agreement that in lieu of each clause or provision of this agreement that is held to be invalid, void or unenforceable, there be added as a part of this Lease Agreement a clause or provision as similar in terms to such invalid, void or unenforceable clause or provision as may be possible which shall nevertheless be legal, valid and enforceable.

XXI.

INTERPRETATION

Both of the parties hereto have been represented by or have had the opportunity to be represented by counsel in the negotiation and drafting of this Lease Agreement, and accordingly, this Lease Agreement shall not be construed in favor of either party. Moreover, this Lease Agreement and any and all writings made in connection with this Lease Agreement shall be written in the English language, and the wording and meaning of any such matters in the English language shall govern and control.

XXII.

ARBITRATION

LESSOR reserves the right to enforce this correction of defaults arising under this Lease Agreement by and through summary proceedings filed in a Justice Of The Peace Court. However, as to any other matters arising under this Lease Agreement, any controversy or claim arising out of or relating to this agreement, or the breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Association, and the Federal Arbitration Act; judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

XXIII.

ATTORNEY FEES

If any such summary or arbiter proceeding is initiated to resolve a dispute arising under or relating to this Lease Agreement by either of the parties hereto, it is expressly agreed that the prevailing party shall be entitled to recover from the other party reasonable attorney fees and related costs in addition to any other relief that may be awarded.

TIME OF ESSENCE

Time is of the essence of this Lease Agreement.

EXECUTED in duplicate on this the 11th day of January, 1996, at Brownsville, Cameron County, Texas.

TURN-KEY WAREHOUSING INC., LESSOR

By: /S/ ROBERT S. HUGHES

Robert S. Hughes, President

ATTEST:

s/ M. Carmona
- ---

GIBRALTAR METALS, A DIVISION OF
GIBRALTAR STEEL CORPORATION, LESSEE

By: /s/ DOUGLAS A. NIXON

Douglas Nixon, Vice President/Gen.Mgr.

ATTEST:

s/ Chester J. Cyrek
- ---

ACKNOWLEDGMENTS

THE STATE OF TEXAS) (
) (
COUNTY OF CAMERON) (

This instrument was acknowledged before me on February 5, 1996, by ROBERT S. HUGHES, President of TURN-KEY WAREHOUSING, INC., a Texas Sub-Chapter S Corporation, on behalf of said Company.

- ---
LYNETTE M. HAMMIT
NOTARY PUBLIC
State of Texas
Comm. Exp. 04-08-98
- ---

/s/ LYNETTE M. HAMMIT

Notary Public in and for
the State of Texas

THE STATE OF NEW YORK) (
) (
COUNTY OF ERIE) (

This instrument was acknowledged before me on Jan. 24, 1996, by DOUGLAS A NIXON, Vice President and General Manager of GIBRALTAR METALS, A DIVISION OF GIBRALTAR STEEL CORPORATION, on behalf of said Company

/s/ CHESTER J. CYREK

Notary Public in and for
the State of _____

CHESTER J. CYREK
NOTARY PUBLIC, STATE OF NEW YORK
QUALIFIED IN ERIE COUNTY
My Commission Expires Sept. 30, 1996

THE STATE OF TEXAS) (
) (
COUNTY OF CAMERON) (

SERVICE AGREEMENT

THIS SERVICE AGREEMENT is made this 11th day of January, 1996, in Brownsville, Cameron County, Texas, between TURN-KEY WAREHOUSING, Inc., a Texas Sub-Chapter S Corporation, 200 Texas Avenue, Brownsville, Cameron County, Texas 78521, and GIBRALTAR METALS, A DIVISION OF GIBRALTAR STEEL CORPORATION, a New York Corporation, of 1050 Military Road, Buffalo, Erie County, New York 15217, regarding the provision of certain business services as follows:

I.

This Service Agreement constitutes an independent agreement, but is governed by and to be construed in accordance with the Lease Agreement by and between the said parties on the date set forth above.

Accordingly, certain provisions that would normally be set forth in this Agreement have already been set forth in such Lease Agreement, which are adopted herein and incorporated by reference herein.

II.

Supplementing the terms of the said Lease Agreement, the parties hereto agree that TURN-KEY WAREHOUSING, Inc., will not only lease space to GIBRALTAR METALS, A DIVISION OF GIBRALTAR STEEL CORPORATION, but that TURN-KEY WAREHOUSING, Inc., will, on behalf of GIBRALTAR METALS, A DIVISION OF GIBRALTAR STEEL CORPORATION, perform various administrative services involving the shipping, warehousing and transportation of certain goods, in accordance with the terms set forth in a letter/proposal forwarded to GIBRALTAR METALS, A DIVISION OF GIBRALTAR STEEL CORPORATION, in consideration of the rates and charges set forth in such proposal, a copy of which is annexed hereto as Exhibit "A" and incorporated by reference herein for all purposes as if fully copied and set forth at length.

III.

TURN-KEY WAREHOUSING, Inc., will perform all acts necessary to successfully fulfill the purpose of this contract and shall, at all times, faithfully, industriously and to the best of its abilities, experience and talents, perform all the duties that may be required of and from it pursuant to the express and implicit terms hereof and to the reasonable satisfaction of GIBRALTAR METALS, A DIVISION OF

GIBRALTAR STEEL CORPORATION in consideration of the payment, by GIBRALTAR METALS, A DIVISION OF GIBRALTAR STEEL CORPORATION, of charges accrued as set forth in the appropriate invoice of TURN-KEY WAREHOUSING, Inc.

IV.

The parties hereto shall not be construed to have the relationship of partners, joint venturers, principal-agent, employer-employee or master-servant. The parties hereto are separate business organizations who enter into this contract for their respective benefit.

V.

This Agreement may be terminated for cause (including the failure to pay the charges accrued under this Agreement), to-wit, any action or omission constituting a breach of the terms of this Agreement or by mutual agreement of both parties, or upon sixty (60) days prior written notice (for any reason, with or without cause) to the other party, in accordance with the terms set forth in Exhibit "A". This Agreement shall be effective upon execution and terminate one (1) year thereafter.

VI.

During the term of this Lease Agreement, LESSOR shall procure and keep in force the following insurance:

A) Workman's Compensation Insurance protecting all of its employees on the premises;

B) Liability and Property Damage Insurance with limits as to personal injury and death;

C) Fire and Hazard Insurance (including extended coverage) for the leasehold premises.

LESSOR shall supply to GIBRALTAR METALS, A DIVISION OF GIBRALTAR STEEL CORPORATION certificates of insurance naming GIBRALTAR METALS, A DIVISION OF GIBRALTAR STEEL CORPORATION as loss-payee.

EXECUTED in duplicate on this 11th day of January, 1996 at Brownsville, Cameron County, Texas.

TURN-KEY WAREHOUSING, Inc., Lessor

BY: /s/ ROBERT S. HUGHES

Robert S. Hughes, President

ATTEST

/s/ M. CARMONA
- ---

GIBRALTAR METALS, A DIVISION OF
GIBRALTAR STEEL CORPORATION, Lessee

BY: /s/ DOUGLAS A. NIXON

Douglas Nixon, Vice President/Gen.Mgr.

ATTEST:

/s/ CHESTER J. CYREK
- ---

CHESTER J. CYREK
NOTARY PUBLIC, STATE OF NEW YORK
QUALIFIED IN ERIE COUNTY
My Commission Expires Sept. 30, 1996

EXHIBIT "A"

WAREHOUSE SPACE

15,000 Square Feet at $4.58 per Square Feet per year gross*

*Taxes/Utilities and maintenance included.
2 yrs. @ $4.32 ft. yr. (initialed BH and DN)

HANDLING

Trucks - unloaded or loaded for a cost of $80.00 flat rate during normal working hours (8:00 a.m. to 5:00 p.m., Monday thru Friday). Overtime cost billed at $25.00 per hour for actual hours worked.

Rail Cars - unloaded or loaded for a cost of $250.00 flat rate during normal working hours (8:00 a.m. to 5:00 p.m., Monday thru Friday). Overtime cost billed at $25.00 per hour for actual hours worked.

DELIVERY

Truck Deliveries on flatbed trailers from 200 Texas Avenue Warehouse to Brownsville destinations at a cost of $90.00 per trip.

ADMINISTRATIVE COST

A 3% Administrative fee will be assessed to monthly invoice total for administrative requirements. These services include but are not limited to inventory control/reporting, summary reports, fax/mailing, and other services provided by Turn Key Warehousing.

TERMINATION OF SERVICE CONTRACT

No penalty for non-renewal after the one year term is completed.

DISCOUNT APPLICATION

The following volume discounts will be applied to monthly invoices based on invoice total:

a) Up to $8000	0%
b) $8000 to $11,999	2%
c) $12,000 to $13,999	4%
d) $14,000 to $15,999	6%
e) Over $16,000	8%

Turn Key Warehousing, Inc.
200 Texas Avenue, Brownsville, Texas 78521
Phone (210) 504-0202 Fax (210) 504-0206

TO: Mr. Doug Nixon

FROM: Bob Hughes

DATE: 01/19/96

RE: 1996 Contracts

Enclosed are the six copies of the 1996 Contracts. I've noted the reduction in space cost on the "Attachment A" for a two year commitment. If you are agreeable to the two year term, you can make the change on the contract and initial the annotation on "Attachment A". Please don't hesitate to call if you have any questions or concerns.

Regards,

/s/ ROBERT S. HUGHES
- ----------
Robert S. Hughes - owner

[LOGO] CB
COMMERCIAL

EXHIBIT 10.24

ARTICLE ONE: BASIC TERMS

This Article One contains Basic Terms of this Lease between the Landlord and Tenant named below. Other Articles, Sections and Paragraphs of the Lease referred to in this Article One explain and define the Basic Terms and are to be read in conjunction with the Basic Terms.

Section 1.01. Date of Lease: November 2, 1992

Section 1.02. Landlord (include legal entity): MGI Properties

Address of Landlord: 30 Rowes Wharf
Boston, MA 02110

Section 1.03. Tenant (include legal entity): Mill Transportation Company

Address of Tenant: 11305 Franklin Avenue
Franklin Park, IL 60131-1106

Section 1.04. Property: The Property is part of Landlord's multi-tenant real property development known as 7606 Rivers Avenue, North Charleston, South Carolina, and described or depicted in Exhibit "A" (the "Project"). The Project includes the land, the buildings and all other improvements located on the land, and the common areas described in Paragraph 4.05(a). The Property is (include street address, approximate square footage and description) that specific portion of the +191,899 square foot industrial building situated on 8.57 acres located at 7606 Rivers Avenue, consisting of approximately 108,088 square feet as described in Exhibit "A".

Section 1.05. Lease Term: 3 years 0 months beginning on January 1, 1993, or such other date as is specified in this Lease, and ending December 31, 1995. Notwithstanding anything to the contrary contained herein. Tenant shall have the right to occupy the Property in accordance with the terms of this Lease prior to the Commencement Date, during which time Tenant shall be responsible for its pro rata share of utilities and common area maintenance expenses as outlined in Section 4.03 and Section 4.05, but not for Base Rent.

Section 106. Permitted Uses: (See Article Five) General business offices, distribution and warehousing. Tenant will not engage in any operation that would involve other than normal ware and tear on the building without prior written consent or Landlord.

Section 1.07. Tenant's Guarantor: (If none, so state) Hubbell Steel Corporation

Section 1.08. Brokers: (See Article Fourteen) (If none, so state)
Landlord's Broker: CB Commercial Real Estate Group, Inc.
Tenant's Broker: Barkley Frasier Company

Section 1.09. Commission Payable to Landlord's Broker: (See Article Fourteen) $43,775.64

Section 1.10. Initial Security Deposit: (See Section 3.03) $20,266.50

Section 1.11. Vehicle Parking Space Allocated to Tenant: (See Section 4.05) in accordance with Exhibit A

Section 1.12. Rent and Other Charges Payable by Tenant:
(a) BASE RENT: _____ Dollars ($20,266.50 per month for the first 36 months, as provided in Section 3.01

(b) OTHER PERIODIC PAYMENTS: (i) Real Property Taxes above the "Base Real Property Taxes" (See Section 4.02) (ii) Utilities (See Section 4.03); (iii) Increased Insurance Premiums above "Base Premiums" (See Section 4.04); (iv) Tenant's Initial Pro Rata Share of Common Area Expenses 56% (See Section 4.05); (v) Maintenance, Repairs and Alterations (See Article Six).

Section 1.13. Costs and Charges Payable by Landlord: (a) Base Real Property Taxes (See Section 4.02); (b) Base Insurance Premiums (See Section 4.04(c)); (c) Maintenance and Repair (See Article Six).

Section 1.14 Landlord's Share of Profit on Assignment or Sublease: (See Section 9.05) Fifty percent (50%) of the Profit (the "Landlord's Share").

Section 1.15. Riders: The following Riders are attached to and made a part of this Lease: (If none, so state)

Addendum
Guaranty of Lease

Initials/s/_____
/s/_____

ARTICLE TWO: LEASE TERM

Section 2.01. Lease of Property For Lease Term. Landlord leases the Property to Tenant and Tenant leases the Property from Landlord for the Lease Term. The Lease Term is for the period stated in Section 1.05 above and shall begin and end on the dates specified in Section 1.05 above, unless the beginning or end of the Lease Term is changed under any provision of this Lease. The "Commencement Date" shall be the date specified in Section 1.05 above for the beginning of the Lease Term, unless advanced or delayed under any provision of this Lease.

Section 2.02. Delay in Commencement. Landlord shall not be liable to Tenant if Landlord does not deliver possession of the Property to Tenant on the Commencement Date. Landlord's non-delivery of the Property to Tenant on that date shall not affect this Lease or the obligations of Tenant under this Lease except that the Commencement Date shall be delayed until Landlord delivers possession of the Property to Tenant and the Lease shall be extended for a period equal to the delay in delivery of possession of the Property to Tenant, plus the number of days necessary to end the Lease Term on the last day of a month. If Landlord does not deliver possession of the Property to Tenant within sixty (60) days after the Commencement Date, Tenant may elect to cancel this Lease by giving written notice to Landlord within ten (10) days after the sixty (60)-day period ends. If Tenant gives such notice, the Leae shall be cancelled and neither Landlord nor Tenant shall have any further obligations to the other. If Tenant does not give such notice, Tenant's right to cancel the Lease shall expire and the Lease Term shall commence upon the delivery of possession of the Property to Tenant. If delivery of possession of the Property to Tenant is delayed, Landlord and Tenant shall, upon such delivery, execute an amendment to this Lease setting forth the actual Commencement Date and expiration date of the Lease. Failure to execute such amendment shall not affect the actual Commencement Date and expiration date of the Lease.

Section 2.03. Early Occupancy. If Tenant occupies the Property prior to the Commencement Date, Tenant's occupancy of the Property shall be subject to all of the provisions of this Lease. Early occupancy of the Property shall not advance the expiration date of this Lease.

Notwithstanding anything to the contrary contained herein, Tenant shall have the right to occupy the Property in accordance with the terms of this Lease prior to the Commencement Date, during which time Tenant shall be responsible for its pro rata share of utilities and common area maintenance expenses as outlined in Section 4.03 and Section 4.05, but not for Base Rent.

Section 2.04. Holding Over. Tenant shall vacate the Property upon the expiration or earlier termination of this Lease. Tenant shall reimburse Landlord for and indemnify Landlord against all damages which Landlord incurs from Tenant's delay in vacating the Property. If Tenant does not vacate the Property upon the expiration or earlier termination of the Lease and Landlord thereafter accepts rent from Tenant, Tenant's occupancy of the Property shall be a "month-to-month" tenancy, subject to all of the terms of this Lease applicable to a month-to-month tenancy, except that the Base Rent then in effect shall be increased by twenty-five percent (25%).

ARTICLE THREE: BASE RENT

Section 3.01. Time and Manner of Payment. Upon execution of this Lease, Tenant shall pay Landlord the Base Rent in the amount stated in Paragraph 1.12(a) above for the first month of the Lease Term. On the first day of the second month of the Lease Term and each month thereafter, Tenant shall pay Landlord the Base Rent, in advance, without offset, deduction or prior demand. The Base Rent shall be payable at Landlord's address or at such other place as Landlord may designate in writing.

Section 3.03. Security Deposit; Increases.

(a) Upon the execution of this Lease, Tenant shall deposit with Landlord a cash Security Deposit in the amount set forth in Section 1.10 above. Landlord may apply all or part of the Security Deposit to any unpaid rent or other charges due from Tenant or to cure any other defaults of Tenant. If Landlord uses any part of the Security Deposit, Tenant shall restore the Security Deposit to its full amount within ten (10) days after Landlord's written request. Tenant's failure to do so shall be a material default under this Lease. No interest shall be paid on the Security Deposit. Landlord shall not be required to keep the Security Deposit separate from its other accounts; however, the Security Deposit shall be deemed to be held in trust to be applied in accordance with this Lease.

Initials/s/_____
/s/_____

Section 3.04. Termination; Advance Payments. Upon termination of this Lease under Article Seven (Damage or Destruction), Article Eight (Condemnation) or any other termination not resulting from Tenant's default, and after Tenant has vacated the Property in the manner required by this Lease, Landlord shall refund or credit to Tenant (or Tenant's successor) the unused portion of the Security Deposit, any advance rent or other advance payments made by Tenant to Landlord, and any amounts paid for real property taxes and other reserves which apply to any time periods after termination of the Lease.

ARTICLE FOUR: OTHER CHARGES PAYABLE BY TENANT

Section 4.01. Additional Rent. All charges payable by Tenant other than Base Rent are called "Additional Rent." Unless this Lease provides otherwise, Tenant shall pay all Additional Rent then due with the next monthly installment of Base Rent. The term "rent" shall mean Base Rent and Additional Rent.

Section 4.02. Property Taxes.

(a) Real Property Taxes. Landlord shall pay the "Base Real Property Taxes" on the Property during the Lease Term. Base Real Property Taxes are real property taxes applicable to the Property as shown on the tax bill for the most recent tax fiscal year ending prior to the Commencement Date. However, if the structures on the Property are not completed by the tax lien date of such tax fiscal year, the Base Real Property Taxes are the taxes shown on the first tax bill showing the full assessed value of the Property after completion of the structures. Tenant shall pay Landlord the amount, if any, by which the real property taxes during the Lease Term exceed the Base Real Property Taxes. Subject to Paragraph 4.02(c), Tenant shall make such payments within fifteen (15) days after receipt of Landlord's statement showing the amount and computation of such increase. Landlord shall reimburse Tenant for any real property taxes paid by Tenant covering any period of time prior to or after the Lease Term.

(b) Definition of "Real Property Tax." "Real property tax" means: (i) any real property, levy, charge, assessment, or tax imposed by any taxing authority against the Property; (ii) any tax or charge for fire protection, streets, sidewalks, road maintenance, refuse or other services provided to the Property by any governmental agency; any charge or fee replacing any tax previously included within the definition of real property tax. "Real property tax" does not, however, include Landlord's federal or state income, franchise, inheritance or estate taxes.

(c) Joint Assessment. If the Property is not separately assessed, Landlord shall reasonably determine Tenant's share of the real property tax payable by Tenant under Paragraph 4.02(a) from the assessor's worksheets or other reasonably available information. Tenant shall pay such share to Landlord within fifteen (15) days after receipt of Landlord's written statement and reasonable detail showing such proportionate share determination.

(d) Personal Property Taxes.

(i) Tenant shall pay all taxes charged against trade fixtures, furnishings, equipment or any other personal property belonging to Tenant. Tenant shall try to have personal property taxes separately from the Property.

(ii) If any of Tenant's personal property is taxed with the Property, Tenant shall pay Landlord the taxes for the personal property within fifteen (15) days after Tenant receives a written statement from Landlord for such personal property taxes.

Section 4.03. Utilities. Tenant shall pay, directly to the appropriate supplier, the cost of all natural gas, heat, light, power, sewer service, telephone, water, refuse disposal and other utilities and services supplied to the Property. However, if any services or utilities are jointly metered with other property, Landlord shall make a reasonable determination of Tenant's proportionate share of the cost of such utilities and services and Tenant shall pay such share to Landlord within fifteen (15) days after receipt of Landlord's written statement and reasonable detail showing such proportionate share determined.

Section 4.04. Insurance Policies.

(a) Liability Insurance. During the Lease Term, Tenant shall maintain a policy of commercial general liability insurance (sometimes known as broad form comprehensive general liability insurance) insuring Tenant against liability for bodily injury, property damage (including loss of use of property) and personal injury arising out of the operation, use or occupancy of the Property, Tenant shall name Landlord as an additional insured under such policy. The initial amount of such insurance shall be One Million Dollars ($1,000,000) per occurrence and shall be subject to periodic increase based upon inflation, increased liability awards, recommendation of Landlord's professional insurance advisers and other relevant factors. The liability insurance obtained by Tenant under this Paragraph 4.04(a) shall (i) be primary and non-contributing; The

amount and coverage of such insurance shall not limit Tenant's liability nor relieve Tenant of any other obligation under this Lease. Landlord may also obtain comprehensive public liability insurance in an amount and with coverage determined by Landlord insuring Landlord against liability arising out of ownership, operation, use or occupancy of the Property. The policy obtained by Landlord shall not be contributory and shall not provide primary insurance.

(b) Property and Rental Income Insurance. During the Lease Term, Landlord shall maintain policies of insurance covering loss of or damage to the Property in the full amount of its replacement value. Such policy shall provide protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, special extended perils (all risk), sprinkler leakage and any other perils which Landlord deems reasonably necessary. Landlord shall have the right to obtain flood and earthquake insurance if required by any lender holding a security interest in the Property. Landlord shall not obtain insurance for Tenant's fixtures or equipment or building improvements installed by Tenant on the Property. During the Lease Term, Landlord shall also maintain a rental income insurance policy, with loss payable to Landlord.

Initials/s/_____
/s/_____

(c) Payment of Premiums.

(i) Landlord shall pay the "Base Premiums" for the insurance policies maintained by Landlord under Paragraph 4.04(b). If the Property has been previously fully occupied, the "Base Premiums" are the insurance premiums paid during or applicable to the last twelve (12) months of such prior occupancy. If the Property has not been previously fully occupied or has been occupied for less than twelve (12) months, the Base Premiums are the lowest annual premiums reasonably obtainable for the required insurance for the Property as of the Commencement Date.

(ii) Tenant shall pay Landlord the amount, if any, by which the insurance premiums for all policies maintained by Landlord under Paragraph 4.04(b) have increased over the Base Premiums, whether such increases result from the nature of Tenant's occupancy, any act or omission of Tenant, the increased value of the Property or general rate increases. However, if Landlord substantially increases the amount of insurance carried or the percentage of insured value after the period during which the Base Premiums were calculated, Tenant shall only pay Landlord the amount of increased premiums which would have been charged by the insurance carrier if the amount of insurance or percentage of insured value had not been substantially increased by Landlord. This adjustment in the amount due from the Tenant shall be made only once during the Lease Term. Thereafter, Tenant shall be obligated to pay the full amount of any additional increases in the insurance premiums, including increases resulting from any further increases in the amount of insurance or percentage of insured value. Subject to Section 4.05, Tenant shall pay Landlord the increases over the Base Premiums within fifteen (15) days after receipt by Tenant of a copy of the premium statement or other evidence of the amount due. If the insurance policies maintained by Landlord cover improvements or real property other than the Property, Landlord shall also deliver to Tenant a statement of the amount of the premiums applicable to the Property showing, in reasonable detail, how such amount was computed. If the Lease Term expires before the expiration of the insurance period, Tenant's liability shall be pro rated on an annual basis.

(d) General Insurance Provisions.

(i) Any insurance which Tenant is required to maintain under this Lease shall include a provision which requires the insurance carrier to give Landlord not less than thirty (30) days' written notice prior to any cancellation or modification of such coverage.

(ii) If Tenant fails to deliver any policy, certificate or renewal to Landlord required under this Lease within the prescribed time period or if any such policy is cancelled or modified during the Lease Term without Landlord's consent, Landlord may obtain such insurance, in which case Tenant shall reimburse landlord for the cost of such insurance within fifteen (15) days after receipt of a statement that indicates the cost of such insurance.

(iii) Tenant shall maintain all insurance required under this Lease with companies holding a "General Policy Rating" of A-12 or better, as set forth in the most current issue of "Best Key Rating Guide". Landlord and Tenant acknowledge the insurance markets are rapidly changing and that insurance in the form and amounts described in the Section 4.04 may not be available in the future. Tenant acknowledges that the insurance described in this Section 4.04 is for the primary benefit of Landlord. If at any time during the Lease Term, Tenant is unable to maintain the insurance required under the Lease, Tenant shall nevertheless maintain insurance coverage which is customary and commercially reasonable in the insurance industry for Tenant's type of business, as that coverage may change from time to time. Landlord makes no representation as to the adequacy of such insurance to protect Landlord's or Tenant's interests. Therefore, Tenant shall obtain any such additional property or liability insurance which Tenant deems necessary to protect Landlord and Tenant.

(iv) Unless prohibited under any applicable insurance policies maintained, Landlord and Tenant each hereby waive any and all rights of recovery against the other, or against the officers, employees, agents or representatives of the other, for loss of or damage to its property or the property of others under its control, if such loss or damage is covered by any insurance policy in force (whether or not described in this Lease) at the time of such loss or damage. Upon obtaining the required policies of insurance, Landlord and Tenant shall give notice to the insurance carriers of this mutual waiver of subrogation.

Section 4.05. Common Areas; Use, Maintenance and Costs.

(a) Common Areas. As used in this Lease, "Common Areas" shall mean all areas within the Project which are available for the common use of tenants of the Project and which are not leased or held for the exclusive use of Tenant or other tenants, including, but not limited to, parking areas, driveways, sidewalks, loading areas, access roads, corridors, landscaping and planted areas. Landlord, from time to time, may change the size, location, nature and use of any of the Common Areas, convert Common Areas into leaseable areas,

construct additional parking facilities (including parking structures) in the Common Areas, and increase or decrease Common Area land and/or facilities. Tenant acknowledges that such activities may result in inconvenience to Tenant. Such activities and changes are permitted if they do not materially affect Tenant's use of the Property.

(b) Use of Common Areas. Tenant shall have the nonexclusive right (in common with other tenants and all others to whom Landlord has granted or may grant such rights) to use the Common Areas for the purposes intended, subject to such reasonably rules and regulations as Landlord may establish from time to time. Tenant shall abide by such rules and regulations and shall use its best effort to cause others who use the Common Areas with Tenant's express or implied permission to abide by Landlord's rules and regulations. At any time, Landlord may close any Common Areas to perform any acts in the Common Areas as, in Landlord's judgment, are desirable to improve the Project; provided, however, that Landlord shall not unreasonably interfere with or disrupt Tenants' use of the Property as a result of such acts. Tenant shall not interfere with the rights of Landlord, other tenants or any other person entitled to use the Common Areas.

(c) Specific Provision re: Vehicle Parking. Tenant shall be entitled to use the number of vehicle parking spaces in the Project allocated to Tenant in Section 1.11 of the Lease without paying any additional rent. Tenant's parking shall not be reserved and shall be limited to vehicles no larger than standard size automobiles or pickup utility vehicles. Vehicles shall be parked only in striped parking spaces and not in driveways, loading areas or other locations not specifically designated for parking. Handicapped spaces shall only be used by those legally permitted to use them. If Tenant parks more vehicles in

in the parking area than the number set forth in Section 1.11 of this Lease, such conduct shall be a material breach of this Lease. In addition to Landlord's other remedies under the Lease, Tenant shall pay a daily charge determined by Landlord for each such additional vehicle. In no event shall Tenant cause trucks or other vehicles to impede access or visibility of other space in the Project.

(d) Maintenance of Common Areas. Landlord shall maintain the Common Areas in good order, condition and repair and shall operate the Project, in Landlord's sole discretion, as a first-class industrial/commercial real property development. Tenant shall pay Tenant's pro rata share (as determined below) of all costs incurred by Landlord for the operation and maintenance of the Common Areas. Common Area costs include, but are not limited to, cost and expenses for the following: gardening and landscaping; utilities, water and sewage charges; maintenance of signs (other than tenant's signs); premiums for liability, property damage, fire and other types of casualty insurance on the Common Areas and worker's compensation insurance; all property taxes and assessments levied on or attributable to the Common Areas and all Common Area improvements; all personal property taxes levied on or attributable to personal property used in connection with the Common Areas; rental or lease payments paid by Landlord for rented or leased personal property used in the operation or maintenance of the Common Areas; fees for required licenses and permits; repairing, resurfacing, repaving, maintaining, painting, lighting, cleaning, refuse removal, security and similar items; reserves for roof replacement and exterior painting and other appropriate reserves. Landlord may cause any or all of such services to be provided by third parties and the cost of such services shall be included in Common Area costs. Common Area costs shall not include depreciation of real property which forms part of the Common Areas.

(e) Tenant's Share and Payment. Tenant shall pay Tenant's annual pro rata share of all Common Area costs (prorated for any fractional month) upon written notice from Landlord that such costs are due and payable, and in any event prior to delinquency. Tenant's pro rata share shall be calculated by dividing the square foot area of the Property, as set forth in Section 1.04 of the Lease, by the aggregate square foot area of the Project which is leased or held for lease by tenants, as of the date on which the computation is made. Tenant's initial pro rata share is set out in Paragraph 1.12(b). Any changes in the Common Area costs and/or the aggregate area of the Project leased or held for lease during the Lease Term shall be effective on the first day of the month after such change occurs. Landlord may, at Landlord's election, estimate in advance and charge to Tenant as Common Area costs, all real property taxes for which Tenant is liable under Section 4.02 of the Lease, all insurance premiums for which Tenant is liable under Section 4.04 of the Lease, all maintenance and repair costs for which Tenant is liable under Section 6.04 of the Lease, and all other Common Area costs payable by Tenant hereunder. At Landlord's election, such statements of estimated Common Area costs shall be delivered monthly, quarterly or at any other periodic intervals to be designated by Landlord. Landlord may adjust such estimates at any time based upon Landlord's experience and reasonable anticipation of costs. Such adjustments shall be effective as of the next rent payment date after notice to Tenant. Within sixty (60) days after the end of each calendar year of the Lease Term, Landlord shall deliver to Tenant a statement prepared in accordance with generally accepted accounting principles setting forth, in reasonable detail, the Common Area costs paid or incurred by Landlord during the preceding calendar year and Tenant's pro rata share. Upon receipt of such statement, there shall be an adjustment between Landlord and Tenant, with payment of or credit given by Landlord (as the case may be) so that Landlord shall receive the entire amount of Tenant's share of such costs and expenses for such period.

Section 4.06. Late Charges. Tenant's failure to pay rent promptly may cause Landlord to incur unanticipated costs. The exact amount of such costs are impractical or extremely difficult to ascertain. Such costs may include, but are not limited to, processing and accounting charges and late charges which may be imposed on Landlord by any ground lease, mortgage or trust deed encumbering the Property. Therefore, if Landlord does not receive any rent payment within ten (10) days after it becomes due, Tenant shall pay Landlord a late charge equal to ten percent (10%) of the overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of such late payment.

Section 4.07. Interest on Past Due Obligations. Any amount owed by Tenant to Landlord which is not paid when due shall bear interest at the rate of fifteen percent (15%) per annum from the due date of such amount. However, interest shall not be payable on late charges to be paid by Tenant under this Lease. The payment of interest on such amounts shall not excuse or cure any default by Tenant under this Lease. If the interest rate specified in this Lease is higher than the rate permitted by law, the interest rate is hereby decreased to the maximum legal interest rate permitted by law.

ARTICLE FIVE: USE OF PROPERTY

Section 5.01. Permitted Uses. Tenant may use the Property only for the Permitted Uses set forth in Section 1.06 above.

Section 5.02. Manner of Use. Tenant shall not cause or permit the Property to be used in any way which constitutes violation of any law, ordinance, or governmental regulation or order, which annoys or interferes with the rights of tenants of the Project, or which constitutes a nuisance or waste. Tenant shall obtain and pay for all permits, required for operation of Tenant's business at the Property and shall promptly take all actions necessary to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements regulating the use by Tenant of the Property including the Occupational Safety and Health Act.

Section 5.03. Hazardous Materials. As used in this Lease, the term "Hazardous Materials" means any flammable item, explosives, radioactive materials, hazardous or toxic substances, material or waste or related materials, including any substances defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" now or subsequently regulated under any applicable federal, state or local laws or regulations, including without limitation petroleum-based products, paints, solvents, lead, cyanide, DDT, printing inks, acids, pesticides, ammonia

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compounds and other chemical products, asbestos, PCBs and similar compounds, and including any different products and materials which are subsequently found to have adverse affects on the environment or the health and safety of persons. Tenant shall not cause or permit any Hazardous Materials to be generated, produced, brought upon, used, stored, treated or disposed of in or about the Property by Tenant, its agents, employees, contractors, sublessees or invitees without the prior written consent of Landlord. Landlord shall be entitled to take into account such other factors or facts as Landlord may reasonably determine to be relevant in determining whether to grant or withhold consent to Tenant's proposed activity with respect to Hazardous Material. In no event, however, shall Landlord be required to consent to the installation or use of any storage tanks on the Property. Landlord represents and warrants to Tenant that, to the best of Landlord's knowledge, the Property complies with all applicable environmental laws, rules and regulations and is free from Hazardous Materials.

Section 5.04. SIGNS AND AUCTIONS. Tenant shall not place any signs on the Property without Landlord's prior written consent. Tenant shall not conduct or permit any auctions or sheriff's sales at the Property. Landlord agrees that Tenant shall have the right to erect a reasonable sign on the Property visibly identifying Tenant's business, with Landlord's prior consent, not to be unreasonably withheld with respect to the sign and the location on the Property.

Section 5.05. INDEMNITY. Tenant shall indemnify Landlord against and hold Landlord harmless from any and all costs, claims or liability arising from: (a) Tenant's use of the Property; (b) the conduct of Tenant's business or anything else done or permitted by Tenant to be done in or about the Property, including any contamination of the Property or any other property resulting from the presence or use of Hazardous Material caused or permitted by Tenant; (c) any breach or default in the performance of Tenant's obligations under this Lease; (d) any misrepresentation or breach of warranty by Tenant under this Lease; or (e) other acts or omissions of Tenant. Tenant shall defend Landlord against such cost, claim or liability at Tenant's expense with counsel reasonably acceptable to Landlord or, at Landlord's election, Tenant shall reimburse Landlord for any legal fees or costs incurred by Landlord in connection with any such claim. As a material part of the consideration to Landlord, Tenant assumes all risk of damage to property or injury to persons in or about the Property caused by Tenant, and Tenant hereby waives all claims in respect thereof against Landlord, except for any claim arising out of Landlord's gross negligence or willful misconduct. As used in this Section, the term "Tenant" shall include Tenant's employees, agents, contractors and invitees, if applicable. Landlord shall indemnify Tenant and hold Tenant harmless from and against any and all costs, claims and liability resulting from a breach of Landlord's obligations hereunder.

Section 5.06. LANDLORD'S ACCESS. Landlord or its agents may enter the Property at all reasonable times to show the Property to potential buyers, investors or tenants or other parties; to do any other act or to inspect and conduct tests in order to monitor Tenant's compliance with all applicable environmental laws and all laws governing the presence and use of Hazardous Material; or for any other purpose Landlord deems necessary. Landlord shall give Tenant prior notice of such entry, except in the case of an emergency. Landlord may place customary "For Sale" or "For Lease" signs on the Property.

Section 5.07. QUIET POSSESSION. If Tenant pays the rent and complies with all other terms of this Lease, Tenant may occupy and enjoy the Property for the full Lease Term, subject to the provisions of this Lease.

ARTICLE SIX: CONDITION OF PROPERTY; MAINTENANCE, REPAIRS AND ALTERATIONS

Section 6.01. EXISTING CONDITIONS. Tenant accepts the Property in its condition as of the execution of the Lease, subject to all recorded matters, laws, ordinances, and governmental regulations and orders. Except as provided herein, Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation as to the condition of the Property or the suitability of the Property for Tenant's intended use. Tenant represents and warrants that Tenant has made its own inspection of and inquiry regarding the condition of the Property and is not relying on any representations of Landlord or any Broker with respect thereto. If Landlord or Landlord's Broker has provided a Property Information Sheet or other Disclosure Statement regarding the Property, a copy is attached as an exhibit to the Lease.

Section 6.02. EXEMPTION OF LANDLORD FROM LIABILITY. Landlord shall not be liable for any damage or injury to the person, business (or any loss of income therefrom), goods, wares, merchandise or other property of Tenant, Tenant's employees, invitees, customers or any other person in or about the Property, whether such damage or injury is caused by or results from: (a) fire, steam, electricity, water, gas or rain; (b) the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air

conditioning or lighting fixtures or any other cause; (c) conditions arising in or about the Property or upon other portions of the Project, or from other sources or places; or (d) any act or omission of any other tenant of the Project. Landlord shall not be liable for any such damage or injury even though the cause of or the means of repairing such damage or injury are not accessible to Tenant. The provisions of this Section 6.02. shall not, however, exempt Landlord from liability for Landlord's gross negligence or willful misconduct.

Section 6.03. LANDLORD'S OBLIGATIONS. Subject to the provisions of Article Seven (Damage or Destruction) and Article Eight Condemnation), and except for damage caused by any act or omission of Tenant, or Tenant's employees, agents, contractors or invitees, Landlord shall keep the foundation, roof and structural portions of exterior walls of the improvements on the Property in good order, condition and repair. However, Landlord shall not be obligated to maintain or repair windows, doors, plate glass or the surfaces of walls. Landlord shall not be obligated to make any repairs under this Section 6.03. until a reasonable time after receipt of a written notice from Tenant of the need for such repairs. Intentionally Omitted.

Section 6.04. TENANT'S OBLIGATIONS.

(a) Except as provided in Section 6.03, Article Seven (Damage or Destruction) and Article Eight (Condemnation), Tenant shall keep all interior portions of the Property (including nonstructural, interior, systems and equipment) in good order, condition and repair (including interior repainting and refinishing, as needed). If any portion of the Property or any system or equipment in the Property which Tenant is obligated to repair cannot be fully repaired or restored, Tenant shall promptly replace such portion of the Property or system or equipment in the Property, regardless of whether the benefit of such replacement extends beyond the Lease Term; but if the benefit or useful life of such replacement extends beyond the Lease Term (as such term may be extended by exercise of any options), the useful life of such replacement shall be prorated over the remaining portion of the Lease Term (as extended), and Tenant shall be liable only for that portion of the cost which is applicable to the Lease Term (as extended). Tenant shall maintain a preventive maintenance contract providing for the regular inspection and maintenance of the heating and air conditioning system by a licensed heating and air conditioning contractor. Landlord shall have the right, upon written notice to Tenant, to undertake the responsibility for preventive maintenance of the heating and air conditioning system at Tenant's expense. In addition, Tenant shall, at Tenant's expense, repair any damage to the roof, foundation or structural portions of walls caused by Tenant's acts or omissions. It is the intention of Landlord and Tenant that, at all times during the Lease Term, Tenant shall maintain the Property in an attractive, first-class and fully operative condition.

(b) Tenant shall fulfill all of Tenant's obligations under this Section 6.04 at Tenant's sole expense. If Tenant fails to maintain, repair or replace the Property as required by this Section 6.04, Landlord may, upon (10) days' prior notice to Tenant (except that no notice shall be required in the case of an emergency), enter the Property and perform such maintenance or repair (including replacement, as needed) on behalf of Tenant. In such case, Tenant shall reimburse Landlord for all costs incurred in performing such maintenance or repair immediately upon demand.

Section 6.05. ALTERATIONS, ADDITIONS, AND IMPROVEMENTS

(a) Tenant shall not make any alterations, additions, or improvements to the Property without Landlord's prior written consent, except for non-structural alterations which do not exceed Ten Thousand Dollars ($10,000) in cost cumulatively over the Lease Term and which are not visible from the outside of any building of which the Property is part. Landlord may require Tenant to provide demolition and/or lien and completion bonds in form and amount satisfactory to Landlord. Tenant shall promptly remove any alterations, additions, or improvements constructed in violation of this Paragraph 6.05(a) upon Landlord's written request. All alterations, additions, and improvements shall be done in a good and workmanlike manner, in conformity with all applicable laws and regulations, and by a contractor approved by Landlord. Upon completion of any such work, Tenant shall provide Landlord with "as built" plans, copies of all construction contracts, and proof of payment for all labor and materials.

(b) Tenant shall pay when due all claims for labor and material furnished on behalf of Tenant to the Property. Tenant shall give Landlord at least twenty (20) days' prior written notice of the commencement of any work on the Property, regardless of whether Landlord's consent to such work is required. Landlord may elect to record and post notices of non-responsibility on the Property.

Section 6.06. CONDITION UPON TERMINATION. Upon the termination of the Lease, Tenant shall surrender the Property to Landlord, broom clean and in the same condition as received except for ordinary wear and tear which Tenant was not otherwise obligated to remedy under any provision of this Lease. However, Tenant shall not be obligated to repair any damage which Landlord is required to repair under Article Seven (Damage or Destruction). In addition, Landlord may require Tenant to remove any alterations, additions or improvements (whether or not made with Landlord's consent) prior to the expiration of the Lease and to restore the Property to its prior condition, all at Tenant's expense. All alterations, additions and improvements which Landlord has not required Tenant to remove shall become Landlord's property and shall be surrendered to Landlord upon the expiration or earlier termination of the Lease, except that Tenant may remove any of Tenant's machinery or equipment which can be removed without material damage to the Property. Tenant shall repair, at Tenant's expense, any damage to the Property caused by the removal of any such machinery or equipment. In no event, however, shall Tenant remove any of the following materials or equipment (which shall be deemed Landlord's property) without Landlord's prior written consent: any power wiring or power panels; lighting or lighting fixtures; wall coverings; drapes, blinds or other window coverings; carpets or other floor coverings; heaters, air conditioners or any other heating or air conditioning equipment; fencing or security gates; or other similar building operating equipment and decorations.

ARTICLE SEVEN: DAMAGE OR DESTRUCTION

Section 7.01. PARTIAL DAMAGE TO PROPERTY.

(a) Tenant shall notify Landlord in writing immediately upon the occurrence of any damage to the Property. If the Property is only partially damaged (i.e., less than fifty percent (50%) of the Property is untenantable as a result of such damage or less than fifty percent (50%) of Tenant's operations are materially impaired) and if the proceeds received by Landlord from the insurance policies described in Paragraph 4.04(b) are sufficient to pay for the necessary repairs, this Lease shall remain in effect and Landlord shall repair the damage as soon as reasonably possible. Landlord may elect (but is not required) to repair any damage to Tenant's fixtures, equipment, or improvements. If any such repairs cannot be completed within 180 days from the date of such damage, Tenant shall have the right to terminate the Lease upon written notice to Landlord.

(b) If the insurance proceeds received by Landlord are not sufficient to pay the entire cost of repair, or if the cause of the damage is not covered by the insurance policies which Landlord maintains under Paragraph 4.04(b), Landlord may elect either to (i) repair the damage as soon as reasonably possible, in which case this Lease shall remain in full force and effect, or (ii) terminate this Lease as of the date the damage occurred. Landlord shall

notify Tenant within thirty (30) days after receipt of notice of the occurrence of the damage whether Landlord elects to repair the damage or terminate the Lease. If Landlord elects to terminate the Lease Tenant may elect to continue this Lease in full force and effect, in which case Tenant shall repair any damage to the Property and any building in which the Property is located. Tenant shall pay the cost of such repairs, except that upon satisfactory completion of such repairs, Landlord shall deliver to Tenant any insurance proceeds received by Landlord for the damage repaired by Tenant. Tenant shall give Landlord written notice of such election within ten (10) days after receiving Landlord's termination notice.

(c) If the damage to the Property occurs during the last six (6) months of the Lease Term and such damage will require more than thirty (30) days to repair, either Landlord or Tenant may elect to terminate this Lease as of the date the damage occurred, regardless of the sufficiency of any insurance proceeds. The party electing to terminate this Lease shall give written notification to the other party of such election within thirty (30) days after Tenant's notice to Landlord of the occurrence of the damage.

Section 7.02. SUBSTANTIAL OR TOTAL DESTRUCTION. If the Property is substantially or totally destroyed by any cause whatsoever except for Tenant's gross negligence or willful misconduct (i.e., the damage to the Property is greater than partial damage as described in Section 7.01), and regardless whether Landlord receives any insurance proceeds, this Lease shall terminate as of the date the destruction occurred

Section 7.03. Temporary Reduction of Rent. If the Property is destroyed or damaged and Landlord or Tenant repairs or restores the Property pursuant to the provisions of this Article Seven, any rent payable during the period of such damage, repair and/or restoration shall be reduced according to the degree, if any, to which Tenant's use of the Property is impaired. However, the reduction shall not exceed the sum of one year's payment of Base Rent, insurance premiums and real property taxes. Except for such possible reduction in Base Rent, insurance premiums and real property taxes, Tenant shall not be entitled to any compensation, reduction, or reimbursement from Landlord as a result of any damage, destruction, repair, or restoration of or to the Property.

ARTICLE EIGHT: CONDEMNATION

If all or any portion of the Property is taken under the power of eminent domain or sold under the threat of that power (all of which are called "Condemnation"), this Lease shall terminate as to the part taken or sold on the date the condemning authority takes title or possession, whichever occurs first. If more than twenty percent (20%) of the floor area of the building in which the Property is located, or which is located on the Property, is taken, either Landlord or Tenant may terminate this Lease as of the date the condemning authority takes title or possession, by delivering written notice to the other within ten (10 days after receipt of written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority takes title or possession). If neither Landlord nor Tenant terminates this Lease, this Lease shall remain in effect as to the portion of the Property not taken, except that the Base Rent and Additional Rent shall be reduced in proportion to the reduction in the floor area of the Property. Any Condemnation award or payment shall be distributed in the following order: (a) first, to any ground lessor, mortgagee or beneficiary under a deed of trust encumbering the Property, the amount of its interest in the Property; (b) second, to Tenant, only the amount of any award specifically designated for loss of or damage to Tenant's trade fixtures or removable personal property; and (c) third, to Landlord, the remainder of such award, whether as compensation for reduction in the value of the leasehold, the taking of the fee, or otherwise. If this Lease is not terminated, Landlord shall repair any damage to the Property caused by the Condemnation, except that Landlord shall not be obligated to repair any damage for which Tenant has been reimbursed by the condemning authority. If the severance damages received by Landlord are not sufficient to pay to such repair, Landlord shall have the right to either terminate this Lease or make such repair at Landlord's expense.

ARTICLE NINE: ASSIGNMENT AND SUBLETTING

Section 9.01. Landlord's Consent Required. No potion of the Property or of Tenant's interest in this Lease may be acquired by any other person or entity, whether by sale, assignment, mortgage, sublease, transfer, operation of law, or act of Tenant, without Landlord's prior written consent, except as provided in Section 9.02 below. Landlord has the right to grant or withhold its consent as provided in Section 9.05 below. Any attempted transfer without consent shall be void and shall constitute a non-curable breach of this Lease. If Tenant is a partnership, any cumulative transfer of more than twenty percent (20%) of the partnership interests shall require Landlord's consent. If Tenant is a corporation, any change in the ownership of a controlling interest of the voting stock of the corporation shall require Landlord's consent. Landlord hereby waives any statutory or contractual liens against any property of Tenant now or hereafter located upon or used in connection with the Property.

Section 9.02. Tenant Affiliate. Tenant may assign this Lease or sublease the Property, without Landlord's consent, to any corporation which controls, is controlled by or is under common control with Tenant, or to any corporation resulting from the merger of or consolidation with Tenant ("Tenant's Affiliate"). In such case, any Tenant's Affiliate shall assume in writing all of Tenant's obligations under this Lease.

Section 9.03. No Release of Tenant. No transfer permitted by this Article Nine, whether with or without Landlord's consent, shall release Tenant or change Tenant's primary liability to pay the rent and to perform all other obligations of Tenant under this Lease. Landlord's acceptance of rent from any other person is not a waiver of any provision of this Article Nine. Consent to one transfer is not a consent to any subsequent transfer. If Tenant's transferee defaults under this Lease, Landlord may proceed directly against Tenant without pursuing remedies against the transferee. Landlord may consent to subsequent assignments or modifications of this Lease by Tenant's transferee, without notifying Tenant or obtaining its consent. Such action shall not relieve Tenant's liability under this Lease.

Section 9.04. Offer to Terminate. If Tenant desires to assign the Lease or sublease the Property, Tenant shall have the right to offer, in writing, to terminate the Lease as of a date specified in the offer. If Landlord

elects in writing to accept the offer to terminate within twenty (20) days after notice of the offer, the Lease shall terminate as of the date specified and all the terms and provisions of the Lease governing termination shall apply. If Landlord does not so elect, the Lease shall continue in effect until otherwise terminated and the provisions of Section 9.05 with respect to any proposed transfer shall continue to apply.

Section 9.05. Landlord's Consent.

(a) Tenant's request for consent to any transfer described in Section 9.01 shall set forth in writing the details of the proposed transfer, including the name, business and financial condition of the prospective transferee, financial details of the proposed transfer (e.g., the term of and the rent and security deposit payable under any proposed assignment or sublease), and any other information Landlord deems relevant. Landlord shall have the right to withhold consent, if reasonable, or to grant consent, based on the following factors: (i) the business of the proposed assignee or subtenant and the proposed use of the Property; (ii) the net worth and financial reputation of the proposed assignee or subtenant; (iii) Tenant's compliance with all of its obligations under the Lease; and (iv) such other factors as Landlord may reasonably deem relevant. If Landlord objects to a proposed assignment solely because of the net worth and/or financial reputation of the proposed assignee, Tenant may nonetheless sublease (but not assign), all or a portion of the Property to the proposed transferee, but only on the other terms of the proposed transfer. Landlord agrees not to unreasonably withhold or delay its consent to an assignment or sublease.

(b) If Tenant assigns or subleases, the following shall apply:

(i) Tenant shall pay to Landlord as Additional Rent under the Lease the Landlord's Share (stated in Section 1.14) of the Profit (defined below) on such transaction as and when received by Tenant, unless Landlord gives written notice to Tenant and the assignee or subtenant that Landlord's Share shall be paid by the assignee or subtenant to Landlord directly.

The "Profit" means (A) all amounts paid to Tenant for such assignment or sublease, including "key" money, monthly rent in excess of the monthly rent payable under the Lease, and all fees and other consideration paid for the assignment of sublease, including fees under any collateral agreements, less (B) costs and expenses directly incurred by Tenant in connection with the execution and performance of such assignment or sublease for real estate broker's commissions and costs of renovation or construction of tenant improvements required under such assignment or sublease. Tenant is entitled to recover such costs and expenses before Tenant is obligated to pay the Landlord's Share to Landlord. The Profit in the case of a sublease of less than all the Property is the rent allocable to the subleased space as a percentage on a square footage basis.

(ii) Tenant shall provide Landlord a written statement certifying all amounts to be paid from any assignment or sublease of the Property within thirty (30) days after the transaction documentation is signed, and Landlord may inspect Tenant's books and records to verify the accuracy of such statement. On written request, Tenant shall promptly furnish to Landlord copies of all the transaction documentation, all of which shall be certified by Tenant to be complete, true and correct. Landlord's receipt of Landlord's Share shall not be consent to any further assignment or subletting. The breach of Tenant's obligation under this Paragraph 9.05(b) shall be a material default of the Lease.

Section 9.06. NO MERGER. No merger shall result from Tenant's sublease of the Property under this Article Nine, Tenant's surrender of this Lease or the termination of this Lease in any other manner. In any such event, Landlord may terminate any or all subtenancies or succeed to the interest of Tenant as sublandlord under any or all subtenancies.

ARTICLE TEN: DEFAULTS; REMEDIES

Section 10.01. COVENANTS AND CONDITIONS. Tenant's performance of each of Tenant's obligations under this Lease is a condition as well as a covenant. Tenant's right to continue in possession of the Property is conditioned upon such performance. Time is of the essence in the performance of all covenants and conditions.

Section 10.02. DEFAULTS. Tenant shall be in material default under this Lease:

(a) If Tenant abandons the Property or if Tenant's vacation of the Property results in the cancellation of any insurance described in Section 4.04;

(b) If Tenant fails to pay rent or any other charge when due; Notwithstanding anything to the contrary contained herein, Tenant shall have a period of five (5) business days after notice from Landlord in which to cure any default in the payment of any amounts due hereunder and during such five (5) business day cure period Landlord shall not have the right to exercise any remedies hereunder (it being understood that the provisions of Section 4.06 and 4.07 hereof shall not apply until the end of any such five (5) business day period).

(c) If Tenant fails to perform any of Tenant's non-monetary obligations under this Lease for a period of thirty (30) days after written notice from Landlord; provided that if more than thirty (30) days are required to complete such performance, Tenant shall not be in default if Tenant commences such performance within the thirty (30)-day period and thereafter diligently pursues its completion. However, Landlord shall not be required to give such notice if Tenant's failure to perform constitutes a non-curable breach of this Lease. The notice required by this Paragraph is intended to satisfy any and all notice requirements imposed by law on Landlord and is not in addition to any such requirement.

(d) (i) If Tenant makes a general assignment or general arrangement for the benefit of creditors; (ii) if a petition for adjudication of bankruptcy or for reorganization or rearrangement if filed by or against Tenant and is not dismissed within thirty (30) days; (iii) if a trustee or receiver is appointed to take possession of substantially all of Tenant's assets located at the Property or of Tenant's interest in this Lease and possession is not restored to Tenant within thirty (30) days; or (iv) if substantially all of Tenant's assets located at the Property or of Tenant's interest in this Lease is subjected to attachment execution or other judicial seizure which is not discharged within thirty (30) days. If a court of competent jurisdiction determines that any of the acts described in this subparagraph (d) is not a default under this Lease, and a trustee is appointed to take possession (or if Tenant remains a debtor in possession) and such trustee or Tenant tranfers Tenant's interest hereunder, then Landlord shall receive, as Additional Rent, the excess, if any, of the rent (or any other consideration) paid in connection with such assignment or sublease

over the rent payable by Tenant under this Lease.

(e) If any guarantor of the Lease revokes or otherwise terminates, or purports to revoke or otherwise terminate, any guaranty of all or any portion of Tenant's obligations under the Lease. Unless otherwise expressly provided, no guaranty of the Lease is revocable.

Section 10.03. REMEDIES. On the concurrence of any material default by Tenant, Landlord may, at any time thereafter with or without notice or demand and without limiting Landlord in the exercise of any right or remedy which Landlord may have.

(a) Terminate Tenant's right to possession of the Property by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Property to Landlord. In such event, Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default, including (i) the worth at the time of the award of the unpaid Base Rent, Additional Rent and other charges which Landlord had earned at the time of the termination (ii) the worth at the time of the award of the amount by which the unpaid Base Rent, Additional Rent and other charges which Landlord would have earned after termination until the time of the award exceeds the amount of such rental loss that Tenant proves Landlord could have reasonably avoided; (iii) the worth at the time of the award of the amount by which the unpaid Base Rent, Additional Rent and other charges which Tenant would have paid for the balance of the Lease Term after the time the award exceeds the amount of such rental loss that Tenant proves Landlord could have reasonably avoided; and (iv) any other amount reasonably necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under the Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to, any costs or expenses Landlord incurs in maintaining or preserving the Property after such default, the cost recovering possession of the Property, expenses of reletting, including necessary renovation or alteration of the Property, Landlord's reasonable attorneys' fees incurred in connection therewith, and any real estate commission paid or payable. As used in subparts (i) and (ii) above, the "worth at the time of the award" is computed by allowed by allowing interest on unpaid amount at the rate of fifteen percent (15%) per annum, or such lesser amount as may then be the maximum lawful rate. As used subpart (iii) above, the "worth at the time of the award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus one percent (1%). If Tenant has abandoned the Property, Landlord shall have the option of (i) retaking possession of the Property and recovering from Tenant the amount specified in this Paragraph 10.03(a), or (ii) proceeding under Paragraph 10.03(b);

(b) Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant has abandoned the Property. In such event, Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent as it becomes due;

(c) Pursue any other remedy no or hereafter available to Landlord under the laws or judicial decisions of the state in which the Property is located.

Section 10.04. REPAYMENT OF "FREE" RENT. If this Lease provides for a postponement of any monthly rental payments, a period of "free" rent or other rent concession, such postponed rent or "free" rent is called the "Abated Rent". Tenant shall be credited with having paid all of the Abated Rent on the expiration of the Lease Term only if Tenant has fully, faithfully, and punctually performed all of Tenant's obligations hereunder, including the payment of all rent (other than the Abated Rent) and all other monetary obligations and the surrender of the Property in the physical condition required by this Lease. Tenant acknowledges that its right to receive credit for the Abated Rent is absolutely conditioned upon Tenant's full, faithful and punctual performance of its obligations under this Lease. If Tenant defaults and does not cure within any applicable grace period, the Abated Rent shall immediately become due and payable in full and this Lease shall be enforced as if there were no such rent abatement or other rent concession. In such case Abated Rent shall be calculated based on the full initial rent payable under this Lease.

Section 10.05. AUTOMATIC TERMINATION. Notwithstanding any other term or provision hereof to the contrary, the Lease shall terminate on the occurrence of any act which affirms the Landlord's intention to terminate the Lease as provided in Section 10.03 hereof, including the filing of an unlawful detainer action against Tenant. On such termination, Landlord's damages for default shall include all costs and fees, including reasonable attorneys' fees that Landlord incurs in connection with the filing, commencement, pursuing and/or defending of any action in any bankruptcy court or other court with respect to the Lease; the obtaining of relief from any stay in bankruptcy restraining any action to evict Tenant; or the pursuing of any action with respect to Landlord's right to possession of the Property. All such damages suffered (apart from Base Rent and other rent payable hereunder) shall constitute pecuniary damages which must be reimbursed to Landlord prior to assumption of the Lease by Tenant or any successor to Tenant in any bankruptcy or other proceeding.

Section 10.06. CUMULATIVE REMEDIES. Landlord's exercise of any right or remedy shall not prevent it from exercising any other right or remedy.

ARTICLE ELEVEN: PROTECTION OF LENDERS

Section 11.01: SUBORDINATION. Landlord shall have the right to subordinate this Lease to any ground lease, deed of trust or mortgage encumbering the Property, any advances made on the security thereof and any renewals, modifications, consolidations, replacements or extensions thereof, whenever made or recorded. Tenant shall cooperate with Landlord and any lender which is acquiring a security interest in the Property or the Lease. Tenant shall execute such further documents and assurances as such lender may require, provided that Tenant's obligations under this Lease shall not be increased in any way, and Tenant shall not be deprived of its rights under this Lease. Tenant's right to quiet possession of the Property during the Lease Term shall not be disturbed if Tenant pays the rent and performs all of Tenant's obligations under this Lease and is not otherwise in default. If any ground lessor, beneficiary or mortgagee elects to have this Lease prior to the lien of its ground lease, deed of trust or mortgage and gives written notice thereof to Tenant, this Lease shall be deemed prior to such ground lease, deed of trust or mortgage whether this Lease is dated prior or subsequent to the date of said ground lease, deed of trust or mortgage or the date of recording thereof.

Section 11.02. ATTORNMENT. If Landlord's interest in the Property is acquired by any ground lessor, beneficiary under a deed of trust, mortgage, or purchaser at a foreclosure sale, Tenant shall attorn to the transferee of or successor to Landlord's interest in the Property and recognize such transferee or successor as Landlord under this Lease. Tenant waives the protection of any statute or rule of law which gives or purports to give Tenant any right to terminate this Lease or surrender possession of the Property upon the transfer of Landlord's interest.

Section 11.03. SIGNING OF DOCUMENTS. Tenant shall sign and deliver any instrument or documents necessary or appropriate to evidence any such attornment or subordination or agreement to do so. If Tenant fails to do so within ten (10) days after written request, Tenant hereby makes, constitutes and irrevocably appoints Landlord, or any transferee or successor of Landlord, the attorney-in-fact of Tenant to execute and deliver any such instrument or document.

Section 11.04. ESTOPPEL CERTIFICATES.

(a) Upon Landlord's written request, Tenant shall execute, acknowledge and deliver to Landlord a written statement certifying: (i) that none of the terms or provisions of this Lease have been changed (or if they have been changed, stating how they have been changed); (ii) that this Lease has not been cancelled or terminated; (iii) the last date of payment of the Base Rent and other charges and the time period covered by such payment; (iv) that Landlord is not in default under this Lease (or, if Landlord is claimed to be in default, stating why); and (v) such other representations or information with respect to Tenant or the Lease as Landlord may reasonably request or which any prospective purchaser or encumbrancer of the Property may reasonably request. Tenant shall deliver such statement to Landlord within ten (10) days after Landlord's request. Landlord may give any such statement by Tenant to any prospective purchaser or encumbrancer of the Property. Such purchaser or encumbrancer may rely conclusively upon such statement as true and correct.

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Initials /s/ -----------
/s/ RW -----------

ARTICLE TWELVE: LEGAL COSTS

Section 12.01. LEGAL PROCEEDINGS. If Tenant or Landlord shall be in breach or default under this Lease, such party (the "Defaulting Party") shall reimburse the other party (the "Nondefaulting Party") upon demand for any costs or expenses that the Nondefaulting Party incurs in connection with any breach or default of the Defaulting Party under this Lease, whether or not suit is commenced or judgment entered. Such costs shall include legal fees and costs incurred for the negotiation of a settlement, enforcement of rights or otherwise. Furthermore, if any action for breach of or to enforce the provisions of this Lease is commenced, the court in such action shall award to the party in whose favor a judgment is entered, a reasonable sum as attorneys' fees and costs. The losing party in such action shall pay such attorneys' fees and costs. Tenant shall also indemnify Landlord against and hold Landlord harmless from all costs, expenses, demands and liability Landlord may incur if Landlord becomes or is made a party to any claim or action (a) instituted by Tenant against any third party, or by any third party against Tenant, or by or against any person holding any interest under or using the Property by license of or agreement with Tenant; (b) for foreclosure of any lien for labor or material furnished to or for Tenant or such other person; (c) otherwise arising out of or resulting from any act or transaction of Tenant or such other person; or (d) necessary to protect Landlord's interest under this Lease in a bankruptcy proceeding, or other proceeding under Title 11 of the United States Code, as amended. Tenant shall defend Landlord against any such claim or action at Tenant's expense with counsel reasonably acceptable to Landlord or, at Landlord's election, Tenant shall reimburse Landlord for any legal fees or costs Landlord incurs in any such claim or action.

Section 12.02. LANDLORD'S CONSENT. Tenant shall pay Landlord's reasonable attorneys' fees incurred in connection with Tenant's request for Landlord's consent under Article Nine (Assignment and Subletting), or in connection with any other act which Tenant proposes to do and which requires Landlord's consent.

ARTICLE THIRTEEN: MISCELLANEOUS PROVISIONS

Section 13.01. NON-DISCRIMINATION. Tenant promises, and it is a condition to the continuance of this Lease, that there will be no discrimination against, or segregation of, any person or group of persons on the basis of race, color, sex, creed, national origin or ancestry in the leasing, subleasing, transferring, occupancy, tenure or use of the Property or any portion thereof.

Section 13.02. LANDLORD'S LIABILITY; CERTAIN DUTIES.

(a) As used in this Lease, the term "Landlord" means only the current owner or owners of the fee title to the Property or Project or the leasehold estate under a ground lease of the Property or Project at the time in question. Each Landlord is obligated to perform the obligations of Landlord under this Lease only during the time such Landlord owns such interest or title. Any Landlord who transfers its title or interest is relieved of all liability with respect to the obligations of Landlord under this Lease to be performed on or after the date of transfer. However, each Landlord shall deliver to its transferee all funds that Tenant previously paid if such funds have not yet been applied under the terms of this Lease.

(b) Tenant shall give written notice of any failure by Landlord to perform any of its obligations under this Lease to Landlord and to any ground lessor, mortgagee or beneficiary under any deed of trust encumbering the Property whose name and address have been furnished to Tenant in writing. Landlord shall not be in default under this Lease unless Landlord (or such ground lessor, mortgagee or beneficiary) fails to cure such non-performance within thirty (30) days after receipt of Tenant's notice. However, if such non-performance reasonably requires more than thirty (30) days to cure, Landlord shall not be in default if such cure is commenced within such thirty (30)-day period and thereafter diligently pursued to completion.

(c) Notwithstanding any term or provision herein to the contrary, the liability of Landlord for the performance of its duties and obligations under this Lease is limited to Landlord's interest in the Property and the Project, and neither the Landlord nor its partners, shareholders, officers or other principals shall have any personal liability under this Lease. Landlord represents and warrants that it is the owner fee simple title to the Project and the Property and has full and unconditional rights (including proper and valid trust authorization) to lease the Property to Tenant and to enter into the agreements contained herein pursuant to the terms hereof.

Section 13.03 SEVERABILITY. A determination by a court of competent jurisdiction that any provision of this Lease or any part thereof is illegal or unenforceable shall not cancel or invalidate the remainder of such provision or

this Lease, which shall remain in full force and effect.

Section 13.04 INTERPRETATION. The captions of the Articles or Sections of this Lease are to assist the parties in reading this Lease and are not a part of the terms or provisions of this Lease. Whenever required by the context of this Lease, the singular shall include the plural and the plural shall include the singular. The masculine, feminine and neuter genders shall each include the other. In any provision relating to the conduct, acts or omissions of Tenant, the term "Tenant" shall include Tenant's agents, employees, contractors, invitees, successors or others using the Property with Tenant's expressed or implied permission.

Section 13.05. INCORPORATION OF PRIOR AGREEMENTS; MODIFICATIONS. This Lease is the only agreement between the parties pertaining to the lease of the Property and no other agreements are effective. All amendments to this Lease shall be in writing and signed by all parties. Any other attempted amendment shall be void.

Section 13.06. NOTICES. All notices required or permitted under this Lease shall be in writing and shall be personally delivered or sent by certified mail, return receipt requested, postage prepaid. Notices to Tenant shall be delivered to the address specified in Section 1.03 above, except that upon Tenant's taking possession of the Property, the Property shall be Tenant's address for notice purposes. Notices to Landlord shall be delivered to the address specified in Section 1.02 above. All notices shall be effective upon delivery. Either party may change its notice address upon written notice to the other party.

Section 13.07. WAIVERS. All waivers must be in writing and signed by the waiving party. Landlord's failure to enforce any provision of this Lease or its acceptance of rent shall not be a waiver and shall not prevent Landlord from enforcing that provision or any other provision of this Lease in the future. No statement on a payment check from Tenant or in a letter accompanying a payment check shall be binding on Landlord. Landlord may, with or without notice to Tenant, negotiate such check without being bound to the conditions of such statement.

Section 13.08. NO RECORDATION. Tenant shall not record this Lease without prior written consent from Landlord. However, either Landlord or Tenant may require that a "Short Form" memorandum of this Lease executed by both parties be recorded. The party requiring such recording shall pay all transfer taxes and recording fees.

Initials /s/ -------

/s/ RW -------

Section 13.09 BINDING EFFECT; CHOICE OF LAW. This Lease binds any party who legally acquires any rights or interest in this Lease from Landlord or Tenant. However, Landlord shall have no obligation to Tenant's successor unless the rights or interests of Tenant's successor are acquired in accordance with the terms of this Lease. The laws of the state in which the Property is located shall govern this Lease.

Section 13.10. CORPORATE AUTHORITY; PARTNERSHIP AUTHORITY. If Tenant is a corporation, each person signing this Lease on behalf of Tenant represents and warrants that he has full authority to do so and that this Lease binds the corporation.

Section 13.11. JOINT AND SEVERAL LIABILITY. All parties signing this Lease as Tenant shall be jointly and severally liable for all obligations of Tenant.

Section 13.12. FORCE MAJEURE. If Landlord cannot perform any of its obligations due to events beyond Landlord's control, the time provided for performing such obligations shall be extended by a period of time equal to the duration of such events. Events beyond Landlord's control include, but are not limited to, acts of God, war, civil commotion, labor disputes, strikes, fire, flood or other casualty, shortages of labor or material, government regulation or restriction and weather conditions.

Section 13.13. EXECUTION OF LEASE. This Lease may be executed in counterparts and, when all counterpart documents are executed, the counterparts shall constitute a single binding instrument. Landlord's delivery of this Lease to Tenant shall not be deemed to be an offer to lease and shall not be binding upon either party until executed and delivered by both parties.

Section 13.14. SURVIVAL. All representations and warranties of Landlord and Tenant shall survive the termination of this Lease.

ARTICLE FOURTEEN: BROKERS

Section 14.01. BROKER'S FEE. When this Lease is signed by and delivered to both Landlord and Tenant, Landlord shall pay a real estate commission to Landlord's Broker named in Section 1.08 above, if any, as provided in the written agreement between Landlord and Landlord's Broker, or the sum stated in Section 1.09 above for services rendered to Landlord by Landlord's Broker in this transaction. Landlord shall pay Landlord's Broker a commission if Tenant exercises any option to extend the Lease Term. If a Tenant's Broker is named in Section 1.08 above, Landlord's Broker shall pay an appropriate portion of its commission to Tenant's Broker if so provided in any agreement between Landlord's Broker and Tenant's Broker. Nothing contained in this Lease shall impose any obligation on Landlord to pay a commission or fee to any party other than Landlord's Broker.

Section 14.02. PROTECTION OF BROKERS. If Landlord sells the Property, or assigns Landlord's interest in this Lease, the buyer or assignee shall, by accepting such conveyance of the Property or assignment of the Lease, be conclusively deemed to have agreed to make all payments to Landlord's Broker thereafter required of Landlord under this Article Fourteen. Landlord's Broker shall have the right to bring a legal action against Landlord but not Tenant to enforce or declare rights under this provision. The prevailing party in such action shall be entitled to reasonable attorneys' fees to be paid by the losing party. Such attorneys' fees shall be fixed by the court in such action. This Paragraph is included in this Lease for the benefit of Landlord's Broker.

Section 14.03. AGENCY DISCLOSURE; NO OTHER BROKERS. Landlord and Tenant each warrant that they have dealt with no other real estate broker(s) in connection with this transaction except: CB Commercial Real Estate Group, Inc., who represents Landlord and Barkley Frasier Company, who represents Tenant.

In the event that CB Commercial represents both Landlord and Tenant, Landlord and Tenant herby confirm that they were timely advised of the dual representation and that they consent to the same, and that they do not expect said broker to disclose to either of them the confidential information of the other party.

ADDITIONAL PROVISIONS MAY BE SET FORTH IN A RIDER OR RIDERS ATTACHED HERETO OR IN THE BLANK SPACE BELOW. IF NO ADDITIONAL PROVISIONS ARE INSERTED, PLEASE DRAW A LINE THROUGH THE SPACE BELOW.

Tenant hereto agrees to comply with all applicable federal, state and local laws, regulations, codes, ordinances and administrative orders having jurisdiction over the parties, property or the subject matter of this Agreement, including, but not limited to, the 1964 Civil Rights Act and all amendments thereto, the Foreign Investment In Real Property Tax ACt and the Comprehensive

Environmental Response Compensation and Liability Act. Landlord represents that, to the best of its knowledge without inquiry, the Property presently complies with the foregoing matters, including the Americans with Disabilities Act.

MGI Properties is a Massachusetts Trust and all persons dealing with the Trust must look solely to the property of this Trust for the enforcement of any claims against the Trust. Neither the Trustees, officers, agents nor shareholders of this Trust assume any personal liability in connection with its business or assume any personal liability for obligations entered into on its behalf.

SIOR(TM)

Initials /s/ ----------

/s/ RW ----------

(Multi-Tenant Gross Form)

Landlord and Tenant have signed this Lease at the place and on the dates specified adjacent to their signatures below and have initialled all Riders which are attached to or incorporated by reference in this Lease.

"LANDLORD"

Signed on November 10 , 1992

at Boston, Massachusetts .

MGI Properties

By: /s/ Robert Ware

Robert Ware

Its: Executive Vice President

By:

Its:

"TENANT"

Signed on November 7 , 1992

at Franklin Park, Illinois .

Mill Transportation Company

By: /s/

Its: President

By: /s/

Its: Secretary

IN ANY REAL ESTATE TRANSACTION, IT IS RECOMMENDED THAT YOU CONSULT WITH A PROFESSIONAL, SUCH AS A CIVIL ENGINEER, INDUSTRIAL HYGIENIST OR OTHER PERSONS WITH EXPERIENCE IN EVALUATING THE CONDITION OF THE PROPERTY, INCLUDING THE POSSIBLE PRESENCE OF ASBESTOS, HAZARDOUS MATERIALS AND UNDERGROUND STORAGE TANKS.

THIS PRINTED FORM LEASE HAS BEEN DRAFTED BY LEGAL COUNSEL AT THE DIRECTION OF THE SOUTHERN CALIFORNIA CHAPTER OF THE SOCIETY OF INDUSTRIAL AND OFFICER REALTORS (R), INC. NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE SOUTHERN CALIFORNIA CHAPTER OF THE SOCIETY OF INDUSTRIAL AND OFFICER REALTORS, INC. (R), ITS LEGAL COUNSEL, THE REAL ESTATE BROKERS NAMED HEREIN, OR THEIR EMPLOYEES OR AGENTS, AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT OR TAX CONSEQUENCES OF THIS LEASE OR OF THIS TRANSACTION. LANDLORD AND TENANT SHOULD RETAIN LEGAL COUNSEL TO ADVISE THEM ON SUCH MATTERS AND SHOULD RELY UPON THE ADVICE OF SUCH LEGAL COUNSEL.

SIOR(TM)

Initials /s/

/s/ RW

ADDENDUM TO THE
LEASE AGREEMENT BY AND BETWEEN
MGI PROPERTIES

EXHIBIT A
- ---------

[CHART]

must look solely to the property of
Neither the Trustees, officers, agents nor shareholders of this
in connection with its business or assume any personal liability for
obligations entered into

J74165-1

ADDENDUM TO THE
LEASE AGREEMENT BY AND BETWEEN
MGI PROPERTIES (LANDLORD) AND
MILL TRANSPORTATION COMPANY (TENANT)
DATED NOVEMBER 2, 1992

1. During the first twelve (12) months of the initial lease term, Tenant shall have the first right of first refusal to lease the adjacent building area designated in Exhibit "A" as expansion area and consisting of + 83,811 square feet. Tenant shall have five (5) business days from receipt of Landlord's written notice of the lease rate and terms which have been offered to provide written acceptance of this offer. However, in no event shall the lease rate for the expansion area be less than $2.25 per square foot annually.

2. During the first twelve (12) months of the initial lease term, Tenant shall have the right to purchase the Project consisting of + 191,899 square feet situated on 8.57 acres subject to price and terms to be mutually agreed upon by Landlord and Tenant.

3. In addition to the initial security deposit (Section 1.10), Tenant agrees to pay the first month's rent (January 1993) at lease execution.

RIDER A
- -------

Notwithstanding anything to the contrary contained herein, Tenant shall have the right occupy the Property in accordance with the terms of this Lease prior to the Commencement Date, during which time Tenant shall be responsible for its pro rata share of utilities and common area maintenance expenses as outlined in Section 4.03 and Section 4.05, but not for Base Rent.

RIDER B
- -------

Landlord represents and warrants to Tenant that, to the best of Landlord's knowledge, the Property complies with all applicable environmental laws, rules and regulations and is free from Hazardous Materials.

RIDER C
- -------

Landlord agrees that Tenant shall have the right to erect a reasonable sign on the Property visibly identifying Tenant's business, with Landlord's prior consent, not to be unreasonably withheld with respect to the sign and the location on the Property.

RIDER D
- -------

Landlord shall indemnify Tenant and hold Tenant harmless from and against any and all costs, claims and liability resulting from a breach of Landlord's obligations hereunder.

RIDER E
- -------

Intentionally Omitted

RIDER F
- -------

If any such repairs cannot be completed within 180 days from the date of such damage, Tenant shall have the right to terminate the Lease upon written notice to Landlord.

RIDER G
- -------

Landlord hereby waives any statutory or contractual liens against any property of Tenant now or hereafter located upon or used in connection with the Property.

RIDER H
- -------

Notwithstanding anything to the contrary contained herein, Tenant shall have a period of five (5) business days after notice form Landlord in which to cure any default in the payment of any amounts due hereunder and during such five (5)

business day cure period Landlord shall not have the right to exercise any remedies hereunder (it being understood that the provisions of Section 4.06 and 4.07 hereof shall not apply until the end of any such five (5) business day period).

RIDER I
- -------

Intentionally Omitted.

RIDER J
- -------

Landlord represents and warrants that it is the owner fee simple title to the Project and the Property and has full and unconditional rights (including proper and valid trust authorization) to lease the Property to Tenant and to enter into the agreements contained herein pursuant to the terms hereof.

RIDER K
- -------

Tenant hereto agrees to comply with all applicable federal, state and local laws, regulations, codes, ordinances and administrative orders having jurisdiction over the parties, property or the subject matter of this Agreement, including, but not limited to, the 1964 Civil Rights Act and all amendments thereto, the Foreign Investment In Real Property Tax Act and the Comprehensive Environmental Response Compensation and Liability Act. Landlord represents that, to the best of its knowledge without inquiry, the Property presently complies with the foregoing matters, including the Americans with Disabilities Act.

RIDER L
- -------

MGI Properties is a Massachusetts Trust and all persons dealing with the Trust must look solely to the property of this Trust for the enforcement of any claims against this Trust. Neither the Trustees, officers, agents nor shareholders of this Trust assume any personal liability in connection with its business or assume any personal liability for obligations entered into on its behalf.

[CB LOGO] CB COMMERCIAL REAL ESTATE GROUP, INC.
COMMERCIAL BROKERAGE AND MANAGEMENT
LICENSED REAL ESTATE BROKER

This Guaranty of Leased (the "Guaranty") is attached to and made part of that certain real estate Lease (the "Lease") dated November 2, 1992, between MGI Properties, as Landlord, and Mill Transportation Company, as Tenant, covering the Property commonly known as 7606 Rivers Avenue, North Charleston, South Carolina. The terms used in this Guaranty shall have the same definitions as set forth in the Lease. In order to induce Landlord to enter into the Lease with Tenant, Hubbell Steel Corporation ("Guarantors"), have agreed to execute and deliver this Guaranty to Landlord. Each Guarantor acknowledges that Landlord would not enter into the Lease if each Guarantor did not execute and deliver this Guaranty to Landlord.

1. Guaranty. In consideration of the execution of the Lease by Landlord and as a material inducement to Landlord to execute the Lease, each Guarantor hereby irrevocably, unconditionally, jointly and severally guarantees the full, timely and complete (a) payment of all rent and other sums payable by Tenant to Landlord under the Lease, and any amendments or modifications thereto by agreement or course of conduct, and (b) performance of all covenants, representations and warranties made by Tenant and all obligations to be performed by Tenant pursuant to the Lease, and any amendments or modifications thereto by agreement or course of conduct. The payment of those amounts and performance of those obligations shall be conducted in accordance with all terms, covenants and conditions set forth in the Lease, without deduction, offset or excuse of any nature and without regard to the enforceability or validity of the Lease, or any part thereof, or any disability of Tenant.

2. Landlord's Rights. Landlord may perform any of the following acts at any time during the Lease Term, without notice to or assent of any Guarantor and without in any way releasing, affecting or impairing any of Guarantor's obligations or liabilities under this Guaranty: (a) alter, modify or amend the Lease by agreement or course of conduct, (b) grant extensions or renewals of the Lease, (c) assign or otherwise transfer its interest in the Lease, the Property, or this Guaranty, (d) consent to any transfer or assignment of Tenant's or any future tenant's interest under the Lease, (e) release one or more Guarantor, or amend or modify this Guaranty with respect to any Guarantor, without releasing or discharging any other Guarantor from any of such Guarantor's obligations or liabilities under this Guaranty, (f) take and hold security for the payment of this Guaranty and exchange, enforce, waive and release any such security, (g) apply such security and direct the order or manner of sale thereof as Landlord, in its sole discretion, deems appropriate, and (h) foreclose upon any such security by judicial or nonjudicial sale, without affecting or impairing in any way the liability of Guarantor under this Guaranty, except to the extent the indebtedness has been paid.

3. Tenant's Default. This Guaranty is a guaranty of payment and performance, and not of collection. Upon any breach or default by Tenant under the Lease, Landlord may proceed immediately against Tenant and/or any Guarantor to enforce any of Landlord's rights or remedies against Tenant or any Guarantor pursuant to this Guaranty, the Lease, or at law or in equity without notice to or demand upon either Tenant or any Guarantor. This Guaranty shall not be released, modified or affected by any failure or delay by Landlord to enforce any of its rights or remedies under the Lease or this Guaranty, or at law or in equity.

4. Guarantor's Waivers. Each Guarantor hereby waives (a) presentment, demand for payment and protest of non-performance under the Lease, (b) notice of any kind including, without limitation, notice of acceptance of this Guaranty, protest, presentment, demand for payment, default, nonpayment, or the creation or incurring of new or additional obligations of Tenant to Landlord, (c) any right to require Landlord to enforce its rights or remedies against Tenant under the Lease, or otherwise, or against any other Guarantor, (d) any right to require Landlord to proceed against any security held from Tenant or any other party, (e) any right of subrogation and (f) any defense arising out of the absence, impairment or loss of any right of reimbursement or subrogation or other right or remedy of Guarantors against Landlord or any such security, whether resulting from an election by Landlord, or otherwise. Any part payment by Tenant or other circumstance which operates to toll any statute of limitations as to Tenant shall operate to toll the statute of limitations as to Guarantor.

5. Separate and Distinct Obligations. Each Guarantor acknowledges and agrees that such Guarantor's obligations to Landlord under this Guaranty are separate and distinct from Tenant's obligations to Landlord under the Lease. The occurrence of any of the following events shall not have any effect whatsoever on any Guarantor's obligations to Landlord hereunder, each of which obligations shall continue in full force or effect as though such event had not occurred: (a) the commencement by Tenant of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended or replaced, or any other applicable federal or state bankruptcy, insolvency or other similar law (collectively, the "Bankruptcy Laws"), (b) the consent by tenant to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official of Tenant or for any substantial part of its property, (c) any assignment by Tenant for the benefit of creditors, (d) the failure of Tenant generally to pay its debts as such debts become due, (e) the taking of corporate action by Tenant in the furtherance of any of the foregoing; or (f) the entry of a decree or order for relief by a court having jurisdiction in respect of Tenant in any involuntary case under the Bankruptcy Laws, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Tenant or for any substantial part of its property, or ordering the winding-up or liquidation of any of its affairs and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days. The liability of Guarantors under this Guaranty is not and shall not be affected or impaired by any payment made to Landlord under or related to the Lease for which Landlord is required to reimburse Tenant pursuant to any court order or in settlement of any dispute, controversy or litigation in any bankruptcy, reorganization, arrangement, moratorium or other federal or state debtor relief proceeding. If, during any such proceeding, the Lease is assumed by Tenant or any trustee, or thereafter assigned by Tenant or any trustee to a third party, this Guaranty shall remain in full force and effect with respect to the full

Initials /s/

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performance of Tenant, any such trustee or any such third party's obligations under the Lease. If the Lease is terminated or rejected during any such proceeding, or if any of the events described in Subparagraphs (a) through (f) of this Paragraph 5 occur, as between Landlord and each Guarantor, Landlord shall have the right to accelerate all of Tenant's obligations under the Lease and each Guarantor's obligations under this Guaranty. In such event, all such obligations shall become immediately due and payable by Guarantors to Landlord. Guarantors waive any defense arising by reason of any disability or other defense of Tenant or by reason of the cessation from any cause whatsoever of the liability of Tenant.

6. SUBORDINATION. All existing and future advances by Guarantor to Tenant, and all existing and future debts of Tenant to any Guarantor, shall be subordinated to all obligations owed to Landlord under the Lease and this Guaranty.

7. SUCCESSORS AND ASSIGNS. This Guaranty binds each Guarantor's personal representatives, successors and assigns.

8. ENCUMBRANCES. If landlord's interest in the Property or the Lease, or the rents, issues or profits therefrom, are subject to any deed of trust, mortgage or assignment for security, andy Guarantor's acquisition of Landlord's interest in the Property or Lease shall not affect any of Guarantor's obligations under this Guaranty. In such event, this Guaranty shall nevertheless continue in full force and effect for the benefit of any mortgagee, beneficiary, trustee or assignee or any purchaser at any sale by judicial foreclosure or under any private power of sale, and their successors and assigns. Any married Guarantor expressly agrees that Landlord has recourse against any Guarantor's separate property for all of such Guarantor's obligations hereunder.

9. GUARANTOR'S DUTY. Guarantors assume the responsibility to remain informed of the financial condition of Tenant and of all other circumstances bearing upon the risk of Tenant's default, which reasonable inquiry would reveal, and agree that Landlord shall have no duty to advise Guarantors of information known to it regarding such condition or any such circumstance.

10. LANDLORD'S RELIANCE. Landlord shall not be required to inquire into the powers of Tenant or the officers, employees, partners or agents acting or purporting to act on its behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Guaranty.

11. INCORPORATION OF CERTAIN LEASE PROVISIONS. Each Guarantor hereby represents and warrants to Landlord that such Guarantor has received a copy of the Lease, has read or had the opportunity to read the Lease, and understands the terms of the Lease. The provisions in the Lease relating to the execution of additional documents, legal proceedings by Landlord against Tenant, severability of the provisions of the Lease, interpretation of the lease, notices, waivers, the applicable laws which govern the interpretation of the Lease and the authority to the Tenant to execute the Lease are incorporated herein in their entirety by this reference and mae a part hereof. Any reference in those provisions to "Tenant" shall mean each Guarantor and any reference in those provisions to the "Lease" shall mean this Guaranty, except that (a) any notice which any Guarantor desires or is required to provide to Landlord shall be effective only if signed by all Guarantors and (b) any notice which Landlord desires or is required to provide to any Guarantor shall be sent to such Guarantor at such Guarantor's address indicated below, or if no address is indicated below, at the address for notices to be sent to Tenant under the Lease.

Signed on November 7, , 1992 Hubbell Steel Corporation

11305 Franklin Avenue By: /s/

Franklin Park, Illinois 60131 Its:

Address

Signed on , 1992

By:

_____ _____

Its:

_____ _____

Address

- ---

CONSULT YOUR ATTORNEY - This document has been prepared for approval by your attorney. No representation or recommendation is made by CB Commercial Real Estate Group, Inc. or the Southern California Chapter of the Society of Industrial Realtors,(R)Inc., or the agents or employees of either of them as to the legal sufficiency. legal effect, or tax consequences of this document or the transaction to which it relates. These are questions for your attorney.

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LEASE EXTENSION AND MODIFICATION AGREEMENT

AGREEMENT, dated as of this 24 day of July 1995 between MGI HOLDINGS, INC., a Delaware corporation, having an office at 30 Rowes Wharf, Boston, Massachusetts 02110 (hereinafter called "Landlord"), and MILL TRANSPORTATION COMPANY, an Illinois corporation having an office at 11305 Franklin Avenue, Franklin Park, Illinois 60131-1106 (hereinafter called "Tenant").

W I T N E S S E T H

WHEREAS:

1. Landlord and Tenant executed that certain lease dated as of November 2, 1992 (the "Lease"), covering approximately 108,088 square feet (the "Demised Premises") in the industrial building located at 7606 Rivers Avenue, North Charleston, South Carolina (the "Building"), as more particularly described in the Lease, for a term to expire on December 31, 1995 (the "Expiration Date"), unless sooner terminated pursuant to any of the terms, covenants and conditions of the Lease or pursuant to law;

2. Standard Corporation as Sublessor, and Tenant, as Sublessee, entered into that certain warehouse sublease dated June, 1994 (the "Sublease") wherein, Standard subleased to Tenant approximately 83,811 square feet (the "Subleased Premises") in the Building for a term to expire on January 31, 1996 (at the "Sublease Expiration Date"); and

3. Landlord and Tenant now desire to extend the term of the Lease as hereinafter provided, to include the Subleased Premises within the Demised Premises, and to otherwise amend and modify the Lease in certain other respects as hereinafter provided.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, it is agreed as follows;

FIRST: The term of the Lease is hereby extended for an additional period of two (2) years commencing on January 1,

1996 (hereinafter called the "Extended Term Commencement Date") and ending on December 31, 1997 (the "Extended Expiration Date"), unless sooner terminated pursuant to any of the terms, covenants and conditions of the Lease or pursuant to law, upon all of the terms, covenants and conditions contained in the Lease, except as hereinafter expressly provided.

SECOND: Effective from and after the Extended Term Commencement Date, the Lease shall be amended as follows:

A. The Expiration Date shall be amended to December 31, 1997;

B. Base Rent shall be payable at the rate of TWO HUNDRED FIFTY-FOUR THOUSAND SIX AND 80/100THS ($254,006.80) DOLLARS per annum, payable in equal monthly installments of $21,167.23 each, payable in the time and manner provided for in the Lease;

C. The term "Base Real Property Taxes" (as defined in Section 4.02(a) of the Lease), shall continue to mean the Property Taxes payable for the 1993 fiscal tax year or THIRTY-FOUR THOUSAND FOUR HUNDRED NINETY-EIGHT AND 63/100THS ($34,498.63);

D. The term "Base Premiums" (as defined in Section 4.04(i) shall continue to mean TWO THOUSAND EIGHT HUNDRED TWENTY-ONE AND 00/100THS ($2,821.00); and

E. Tenant shall continue to pay on a net basis, all of the charges for common area maintenance costs as provided for in Section 4.05 of the Lease.

SECOND: Effective February 1, 1996, i.e., the Lease shall be further
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amended by including the Subleased Premises within the Demised Premises as hereinafter provided.

From and after February 1, 1996, the Lease shall be further amended as follows:

A. The term "Demised Premises" shall mean the entire Building consisting of 191,899 square feet;

B. The Base Rent shall be increased by the sum of ONE HUNDRED NINETY-SIX THOUSAND NINE HUNDRED FIFTY-FIVE AND 85/100THS ($196,955.85) DOLLARS per annum to FOUR HUNDRED FIFTY THOUSAND NINE HUNDRED SIXTY-TWO AND 65/100THS ($450,962.65) DOLLARS per annum ($37,580.22 per month); and

C. Tenant shall continue to pay for Property Tax increases, insurance increases and net common area charges pursuant to paragraph C, D and E of Article SECOND hereof.

THIRD: Landlord shall not be obligated to make any improvements or alterations to the Demised Premises and Tenant agrees to continue in and accept possession of the Demised

Premises in its present "as-is" physical condition on the Extended Term Commencement Date.

FOURTH: Landlord and Tenant represent and warrant to the other that neither consulted nor negotiated with any broker or finder with regard to his Lease Extension Agreement other than Landlord's agent, David T. Orr of Latt Purcer Industrial Services, Inc.

FIFTH: Except to the extent modified and amended by the provisions of this Agreement, and as so modified and amended, the Lease is hereby ratified and confirmed in all respects and shall be binding upon the parties hereto and their successors and permitted assigns.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals as of the day and year first above written.

LANDLORD:

MGI HOLDINGS, INC.

By:/s/

TENANT:

MILL TRANSPORTATION COMPANY

By: /s/ Alfred L. Walker, President

EXHIBIT 10.25

STATE OF SOUTH CAROLINA)
)
COUNTY OF GREENVILLE)

LEASE AGREEMENT

THIS REAL PROPERTY LEASE AGREEMENT is made and entered into the 14 day of February, 1916 , by and between Blacksmith Leasing, a South Carolina General Partnership, (hereinafter referred to as "Lessor") and Carolina Commercial Heat Treating, Inc., a Nevada corporation, (hereinafter referred to as "Lessee").

W I T N E S S E T H :

IN CONSIDERATION of the rentals, covenants and conditions Hereinafter set forth, and intending to be legally bound thereby, Lessor and Lessee do hereby covenant and agree as follows:

1. Lease of Demised Premises: The Lessor does hereby lease and demise to the Lessee, and the Lessee does hereby take and hire from the Lessor, upon and subject to the terms, conditions, covenants and provisions hereinafter set forth, all that certain piece, parcel or lot of land located in Reidsville, North Carolina, together with the buildings, and any other improvements of any nature whatsoever located therein (such pieces, parcels or lots of land, together with the buildings, and any other improvements of any nature whatsoever being referred to hereinafter as the "Demised Premises"), the Demised Premises being more fully described on Exhibit A, attached hereto and incorporated herein by reference.

2. Term. To Have And To Hold the Demised Premises for and during a term of fourteen (14) years, beginning with the commencement date hereinbelow set forth.

3. Commencement Date. The term of this Lease shall commence on February, 14, 1996 (the "Commencement Date") and end no later than the fourteenth anniversary of the Commencement Date. In connection herewith, it is understood and agreed that every twelve calendar months from such Commencement Date shall constitute a lease year. Upon expiration of the term of this Lease, this Lease shall automatically terminate without any further actions by either party except as otherwise set forth in this section.

If Lessee remains in possession of the Demised Premises after the expiration of either the original term of this Lease such possession shall, at Lessor's option, be as a month-to-month tenant-at-will on all of the same terms and conditions as are in effect on the last day of the preceding term, except that:

(a) If there is another party who is scheduled to take possession as a new lessee of the Demised Premises and would do so but for Lessee's continued possession of the Demised Premises; or

(b) If Lessee continues in possession of the Demised Premises in disregard of its obligation to vacate; then the Base Rent for each month (or any portion) of Lessee's hold-over period shall be payable at the rate of double the Rent effective on

the last day of the preceding term; provided that:

(i) If Lessee continues in possession of the Demised Premises and is unable to vacate despite using its best efforts; and

(ii) There is no other party scheduled to take possession of the Demised Premises as a new lessee; then the Rent for each month (or any portion) of Lessee's hold-over period shall be payable at the rate of ONE HUNDRED TEN PERCENT (110%) of the Base Rent for the previous month for each month that Lessee continues in possession of the Demised Premises.

4. Rental. Lessee shall pay a total annual rent of Ninety-Six Thousand Eight Hundred Twenty-Seven Dollars ($96,827) for the first year of the lease term. Upon the first and second anniversaries of the Commencement Date, the rent for the subsequent lease year shall increase by Three Thousand Eight Hundred Twenty Seven Dollars ($3,827) over that paid for the current lease year. On the third and each subsequent anniversary of the Commencement Date, the rent for the subsequent lease year shall increase by Four Thousand Seven Hundred Eighty-Three Dollars ($4,783) over that paid for the current lease year. The annual rental for each lease year shall be payable in twelve (12) equal monthly installments, in advance, with the first such monthly payment due on the Commencement Date.

5. Use of the Demised Premises. The Lessor acknowledges that the Lessee contemplates using the Demised Premises for conducting a heat treating business. The Lessee covenants and agrees not to occupy or use the Demised Premises or permit the same to be occupied or used contrary to any statutes, rules, order, ordinance, requirement or regulation applicable thereto, or in a manner which would constitute a public or private nuisance. Lessee shall be responsible for complying with, honoring and observing all conditions to its use and occupancy of the Demised Premises and environmental compliance which shall or may be imposed by any federal, state, local or municipal governmental authority charged with the responsibility therefor to the extent such environmental compliance results from Lessee's use and occupancy of the Demised Premises. Lessee may use and store, in the ordinary course of business, but shall not commit the on premises discharge of, any petroleum product, petroleum by-product, petroleum derivative or any other hazardous or toxic material in any form or content during the term of this Lease.

6. Maintenance and Repair. The Lessee covenants and agrees that it will, at its own expense, maintain and promptly repair the roof, exterior and structural portions of the buildings, and any other improvements part of the Demised Premises, and will perform any other repair considered to be a capital improvement or which extends the usable life of any improvements part of the Demised Premises. Lessee shall also keep and maintain in good

repair the parking lot located on the Demised Premises. The Lessee covenants and agrees that it will, at its own expense, keep and maintain in good order, condition, and repair, the interior of all buildings part of the Demised Premises and all other portions of the Demised Premises including plumbing, heating, air conditioning, refrigeration, and electrical facilities. Lessee further agrees that all damage or injury done to the Demised Premises by Lessee or any person(s) who may be in, or upon the Demised Premises, shall be repaired by Lessee at its sole cost and expense.

7. Alterations and Improvements. Subject to the conditions imposed below, Lessee shall have the right and privilege to make such alterations, improvements, additions and changes, structural or otherwise, during the term of this Lease, at its own cost and expense, in and to the Demised Premises in such manner as it may deem necessary or convenient to promote the interests of its business; provided, however, that changes to the structural portions of the buildings must first be submitted to Lessor for its written approval, which approval shall not be unreasonably withheld. Any alterations, improvements, additions or changes made to the Demised Premises by or for the Lessee under the terms of this paragraph shall attach to the realty and become the property of the Lessor at and upon termination of this Lease.

Lessee shall provide insurance, protecting the interests of Lessor and Lessee, as their respective interests may appear, to

cover the work of mechanics, laborers and materialmen, prior to the commencement of any such alterations or improvements. If the Demised Premises become subject to any lien or encumbrance of any kind, including, but not limited to, any mechanics or materialmen's lien on account of labor, services or material furnished to or for the benefit of Lessee or claimed to have been furnished to or for the benefit of Lessee, Lessee shall immediately take whatever action as shall be necessary or required to remove the lien or encumbrance within thirty (30) days of the filing thereof. if Lessee has not removed the lien or encumbrance within the aforesaid thirty (30) day period, Lessee shall provide Lessor with a bond or other reasonably acceptable form of financial assurance, to protect Lessor and the Demised Premises from such claims, from such bonding company(ies) and in such form satisfactory to Lessor, in an aggregate amount equal to the full amount of the lien or encumbrance (including costs and expenses).

8. Trade Fixtures. Lessee shall have the right to place or install upon the Demised Premises such new trade fixtures as it shall deem desirable for the conduct of its business, and all trade fixtures so placed in or upon the Demised Premises at the expense of the Lessee (whether or not readily removable) shall remain the property of the Lessee and all or any part thereof may be removed by Lessee. Provided, however, if any such trade fixtures are not removed by the Lessee within sixty (60) days of

the date it vacates the Demised Premises, such trade fixtures shall become the property of the Lessor. If Lessee should require financing for certain trade fixtures it desires to be installed on the Demised Premises, Lessor agrees to execute a waiver and/or release, if requested to do so, in favor of any person or party other than Lessee who holds title to, or a security interest in, such equipment, fixtures or other personal property installed on, or placed in any building part of, the Demised Premises permitting the removal of such equipment, fixtures and other personal property by such legal owner or secured party; provided that such shall be given only where required as a condition of Lessee's obtaining necessary financing in connection with the purchase and installation of such equipment, fixtures or other personal property or upon refinancing of its obligation. In the event removal of such financed trade fixtures shall cause damage or disfigurement to the Demised Premises, or to the walls, ceilings or floors of buildings part of the Demised Premises, the cost of repairing the same shall be borne by the Lessee.

9. Surrender of Demised Premises. Upon the expiration of this Lease, Lessee shall surrender the Demised Premises to Lessor in as good order and condition as at the commencement of the primary term of this Lease, unrestored alterations, reasonable wear and tear, damage by fire, other casualty and the elements excepted.

10. Assignment and Subletting. Lessee shall not assign, mortgage, or otherwise encumber this Lease or sublet, license, or permit all or any part of the Demised Premises to be used by others, whether voluntarily or involuntarily, by operation of law, or otherwise, without Lessor's prior written consent. However, Lessee may assign this Lease or sublet the Demised Premises to a wholly-owned subsidiary of Lessee for the use set forth in Section 5 of this Lease if Lessee is otherwise in full compliance with the terms and conditions of this Lease and if Lessee agrees, in writing (in form and content satisfactory to the Lessor), to guarantee as surety the full and faithful performance of the subsidiary, assignee, or sublessee. In addition, Lessee may assign this Lease in connection with the sale of the entire business conducted by Lessee at the Demised Premises if the buyer expressly assumes, in writing (form and content satisfactory to Lessor), Lessee's obligations under this Lease, Lessee otherwise is in full compliance with the terms and conditions of this Lease, and Lessee obtains Lessor's prior written consent to such an assignment which consent shall not be unreasonably withheld or delayed. To obtain Lessor's consent to such assignment, the following conditions shall, at a minimum, be met:

(a) The buyer must furnish Lessor with a copy of its most current financial statement evidencing to Lessor's reasonable satisfaction that it can assume the financial

obligations of this Lease;

(b) The buyer must have a business reputation and financial resources at least as good and substantial as that of Lessee on the date hereof and such date thereafter; and

(c) Lessee shall not be relieved of any liability or responsibility under the terms of this Lease by reasons of such assignment, but shall nevertheless remain liable hereunder, as surety and guarantor.

Taxes.

(a) Lessee agrees to pay all real estate taxes and assessments imposed or levied against the Demised Premises, including the buildings, improvements and the land on which the same are located, during the term of this Lease and any extension thereof.

(b) Lessee agrees to pay all applicable rental taxes and use taxes (other than income taxes upon the receipt of the rental payments by Lessor), if any, levied upon the Rent and the use of the Demised Premises, as well as any taxes assessed or imposed against any leasehold interest or any personal property of any kind owned, installed or used by Lessee at or upon the Demised Premises, during the term of this Lease and any extension thereof. Lessee shall also be responsible for any franchise, corporate, income, profits, or revenue tax, assessment charge or levy applicable to the business of Lessee conducted upon the Demised

Premises.

(c) Upon failure of Lessee to make timely payment of any taxes or assessments due, Lessor shall have the right, but shall not be required, to advance the amounts required for payment directly to the authorities making such levy or assessment, and shall add the amount so paid, plus any interest and penalty imposed, to the rental accruing to the Lessor hereunder for the next succeeding month or months as the case may be. Provided, however, Lessee shall not be required, unless required by law, to make any payment of taxes or assessments, nor shall Lessor pay the same on its behalf, during the period that Lessee is diligently and in good faith pursuing its rights under subparagraph (d) below so long as the Lessee provides Lessor with adequate security for the payment of said taxes when any protest period expires.

(d) Both Lessor and Lessee shall have the right to diligently contest in good faith by proper legal proceedings any tax assessment, levy or other governmental charge or imposition, the expense of which shall be paid by the moving party desiring to so contest. In connection herewith, Lessor and Lessee agree, at the expense of the moving party, to cooperate and to execute and deliver all appropriate papers, documents or other instruments which may be necessary or proper to permit the moving party to contest any such tax assessment or levies.

12. Insurance.

(a) The Lessee agrees to defend, indemnify and/or hold and save the Lessor harmless at all times during the Lease and any extension hereof from and against any and all loss, damage, cost or expense on account of any claim for injury (including death) or damage either to person or property sustained by the Lessor or by any other person which arises out of the use and occupancy of the Demised Premises by the Lessee (except those resulting from the Lessor's unlawful intentional or grossly negligent acts). In connection herewith, Lessee at its own cost and expense shall provide and keep in force for the benefit and protection of the Lessee and Lessor, as their respective interests may appear and with the Lessor as an additional named insured, a general liability policy or policies in standard form protecting the Lessee and Lessor against any and all liability occasioned by accident or personal injury with minimum limits of Five Million Dollars ($5,000,000). Lessee shall provide Lessor with a certificate of insurance from the insurer evidencing such insurance. A renewal policy shall be secured not less than ten (10) days prior to the expiration of any policy and a new certificate of the insurer, with proof of payment of premium evidencing such insurance, shall be deposited with the Lessor upon such renewal. The Lessor shall have the right to settle and adjust all liability claims against Lessor and all claims of Lessor

against the insuring companies; and upon written request of the Lessor, Lessee shall at the Lessee's own cost and expense appear for and defend the Lessor in any action to which the Lessor may be made a party arising out of any such claim for injury or damage (except those suits resulting from the Lessor's unlawful intentional or grossly negligent acts).

(b) Lessee covenants and agrees to carry fire and extended coverage insurance on all improvements part of the Demised Premises insuring the Lessor and Lessee as their interests may appear against hazards customarily insured against by fire and extended coverage type of insurance as now contained in policies in effect in the State of South Carolina, in an amount equal to the full replacement value of such improvements a part thereof, and to pay the premium or premiums on said insurance when due. Lessee shall provide Lessor with a certificate of insurance from the insurer evidencing such insurance and any renewal thereof, and evidence of renewal shall be given to Lessor not less than ten (10) days prior to expiration of any policy term.

(c) Lessee covenants and agrees to carry business interruption/business overhead insurance to cover any losses which might occur as a result of a fire or other casualty to the Demised Premises, and to pay the premium or premiums on said insurance when due. Lessee shall provide Lessor with a Certificate of Insurance from the insurer evidencing such insurance and any renewal thereof.

Evidence of renewal shall be given to Lessor not less than ten (10) days prior to the expiration of any policy term.

(d) Lessor agrees to defend, indemnify and/or hold and save the Lessee harmless at all times during the Lease and any extension hereof from and against any and all loss, damage, cost or expense on account of any claim for injury (including death) or damage to either person or property sustained by the Lessee or by any third person which arises out of or resulting from the Lessor's unlawful, intentional, or grossly negligent acts. Upon written request of the Lessee, Lessor shall at Lessor's own cost and expense appear for and defend the Lessee in any action to which the Lessee may be made a party arising out of any such claim for injury or damage resulting from the Lessor's unlawful, intentional or grossly negligent acts.

(e) Lessor and Lessee hereby waive any and all rights of recovery against the other for or arising out of damage to or destruction of the Demised Premises and any other of their property from causes then included under the policy or policies required by this section, or any endorsements and, if any additional premium is required to effectuate such waiver, then such additional premium shall be paid by the beneficiary of such waiver of subrogation.

13. Loss by Fire or Other Casualty. In the event that any improvements part of the Demised Premises are partially

destroyed by fire or other casualty, the proceeds of the policy(ies) required under Section 12 shall be used to restore said improvements to their condition prior to said loss and the rental due and payable under the terms of this Lease shall be abated to the extent that such loss negatively effects Lessee's ability to operate its business from the Demised Premises but only to the extent that such lost rental is paid to the Lessor under the business interruption/business overhead insurance Lessee is required to obtain. In the event no such insurance exists, then the Lessee's rental obligation shall not abate. In the event said improvements should be totally destroyed by fire or other casualty, the entire proceeds of such policy shall be used, to the extent that the Lessor and Lessee agree, to restore said improvements to their condition prior to said loss without unnecessary delay. Rent shall be abated during the period of reconstruction, or until the Lessor receives replacement value for the loss if no reconstruction is to take place, to the extent that such lost rental is paid to the Lessor under the business interruption/business overhead insurance Lessee is required to obtain. In the event that no such insurance exists, then the Lessee's rental obligation shall not abate. Any additional costs which may be necessary to restore said premises in the event of a total loss shall be borne by the Lessor; provided, that in the event any damage to or destruction of such improvements cannot reasonably be repaired within one hundred

eighty (180) days, and results in Lessee no longer being able to operate its business, then both the Lessor and the Lessee shall have the option to terminating this Lease, whereupon all rents herein provided shall abate. Any insurance policy required under the terms of this Lease shall contain a loss payable endorsement to the Lessor, Lessee and any mortgagee as their interests may appear. A copy of such policy or policies certified by the agent as in full force and effect shall be delivered to the Lessor.

Lessor and Lessee hereby waive any and all rights of recovery against the other for or arising out of damage to or destruction of the Demised Premises and any other of their property from causes then included under standard fire and extended coverage insurance policies or endorsements and, if any additional premium is required to effectuate such waiver, then such additional premium shall be paid by the beneficiary of such waiver of subrogation.

14. Condemnation. If all or any portion of the Demised Premises is taken under any condemnation or eminent domain proceeding and if the remaining portion thereof is untenantable, unusable or inadequate for Lessee's purposes, this Lease shall terminate on the date which said Demised Premises or such portion thereof is so taken and the rental shall be accounted for between the Lessee and Lessor as of such date. In the event that this Lease shall not so terminate, the rent shall equitably abate from the date of such taking and Lessor shall at its own cost and

expense restore the Demised Premises to a complete architectural unit, including improvements made by Lessee and in such case Lessee shall have no interest in the condemnation award. In the event of a taking of the entire Demised Premises or such portion thereof that the Demised Premises is rendered untenantable, unusable or inadequate for Lessee's purposes, Lessee shall be entitled to share in any condemnation award made to Lessor to the extent of an amount equal to the amortization cost to the Lessee (amortized monthly on a straight line basis over the balance of the term of this Lease from and after the date of construction or installation) of (1) all leasehold improvements to the Demised Premises made by Lessee during the term of this Lease, and (2) installation cost of Lessee's fixtures and equipment in and to the Demised Premises, less the condemnation award, if any, that may be made directly to Lessee by the condemning authority.

In the event of a termination of this Lease, as hereinabove provided, it is understood and agreed that any such termination shall be without prejudice to the rights of either the Lessor or Lessee to seek a separate award and recover from the condemning authority compensation for such damage caused by condemnation, it being further understood and agreed that neither shall have any rights in the award made to the other by any condemnation authority, except as expressly provided for hereinabove.

15. Bankruptcy, Breach or Default. If at any time during the term hereof and any renewal, proceedings in bankruptcy shall be instituted by or against the Lessee which results in adjudication of bankruptcy or if the Lessee shall file or any creditor of the Lessee shall file, or any person or persons shall file any petition under Chapters 7 or 11 of the United State Bankruptcy Code, as the same is now in force or may hereafter be amended, and the Lessee shall be adjudicated bankrupt, or if a receiver of the business or assets of the Lessee be appointed and such appointment shall not be vacated within sixty (60) days after notice thereof to the Lessee, or the Lessee makes an assignment for the benefit of creditors, or any sheriff, marshall, constable or keeper takes possession of the Demised Premises or property of the Lessee located thereon by virtue of an attachment or execution proceedings, or if any payment of rent shall be past due or unpaid for a period of ten (10) days following receipt by Lessee of written notice thereof by Lessor, or if any of the terms or conditions of this Lease Agreement be violated and not cured within ten (10) days following the giving of written notice thereof by Lessor to Lessee, or if not curable within ten (10) days, if Lessee shall diligently and in good faith pursue such cure, this Lease shall, at the option of the Lessor, terminate and the Lessor may thereupon lawfully enter into or upon the Demised Premises or any part thereof, repossess the same and expel Lessee therefrom,

without prejudice to any other claim or remedies the Lessor may have for the collection of rent and/or for damages for breach of this Lease. Upon such termination, all installments of rent earned to the date of termination shall become due and payable. Should the Lessor elect to reenter, as herein provided, or should it take possession pursuant to legal proceedings or pursuant to any notice provided by law, it may either terminate this Lease and institute suit for damages resulting from such breach, or it may from time to time, without terminating this Lease, relet said Demised Premises or any part thereof for the account of the Lessee for such terms and at such rental or rentals and upon such other terms and conditions as Lessor, in its own discretion may deem advisable, and rentals from such reletting shall be applied: first, to the payment of any costs in such reletting; second, to the payment of any indebtedness other than rent due hereunder from Lessee to Lessor; and third, to the payment of rent due and unpaid hereunder. Should such rentals received from such reletting during any month be less than that agreed to be paid during that month by the Lessee hereunder, the Lessee shall pay such deficiency to Lessor. Such deficiencies shall be calculated and paid monthly. After an authorized assignment or subletting, the occurrence of any of the foregoing defaults shall affect this Lease only if caused by the Assignee or Sublessee and simultaneous notice of any such default shall be given by the Lessor, not only to the Assignee or Sublessee

but also to the Lessee, in order that the Lessee may have the same opportunity to remedy the default as the Assignee or Sublessee.

16. Subordination. Lessee agrees to subordinate this Lease to any mortgage that Lessor may have placed or may hereafter place upon the Demised Premises and Lessee agrees to execute on demand any instrument reasonably required by a mortgagee; provided, however, that all such mortgages shall by appropriate provision provide (or by separate recordable agreement executed by the owners and holders of such mortgages so provide) that as long as Lessee shall not be in default in the performance of its obligations under this Lease, neither this Lease or Lessee's right to remain in exclusive possession of the Demised Premises shall be affected or disturbed by reason of any default by Lessor under any such mortgage, and, if such mortgage shall be foreclosed, this Lease and all Lessee's rights and obligations hereunder shall survive such foreclosure and continue in full force and effect. In connection herewith, it is understood and agreed that any subordination agreement executed pursuant to this paragraph shall specifically contain a standard nondisturbance provision as hereinabove intended by the parties hereto. In connection herewith, it is further understood and agreed that should the Lessor become in default in the payment of principal or interest of any mortgage executed pursuant to authority vested in the Lessor under this paragraph, Lessee may, at its option cure such defaults by making the

delinquent payments with any penalties involved to the mortgage, which payments shall be considered in lieu of the next ensuing payment or payments due under this Lease to the extent of such payments to the mortgagee.

17. Lessor's Right of Entry. Lessee agrees that Lessor or its agents or representatives shall have the right to enter into and upon the Demised Premises or any part thereof during regular business hours for the purpose of inspecting the same to ensure that the covenants and conditions of this Lease are being respected by the Lessor.

18. Licenses, Utility Charges, Etc. Lessee shall make payment of all sums due on account of utility services provided to the Demised Premises, including but not limited to water, gas, electric and janitorial services as they shall accrue and be due and payable. Lessee agrees to pay its own telephone charges. Lessee agrees to make payment of all sums due on account of occupational licenses and other licenses or permits necessary in the operation of the business to be conducted on the Demised Premises.

19. Lessee's option to Purchase Property

(a) Lessor grants to Lessee the option to purchase the Demised Premises at the time, for the consideration and upon the terms and conditions set forth below.

(b) The Tenant may purchase the Demised Premises at any time during the period of the Lease. Provided, however, the right to exercise the option is conditioned upon the Lessee not being in default at the time of exercise and the payment by Lessee of all basic rent, additional rent, and other special payments as provided in this Lease to the date of the completion of the purchase of the property by Lessee.

(c) Lessee election to exercise this option must be evidenced by written notice addressed to the Lessor, sent by registered or certified mail to Lessor's office or to any other place designated by Lessor by written notice to the Lessee. if Lessee elects to exercise the option it shall give Lessor sixty (60) days prior written notice. If the option is exercised Lessor and Lessee will within the sixty day notice period execute and deliver a formal Contract of Sale which shall provide that the sale shall be all cash and that ten percent (10%) of such cash payment shall be paid upon the execution and delivery of the Contract. The balance of the cash payment shall be made at closing which shall take place within thirty (30) days from the date of the execution and delivery of the contract.

(d) In the event that the option is exercised at any time during the first three (3) years of the Lease term the option price shall be Three Million Eighty Thousand Dollars ($3,080,000.00). In the event that the option is exercised at any

time during the fourth and all subsequent years of the Lease the option price shall be Three Million Five Hundred Eighty Thousand Dollars ($3,580,000.00).

(e) Unless otherwise required by applicable law, all expenses in connection with the transfer of the Demised Premises, including but not limited to, title insurance, recording fees, and all other closing costs shall be paid by Lessee, with the exception of deed preparation and deed stamps.

(f) If this Lease expires or is terminated in any manner for any reason, except as a result of Lessor's failure to perform its Covenants hereunder, all of Lessee's rights under this option shall cease and this option shall be void.

(g) Lessor and Lessee have, simultaneously with the execution of this Lease, a lease for property located in Fountain Inn, South Carolina (the "Fountain Inn Lease"). The Fountain Inn Lease includes an option to purchase that property. The Lessor and Lessee intend and agree that this option may only be exercised simultaneously with the exercise of the Fountain Inn Lease option, and that the option price set forth herein shall include the acquisition of the Fountain Inn property.

(h) If the option is exercised, at closing the Lessee/Purchaser shall be conveyed good and marketable title, free and clear of all liens and encumbrances.

20. Signs. Lessee shall have the right, at its own cost and expense, throughout the term of this Lease to install and maintain signs at such places upon the Demised Premises as Lessee, in its sole discretion, may desire provided said installation complies with the laws affecting said location. Upon the expiration of this Lease, Lessee shall remove any such signs placed upon said Demised Premises and shall repair any damage to the Demised Premises caused by the erection or removal thereof.

21. Indemnity. Lessee agrees to indemnify and hold Lessor harmless against any and all expenses, loss or liability paid, suffered or incurred as a result of any breach by Lessee or its Assignees or Sublessees of any covenants or conditions of this Agreement or the negligence of the Lessee, its agents or employees. Without intending to limit any of the warranties contained hereinabove, the Lessee agrees to indemnify, defend and hold the Lessor harmless from and against any claims, demands, lawsuits, damages, assessments, fines, penalties, costs or other expense (including reasonable attorney's fees and court costs) arising from or in any way related to actual or threatened damage to the environment, agency costs of an investigation, personal injury or death, or damage to property, due to a release or alleged release of hazardous materials on, under or adjacent to the Demised Premises or in the surface or ground water located on, under or adjacent to the Demised Premises, or gaseous emissions from the

Demised Premises or any other condition existing on the Demised Premises resulting from the use by Lessee or existence caused by Lessee of hazardous materials, whether such claim proves to be true or false. Lessee further agrees that its indemnity obligations shall include but are not limited to, liability for damages resulting from the personal injury or death of an employee of Lessee, regardless of whether the Lessee has paid the employee under the Worker's Compensation laws of the state of South Carolina, or other similar federal or state legislation for the protection of employees. The term "property damage" as used in this paragraph includes, but is not limited to, damage to any property of the Lessee, the Lessor and any third party.

Lessee hereby further agrees to indemnify and hold Lessor harmless from and against all liability, including all foreseeable and unforeseeable consequential damages, directly or indirectly arising out of the use, generation, storage or disposal of hazardous materials including without limitation, the cost of any required or necessary inspection, audit, cleanup or detoxification and the preparation of any closure or other required plans, consent orders, license applications or the like, whenever arising, to the full extent that such action is attributable, directly or indirectly, to the use, generation, storage or disposal of hazardous materials on the Demised Premises during the tenancy of Lessee.

22. Title and Quiet Enjoyment. Lessor warrants and covenants to Lessee that Lessor is, at the time of the execution of these presents, lawfully seized and possessed of the Demised Premises in fee simple and that he has a good and marketable title thereto and has the full right to lease the same for the term aforesaid, and that as long as Lessee is not in default hereunder, the Lessee may peaceably and quietly have, hold, occupy and enjoy the Demised Premises and all the appurtenances thereto without hindrance on the part of the Lessor. In connection herewith, Lessor agrees to warrant and defend Lessee to such peaceful and quiet use and possession of the Demised Premises against the claims of all persons claiming by, through or under Lessor.

23. Estoppel Certificate. Within ten (10) days after Lessor or any mortgagee of Lessor requests same from Lessee, Lessee shall execute and deliver to Lessor or such mortgagee an "Estoppel Certificate". Such Estoppel Certificate shall state that this Lease remains in full force and effect without any modification, shall state any reasonable representatives requested by Lessor or said mortgagee, and shall state that Lessee has no setoffs against Base Rent or any items reserved as rent hereunder. If this Lease has been modified or if Lessee has any setoffs, such Certificate shall state the exact nature of the modification and the precise amount of the setoffs and basis therefor.

24. Lessor's Rights to Finance or Sell Sublet to Lease. Lessor has the absolute right, without Lessee's consent, to obtain financing on or to further mortgage its interest in the Demised Premises and all of Lessor's rights and interests therein, or to sell the Demised Premises under and subject to Lessee's rights hereunder. Provided, however, that all such mortgages which Lessor places on the property shall, by appropriate provision, provide (or by separate recordable agreement executed by the owners and holders of such mortgages so provide) that as long as Lessee shall not be in default in the performance of its obligations under this Lease, neither this Lease nor the Lessee's right to remain in exclusive possession of the Demised Premises shall be effected or disturbed by reason of any default by Lessor under any such mortgage and if such mortgage shall be foreclosed, this Lease and all Lessee's rights and obligations hereunder shall survive such foreclosure and continue in full force and effect.

25. Covenant Against Waste. Lessee shall not cause or permit any waste, damage, or injury to the Demised Premises. Lessee, at its own costs and expense, shall keep the Demised Premises and all buildings and improvements thereon, and the adjoining sidewalks, curbs, parking areas and pavement, landscaping, access roads and signage, in good order and repair, and shall make all necessary improvements, replacements, and renewals including all structural repairs necessary to maintain the

foregoing in such good condition and repair.

26. Interest on Late Fees. All sums paid by Lessee after the due date therefor shall bear interest at a rate equal to the "National Prime" designated as such in the Wall Street Journal, as adjusted from time to time, plus two percent (2%).

27. Fountain Inn Lease. Any default under the Fountain Inn Lease shall constitute an event of default under this Lease. Further, unless specifically granted in this Lease or the Fountain Inn Lease, neither party may terminate one of the leases without also terminating the other.

28. Waiver of Custom. Notwithstanding any usage, or custom, Lessor shall have the right at all times to enforce strictly the provisions of this Lease. If Lessor fails at any time to enforce strictly any Lease provision(s), such failure shall not be construed as having created a custom or waiver in any way contrary to the specific provisions of this Lease or as having in any way or manner modified this Lease.

29. No Construction Against Drafter. This Lease shall be interpreted and construed without regard to customary principles of interpretation and construction of legal instruments which construe ambiguities against the party causing an instrument to be drafted.

30. Notices. Any notice or demand under the terms of this Lease or under any statute which must or may be given or made

by a party hereto shall be in writing and shall be given or made by registered or certified mail addressed to the respective parties as follows:

TO THE LESSOR:
Blacksmith Leasing
c/o Mr. Harold J. Hendershot, Jr.
Spring Island
Route 6, Box 284-H
Okatie, SC 29910

With a copy to:
Mr. Dennis C. Gilchrist
Gilchrist Law Firm, P.A.
Post Office Box 691
Greenville, SC 29602

TO THE LESSEE:
Carolina Commercial Heat Treating, Inc.
C/O Gibraltar Steel Corporation
of New York
Post Office Box 2028
Buffalo, NY 14219
Attn: Mr. Walt Erazmus

With a copy to:
Mr. Robert J. Olivieri
Lippes, Silverstein, Mathias & Wexler
700 Guaranty Building
28 Church Street
Buffalo, NY 14202-3950

Such notice or demand shall be deemed to have been given or made when deposited, postage prepaid, in the United States mail. The above addresses may be changed at any time by giving ten (10) days prior written notice as hereinabove provided.

31 . Rights of Successors and Assigns. The covenants and conditions contained in this Lease shall bind and inure to the benefit of the Lessor and Lessee and their respective heirs,

executors, administrators, successors and assigns, but neither the Lessor nor Lessee shall be bound or liable unless and until this Lease shall have been executed and delivered by both Lessor and Lessee.

32. Divisibility. If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such terms or provisions to persons or circumstances other than those as to when it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

33. Entire Agreement. This instrument and the Fountain Inn Lease contains the entire and only agreement between the parties, and no oral statement or representations or prior written matter not contained in this instrument shall have any force or effect. This Lease shall not be modified or amended in any way except by a writing executed by both parties.

34. Choice of Law. This Agreement shall be governed by the laws of the State of South Carolina.

35. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF the undersigned parties have caused this Lease to be executed, and their respective seals affixed, as of the day and year first above written.

IN THE PRESENCE OF:

/s/ LISA A. STIDHAM
- ----------

/s/ ROY W. BOGGS
- ----------

LESSOR:
Blacksmith Leasing

By: /s/ HAROLD J. HENDERSHOT, JR.

Harold J. Hendershot, Jr.
General Partner

/s/ LISA A. STIDHAM
- ----------

/s/ ROY W. BOGGS
- ----------

By: /s/ JAMES M. HENDERSHOT

James M. Hendershot
General Partner

/s/ LISA A. STIDHAM
- ----------

/s/ ROY W. BOGGS
- ----------

By: /s/ NANCY H. PRESTON

NANCY H. PRESTON
General Partner

LESSEE:
Carolina Commercial Heat
Treating, Inc.

/s/ LISA A. STIDHAM
- ----------

/s/ ROY W. BOGGS
- ----------

By: /s/ HAROLD J. HENDERSHOT, JR.

Its: CEO

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE) PROBATE

PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the within Blacksmith Leasing by Harold J. Hendershot, Jr., a General Partner, sign, seal and as its act and deed deliver the within document and that (s)he with the other witness subscribed above witnessed the execution thereof.

/s/ Roy W. Boggs

SWORN to before me this 14th
day of February, 1996

/s/ MARK TOMASZEK
- ---------- (SEAL)
Notary Public for South Carolina
My Commission Expires: 8/14/2001

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE) PROBATE

PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the within Blacksmith Leasing by James M. Hendershot, a General Partner, sign, seal and as its act and deed deliver the within document and that (s)he with the other witness subscribed above witnessed the execution thereof.

/s/ Roy W. Boggs

SWORN to before me this 14th
day of February, 1996

/s/ MARK TOMASZEK
- ---------- (SEAL)
Notary Public for South Carolina
My Commission Expires: 8/14/2001

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE) PROBATE

PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the within Blacksmith Leasing by Nancy H. Preston, a General Partner, sign, seal and as its act and deed deliver the within document and that (s)he with the other witness subscribed above witnessed the execution thereof.

/s/ Roy W. Boggs

SWORN to before me this 14th
day of February, 1996

/s/ MARK TOMASZEK
- ---------- (SEAL)
Notary Public for South Carolina
My Commission Expires: 8/14/2001

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE) PROBATE

PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the within Carolina Commercial Heat Treating, Inc. by Harold J. Hendershot, Jr., its CE0, sign, seal and as its act and deed deliver the within document and that (s)he with the other witness subscribed above witnessed the execution thereof.

/s/ Roy W. Boggs

SWORN to before me this 14th
day of February, 1996

/s/ MARK TOMASZEK
- ---------- (SEAL)
Notary Public for South Carolina
My Commission Expires: 8/14/2001

Reidsville, N.C.

BEGINNING at a railroad spike in the center of Groom Road, same being the northeast corner of that property sold to Groom Road Properties by deed recorded in Deed Book 669 at Page 556 in the office of the Register of Deeds for Rockingham County, same being the northeast corner of Tract No. 3 as per survey for Citizens Development Corporation recorded in Map Book 12 at page 52 in the office of Register of Deeds for Rockingham County, running thence with the east line of Groom Road Properties South 02 deg. 47 min. 20 sec. east and passing through a concrete monument at 30.76 feet for a total distance of 697.45 feet to a concrete monument; thence south 56 deg. 24 min. 13 sec. East 365.35 feet to an iron; thence a new line through Tract No. 6 of Citizens Development Corporation North 02 deg. 47 min. 20 sec. West 826.10 feet to an iron in the south margin of Groom Road; thence continuing on the same course 30.07 feet to a point in the center of Groom Road; thence with the center of Groom Road North 88 deg. 52 min. West 34.35 feet; thence with the center of said road North 80 deg. 45 min. 56 sec. West 242.25 feet; thence North 79 deg. 59 min. 55 sec. West 23.50 feet to the point of beginning, containing 5.23 acres, more or less, of which 0.21 acres is in the State Highway Commission right-of-way, leaving a net usuable area of 5.02 acres, according to that survey by Southern Mapping & Engineering Company dated October, 1969, revised September 23, 1971, of property of Citizens Development Corporation.

SAVE AND EXCEPT from the above property an easement for a sanitary sewer line crossing the southern portion of the above described tract, which easement is 20 feet in width and extends from a point where said sewer easement exists in the east margin of Groom Road Properties land as described in Book 669 at page 556 in the office of the Register of Deeds for Rockingham County and runs South 77 deg. 22 min. 32 sec. east through the property herein conveyed to the easternmost boundary thereof and which easement contains an additional area beginning at a point 10 feet easterly from the western boundary of the property herein conveyed along the aforementioned easement and running thence South 02 deg. 47 min. 20 sec. east, parallel with the western boundary of the property herein conveyed, to the southern boundary of the property herein conveyed. Citizens Development Corporation, its successors or assigns, expressly reserve the right to go upon the premises for the purposes of maintaining or repairing sanitary sewer lines along said easements, and it is understood that the easements consist of an area 20 feet in width along the courses herein above mentioned.

EXHIBIT 10.26

STATE OF SOUTH CAROLINA)
)
COUNTY OF GREENVILLE)

LEASE AGREEMENT

THIS REAL PROPERTY LEASE AGREEMENT is made and entered into the 14th day of February, 1996, by and between Blacksmith Leasing, a South Carolina General Partnership, (hereinafter referred to as "Lessor") and Carolina Commercial Heat Treating, Inc., a Nevada corporation, (hereinafter referred to as "Lessee").

W I T N E S S E T H :

IN CONSIDERATION of the rentals, covenants and conditions hereinafter set forth, and intending to be legally bound thereby, Lessor and Lessee do hereby covenant and agree as follows:

1. Lease of Demised Premises: The Lessor does hereby lease and demise to the Lessee, and the Lessee does hereby take and hire from the Lessor, upon and subject to the terms, conditions, covenants and provisions hereinafter set forth, all that certain piece, parcel or lot of land located in Fountain Inn, South Carolina, together with the buildings, and any other improvements of any nature whatsoever located therein (such pieces, parcels or lots of land, together with the buildings, and any other improvements of any nature whatsoever being referred to hereinafter as the "Demised Premises"), the Demised Premises being more fully described on Exhibit A, attached hereto and incorporated herein by reference.

2. Term. To Have And To Hold the Demised Premises for and during a term of fourteen (14) years, beginning with the commencement date hereinbelow set forth.

3. Commencement Date. The term of this Lease shall commence on February 14, 1996 (the "Commencement Date") and end no later than the fourteenth anniversary of the Commencement Date. In connection herewith, it is understood and agreed that every twelve calendar months from such Commencement Date shall constitute a lease year. Upon expiration of the term of this Lease, this Lease shall automatically terminate without any further actions by either party except as otherwise set forth in this section.

If Lessee remains in possession of the Demised Premises after the expiration of either the original term of this Lease such possession shall, at Lessor's option, be as a month-to-month tenant-at-will on all of the same terms and conditions as are in effect on the last day of the preceding term, except that:

(a) If there is another party who is scheduled to take possession as a new lessee of the Demised Premises and would do so but for Lessee's continued possession of the Demised Premises; or

(b) If Lessee continues in possession of the Demised Premises in disregard of its obligation to vacate; then the Base Rent for each month (or any portion) of Lessee's hold-over period shall be payable at the rate of double the Rent effective on

the last day of the preceding term; provided that:

(i) If Lessee continues in possession of the Demised Premises and is unable to vacate despite using its best efforts; and

(ii) There is no other party scheduled to take possession of the Demised Premises as a new lessee; then the Rent for each month (or any portion) of Lessee's hold-over period shall be payable at the rate of ONE HUNDRED TEN PERCENT (110%) of the Base Rent for the previous month for each month that Lessee continues in possession of the Demised Premises.

4. Rental. Lessee shall pay a total annual rent of One Hundred Fifty-Six Thousand One Hundred Seventy-Three Dollars ($156,173) for the first year of the lease term. Upon the first and second anniversaries of the Commencement Date, the rent for the subsequent lease year shall increase by Six Thousand one Hundred Seventy-Three Dollars ($6,173) over that paid for the current lease year. On the third and each subsequent anniversary of the Commencement Date, the rent for the subsequent lease year shall increase by Seven Thousand Seven Hundred Seventeen Dollars ($7,717) over that paid for the current lease year. The annual rental for each lease year shall be payable in twelve (12) equal monthly installments, in advance, with the first such monthly payment due on the Commencement Date.

5. Use of the Demised Premises. The Lessor acknowledges that the Lessee contemplates using the Demised Premises for conducting a heat treating business. The Lessee covenants and agrees not to occupy or use the Demised Premises or permit the same to be occupied or used contrary to any statutes, rules, order, ordinance, requirement or regulation applicable thereto, or in a manner which would constitute a public or private nuisance. Lessee shall be responsible for complying with, honoring and observing all conditions to its use and occupancy of the Demised Premises and environmental compliance which shall or may be imposed by any federal, state, local or municipal governmental authority charged with the responsibility therefor to the extent such environmental compliance results from Lessee's use and occupancy of the Demised Premises. Lessee may use and store, in the ordinary course of business, but shall not commit the on-premises discharge of, any petroleum product, petroleum by-product, petroleum derivative or any other hazardous or toxic material in any form or content during the term of this Lease.

6. Maintenance and Repair. The Lessee covenants and agrees that it will, at its own expense, maintain and promptly repair the roof, exterior and structural portions of the buildings, and any other improvements part of the Demised Premises, and will perform any other repair considered to be a capital improvement or which extends the usable life of any improvements part of the

Demised Premises. Lessee shall also keep and maintain in good repair the parking lot located on the Demised Premises. The Lessee covenants and agrees that it will, at its own expense, keep and maintain in good order, condition, and repair, the interior of all buildings part of the Demised Premises and all other portions of the Demised Premises including plumbing, heating, air conditioning, refrigeration, and electrical facilities. Lessee further agrees that all damage or injury done to the Demised Premises by Lessee or any person(s) who may be in, or upon the Demised Premises, shall be repaired by Lessee at its sole cost and expense.

7. Alterations and Improvements. Subject to the conditions imposed below, Lessee shall have the right and privilege to make such alterations, improvements, additions and changes, structural or otherwise, during the term of this Lease, at its own cost and expense, in and to the Demised Premises in such manner as it may deem necessary or convenient to promote the interests of its business; provided, however, that changes to the structural portions of the buildings must first be submitted to Lessor for its written approval, which approval shall not be unreasonably withheld. Any alterations, improvements, additions or changes made to the Demised Premises by or for the Lessee under the terms of this paragraph shall attach to the realty and become the property of the Lessor at and upon termination of this Lease.

Lessee shall provide insurance, protecting the interests of Lessor and Lessee, as their respective interests may appear, to cover the work of mechanics, laborers and materialmen, prior to the commencement of any such alterations or improvements. If the Demised Premises become subject to any lien or encumbrance of any kind, including, but not limited to, any mechanics or materiaimen's lien on account of labor, services or material furnished to or for the benefit of Lessee or claimed to have been furnished to or for the benefit of Lessee, Lessee shall immediately take whatever action as shall be necessary or required to remove the lien or encumbrance within thirty (30) days of the filing thereof. if Lessee has not removed the lien or encumbrance within the aforesaid thirty (30) day period, Lessee shall provide Lessor with a bond or other reasonably acceptable form of financial assurance, to protect Lessor and the Demised Premises from such claims, from such bonding company(ies) and in such form satisfactory to Lessor, in an aggregate amount equal to the full amount of the lien or encumbrance (including costs and expenses).

8. Trade Fixtures. Lessee shall have the right to place or install upon the Demised Premises such new trade fixtures as it shall deem desirable for the conduct of its business, and all trade fixtures so placed in or upon the Demised Premises at the expense of the Lessee (whether or not readily removable) shall remain the property of the Lessee, and all or any part thereof may

be removed by Lessee. Provided, however, if any such trade fixtures are not removed by the Lessee within sixty (60) days of the date it vacates the Demised Premises, such trade fixtures shall become the property of the Lessor. If Lessee should require financing for certain trade fixtures it desires to be installed on the Demised Premises, Lessor agrees to execute a waiver and/or release, if requested to do so, in favor of any person or party other than Lessee who holds title to, or a security interest in, such equipment, fixtures or other personal property installed on, or placed in any building part of, the Demised Premises permitting the removal of such equipment, fixtures and other personal property by such legal owner or secured party; provided that such shall be given only where required as a condition of Lessee's obtaining necessary financing in connection with the purchase and installation of such equipment, fixtures or other personal property or upon refinancing of its obligation. In the event removal of such financed trade fixtures shall cause damage or disfigurement to the Demised Premises, or to the walls, ceilings or floors of buildings part of the Demised Premises, the cost of repairing the same shall be borne by the Lessee.

9. Surrender of Demised Premises. Upon the expiration of this Lease, Lessee shall surrender the Demised Premises to Lessor in as good order and condition as at the commencement of the primary term of this Lease, unrestored alterations, reasonable wear

and tear, damage by fire, other casualty and the elements excepted.

10. Assianment and Sublettincr. Lessee shall not assign, mortgage, or otherwise encumber this Lease or sublet, license, or permit all or any part of the Demised Premises to be used by others, whether voluntarily or involuntarily, by operation of law, or otherwise, without Lessor's prior written consent. However, Lessee may assign this Lease or sublet the Demised Premises to a wholly-owned subsidiary of Lessee for the use set forth in Section 5 of this Lease if Lessee is otherwise in full compliance with the terms and conditions of this Lease and if Lessee agrees, in writing (in form and content satisfactory to the Lessor), to guarantee as surety the full and faithful performance of the subsidiary, assignee, or sublessee. In addition, Lessee may assign this Lease in connection with the sale of the entire business conducted by Lessee at the Demised Premises if the buyer expressly assumes, in writing (form and content satisfactory to Lessor), Lessee's obligations under this Lease, Lessee otherwise is in full compliance with the terms and conditions of this Lease, and Lessee obtains Lessor's prior written consent to such an assignment which consent shall not be unreasonably withheld or delayed. To obtain Lessor's consent to such assignment, the following conditions shall, at a minimum, be met:

(a) The buyer must furnish Lessor with a copy of its most current financial statement evidencing to Lessor's

reasonable satisfaction that it can assume the financial obligations of this Lease;

(b) The buyer must have a business reputation and financial resources at least as good and substantial as that of Lessee on the date hereof and such date thereafter; and

(c) Lessee shall not be relieved of any liability or responsibility under the terms of this Lease by reasons of such assignment, but shall nevertheless remain liable hereunder, as surety and guarantor.

11. Taxes.

(a) Lessee agrees to pay all real estate taxes and assessments imposed or levied against the Demised Premises, including the buildings, improvements and the land on which the same are located, during the term of this Lease and any extension thereof.

(b) Lessee agrees to pay all applicable rental taxes and use taxes (other than income taxes upon the receipt of the rental payments by Lessor), if any, levied upon the Rent and the use of the Demised Premises, as well as any taxes assessed or imposed against any leasehold interest or any personal property of any kind owned, installed or used by Lessee at or upon the Demised Premises, during the term of this Lease and any extension thereof. Lessee shall also be responsible for any franchise, corporate, income, profits, or revenue tax, assessment, charge or levy

applicable to the business of Lessee conducted upon the Demised Premises.

(c) Upon failure of Lessee to make timely payment of any taxes or assessments due, Lessor shall have the right, but shall not be required, to advance the amounts required for payment directly to the authorities making such levy or assessment, and shall add the amount so paid, plus any interest and penalty imposed, to the rental accruing to the Lessor hereunder for the next succeeding month or months as the case may be. Provided, however, Lessee shall not be required, unless required by law, to make any payment of taxes or assessments, nor shall Lessor pay the same on its behalf, during the period that Lessee is diligently and in good faith pursuing its rights under subparagraph (d) below so long as the Lessee provide Lessor with adequate security for the payment of said taxes when any protest period expires.

(d) Both Lessor and Lessee shall have the right to diligently contest in good faith by proper legal proceedings any tax assessment, levy or other governmental charge or imposition, the expense of which shall be paid by the moving party desiring to so contest. In connection herewith, Lessor and Lessee agree, at the expense of the moving party, to cooperate and to execute and deliver all appropriate papers, documents or other instruments which may be necessary or proper to permit the moving party to contest any such tax assessment or levies.

12. Insurance.

(a) The Lessee agrees to defend, indemnify and/or hold and save the Lessor harmless at all times during the Lease and any extension hereof from and against any and all loss, damage, cost or expense on account of any claim for injury (including death) or damage either to person or property sustained by the Lessor or by any other person which arises out of the use and occupancy of the Demised Premises by the Lessee (except those resulting from the Lessor's unlawful, intentional or grossly negligent acts). In connection herewith, Lessee at its own cost and expense shall provide and keep in force for the benefit and protection of the Lessee and Lessor, as their respective interests may appear and with the Lessor as an additional named insured, a general liability policy or policies in standard form protecting the Lessee and Lessor against any and all liability occasioned by accident or personal injury with minimum limits of Five Million Dollars ($5,000,000). Lessee shall provide Lessor with a certificate of insurance from the insurer evidencing such insurance. A renewal policy shall be secured not less than ten (10) days prior to the expiration of any policy and a new certificate of the insurer, with proof of payment of premium evidencing such insurance, shall be deposited with the Lessor upon such renewal. The Lessor shall have the right to settle and adjust all liability claims against Lessor and all claims of Lessor

against the insuring companies; and upon written request of the Lessor, Lessee shall at the Lessee's own cost and expense appear for and defend the Lessor in any action to which the Lessor may be made a party arising out of any such claim for injury or damage (except those suits resulting from the Lessor's unlawful, intentional or grossly negligent acts).

(b) Lessee covenants and agrees to carry fire and extended coverage insurance on all improvements part of the Demised Premises insuring the Lessor and Lessee as their interests may appear against hazards customarily insured against by fire and extended coverage type of insurance as now contained in policies in effect in the State of South Carolina, in an amount equal to the full replacement value of such improvements a part thereof, and to pay the premium or premiums on said insurance when due. Lessee shall provide Lessor with a certificate of insurance from the insurer evidencing such insurance and any renewal thereof, and evidence of renewal shall be given to Lessor not less than ten (10) days prior to expiration of any policy term.

(c) Lessee covenants and agrees to carry business interruption/business overhead insurance to cover any losses which might occur as a result of a fire or other casualty to the Demised Premises, and to pay the premium or premiums on said insurance when due. Lessee shall provide Lessor with a Certificate of Insurance from the insurer evidencing such insurance and any renewal thereof.

Evidence of renewal shall be given to Lessor not less than ten (10) days prior to the expiration of any policy term.

(d) Lessor agrees to defend, indemnify and/or hold and save the Lessee harmless at all times during the Lease and any extension hereof from and against any and all loss, damage, cost or expense on account of any claim for injury (including death) or damage to either person or property sustained by the Lessee or by any third person which arises out of or resulting from the Lessor's unlawful, intentional, or grossly negligent acts. Upon written request of the Lessee, Lessor shall at Lessor's own cost and expense appear for and defend the Lessee in any action to which the Lessee may be made a party arising out of any such claim for injury or damage resulting from the Lessor's unlawful, intentional or grossly negligent acts.

(e) Lessor and Lessee hereby waive any and all rights of recovery against the other for or arising out of damage to or destruction of the Demised Premises and any other of their property from causes then included under the policy or policies required by this section, or any endorsements and, if any additional premium is required to effectuate such wavier, then such additional premium shall be paid by the beneficiary of such waiver of subrogation.

13. Loss by Fire or Other Casualty. In the event that any improvements part of the Demised Premises are partially

destroyed by fire or other casualty, the proceeds of the policy(ies) required under Section 12 shall be used to restore said improvements to their condition prior to said loss and the rental due and payable under the terms of this Lease shall be abated to the extent that such loss negatively effects Lessee's ability to operate its business from the Demised Premises but only to the extent that such lost rental is paid to the Lessor under the business interruption/business overhead insurance Lessee is required to obtain. In the event no such insurance exists, then the Lessee's rental obligation shall not abate. In the event said improvements should be totally destroyed by fire or other casualty, the entire proceeds of such policy shall be used, to the extent that the Lessor and Lessee agree, to restore said improvements to their condition prior to said loss without unnecessary delay. Rent shall be abated during the period of reconstruction, or until the Lessor receives replacement value for the loss if no reconstruction is to take place, to the extent that such lost rental is paid to the Lessor under the business interruption/business overhead insurance Lessee is required to obtain. In the event that no such insurance exists, then the Lessee's rental obligation shall not abate. Any additional costs which may be necessary to restore said premises in the event of a total loss shall be borne by the Lessor; provided, that in the event any damage to or destruction of such improvements cannot reasonably be repaired within one hundred

eighty (180) days, and results in Lessee no longer being able to operate its business, then both the Lessor and the Lessee shall have the option to terminating this Lease, whereupon all rents herein provided shall abate. Any insurance policy required under the terms of this Lease shall contain a loss payable endorsement to the Lessor, Lessee and any mortgagee as their interests may appear. A copy of such policy or policies certified by the agent as in full force and effect shall be delivered to the Lessor.

Lessor and Lessee hereby waive any and all rights of recovery against the other for or arising out of damage to or destruction of the Demised Premises and any other of their property from causes then included under standard fire and extended coverage insurance policies or endorsements and, if any additional premium is required to effectuate such waiver, then such additional premium shall be paid by the beneficiary of such waiver of subrogation

14. Condemnation. If all or any portion of the Demised Premises is taken under any condemnation or eminent domain proceeding and if the remaining portion thereof is untenantable, unusable or inadequate for Lessee's purposes, this Lease shall terminate on the date which said Demised Premises or such portion thereof is so taken and the rental shall be accounted for between the Lessee and Lessor as of such date. In the event that this Lease shall not so terminate, the rent shall equitably abate from the date of such taking and Lessor shall at its own cost and

expense restore the Demised Premises to a complete architectural unit, including improvements made by Lessee and in such case Lessee shall have no interest in the condemnation award. In the event of a taking of the entire Demised Premises or such portion thereof that the Demised Premises is rendered untenantable, unusable or inadequate for Lessee's purposes, Lessee shall be entitled to share in any condemnation award made to Lessor to the extent of an amount equal to the amortization cost to the Lessee (amortized monthly on a straight line basis over the balance of the term of this Lease from and after the date of construction or installation) of (1) all leasehold improvements to the Demised Premises made by Lessee during the term of this Lease, and (2) installation cost of Lessee's fixtures and equipment in and to the Demised Premises, less the condemnation award, if any, that may be made directly to Lessee by the condemning authority.

In the event of a termination of this Lease, as hereinabove provided, it is understood and agreed that any such termination shall be without prejudice to the rights of either the Lessor or Lessee to seek a separate award and recover from the condemning authority compensation for such damage caused by condemnation, it being further understood and agreed that neither shall have any rights in the award made to the other by any condemnation authority, except as expressly provided for hereinabove.

15. Bankruiptcy, Breach or Default. If at any time during the term hereof and any renewal, proceedings in bankruptcy shall be instituted by or against the Lessee which results in adjudication of bankruptcy or if the Lessee shall file or any creditor of the Lessee shall file, or any person or persons shall file any petition under Chapters 7 or 11 of the United State Bankruptcy Code, as the same is now in force or may hereafter be amended, and the Lessee shall be adjudicated bankrupt, or if a receiver of the business or assets of the Lessee be appointed and such appointment shall not be vacated within sixty (60) days after notice thereof to the Lessee, or the Lessee makes an assignment for the benefit of creditors, or any sheriff, marshall, constable or keeper takes possession of the Demised Premises or property of the Lessee located thereon by virtue of an attachment or execution proceedings, or if any payment of rent shall be past due or unpaid for a period of ten (10) days following receipt by Lessee of written notice thereof by Lessor, or if any of the terms or conditions of this Lease Agreement be violated and not cured within ten (10) days following the giving of written notice thereof by Lessor to Lessee, or if not curable within ten (10) days, if Lessee shall diligently and in good faith pursue this cure, this Lease shall, at the option of the Lessor, terminate and the Lessor may thereupon lawfully enter into or upon the Demised Premises or any part thereof, repossess the same and expel Lessee therefrom,

without prejudice to any other claim or remedies the Lessor may have for the collection of rent and/or for damages for breach of this Lease. Upon such termination, all installments of rent earned to the date of termination shall become due and payable. Should the Lessor elect to reenter, as herein provided, or should it take possession pursuant to legal proceedings or pursuant to any notice provided by law, it may either terminate this Lease and institute suit for damages resulting from such breach, or it may from time to time, without terminating this Lease, relet said Demised Premises or any part thereof for the account of the Lessee for such terms and at such rental or rentals and upon such other terms and conditions as Lessor, in its own discretion may deem advisable, and rentals from such reletting shall be applied: first, to the payment of any costs in such reletting; second, to the payment of any indebtedness other than rent due hereunder from Lessee to Lessor; and third, to the payment of rent due and unpaid hereunder. Should such rentals received from such reletting during any month be less than that agreed to be paid during that month by the Lessee hereunder, the Lessee shall pay such deficiency to Lessor. Such deficiencies shall be calculated and paid monthly. After an authorized assignment or subletting, the occurrence of any of the foregoing defaults shall affect this Lease only if caused by the Assignee or Sublessee and simultaneous notice of any such default shall be given by the Lessor, not only to the Assignee or Sublessee

but also to the Lessee, in order that the Lessee may have the same opportunity to remedy the default as the Assignee or Sublessee.

16. Subordination. Lessee agrees to subordinate this Lease to any mortgage that Lessor may have placed or may hereafter place upon the Demised Premises and Lessee agrees to execute on demand any instrument reasonably required by a mortgagee; provided, however, that all such mortgages shall by appropriate provision provide (or by separate recordable agreement executed by the owners and holders of such mortgages so provide) that as long as Lessee shall not be in default in the performance of its obligations under this Lease, neither this Lease or Lessee's right to remain in exclusive possession of the Demised Premises shall be affected or disturbed by reason of any default by Lessor under any such mortgage, and, if such mortgage shall be foreclosed, this Lease and all Lessee's rights and obligations hereunder shall survive such foreclosure and continue in full force and effect. In connection herewith, it is understood and agreed that any subordination agreement executed pursuant to this paragraph shall specifically contain a standard nondisturbance provision as hereinabove intended by the parties hereto. In connection herewith, it is further understood and agreed that should the Lessor become in default in the payment of principal or interest of any mortgage executed pursuant to authority vested in the Lessor under this paragraph, Lessee may, at its option cure such defaults by making the

delinquent payments with any penalties involved to the mortgage, which payments shall be considered in lieu of the next ensuing payment or payments due under this Lease to the extent of such payments to the mortgagee.

17. Lessor's Riaht of Entry. Lessee agrees that Lessor or its agents or representatives shall have the right to enter into and upon the Demised Premises or any part thereof during regular business hours for the purpose of inspecting the same to ensure that the covenants and conditions of this Lease are being respected by the Lessor.

18. Licenses, Utility Charges, Etc. Lessee shall make payment of all sums due on account of utility services provided to the Demised Premises, including but not limited to water, gas, electric and janitorial services as they shall accrue and be due and payable. Lessee agrees to pay its own telephone charges. Lessee agrees to make payment of all sums due on account of occupational licenses and other licenses or permits necessary in the operation of the business to be conducted on the Demised Premises.

19. Lessee's Option to Purchase Property

(a) Lessor grants to Lessee the option to purchase the Demised Premises at the time, for the consideration and upon the terms and conditions set forth below.

(b) The Tenant may purchase the Demised Premises at

any time during the period of the Lease. Provided, however, the right to exercise the option is conditioned upon the Lessee not being in default at the time of the exercise and the payment by Lessee of all basic rent, additional rent, and other special payments as provided in this Lease to the date of the completion of the purchase of the property by Lessee.

(c) Lessee election to exercise this option must be evidenced by written notice addressed to the Lessor, sent by registered or certified mail to Lessor's office or to any other place designated by Lessor by written notice to the Lessee. if Lessee elects to exercise the option it shall give Lessor sixty (60) days prior written notice. If the option is exercised Lessor and Lessee will within the sixty day notice period execute and deliver a formal Contract of Sale which shall provide that the sale shall be all cash and that ten percent (10%) of such cash payment shall be paid upon the execution and delivery of the Contract. The balance of the cash payment shall be made at closing which shall take place within thirty (30) days from the date of the execution and delivery of the contract.

(d) In the event that the option is exercised at any time during the first three (3) years of the Lease term the option price shall be Three Million Eighty Thousand Dollars ($3,080,000.00). In the event that the option is exercised at any time during the fourth and all subsequent years of the Lease the

option price shall be Three Million Five Hundred Eighty Thousand Dollars ($3,580,000.00).

(e) Unless otherwise required by applicable law, all expenses in connection with the transfer of the Demised Premises, including but not limited to, title insurance, recording fees, and all other closing costs shall be paid by Lessee with the exception of deed preparation and deed stamps.

(f) If this Lease expires or is terminated in any manner for any reason, except as a result of Lessor's failure to perform its Covenants hereunder, all of Lessee's rights under this option shall cease and this option shall be void.

(g) Lessor and Lessee have, simultaneously with the execution of this Lease, a lease for property located in Reidsville, North Carolina (the "Reidsville Lease"). The Reidsville Lease includes an option to purchase that property. The Lessor and Lessee intend and agree that this option may only be exercised simultaneously with the exercise of the Reidsville Lease option, and that the option price set forth herein shall include the acquisition of the Reidsville property.

(h) If the option is exercised, at closing the Lessee/Purchaser shall be conveyed good and marketable title, free and clear of all liens and encumbrances.

20. Signs. Lessee shall have the right, at its own cost and expense, throughout the term of this Lease to install and

maintain signs at such places upon the Demised Premises as Lessee, in its sole discretion, may desire provided said installation complies with the laws affecting said location. Upon the expiration of this Lease, Lessee shall remove any such signs placed upon said Demised Premises and shall repair any damage to the Demised Premises caused by the erection or removal thereof.

21. Indemnity. Lessee agrees to indemnify and hold Lessor harmless against any and all expenses, loss or liability paid, suffered or incurred as a result of any breach by Lessee or its Assignees or Sublessees of any covenants or conditions of this Agreement or the negligence of the Lessee, its agents or employees. Without intending to limit any of the warranties contained hereinabove, the Lessee agrees to indemnify, defend and hold the Lessor harmless from and against any claims, demands, lawsuits, damages, assessments, fines, penalties, costs or other expense (including reasonable attorney's fees and court costs) arising from or in any way related to actual or threatened damage to the environment, agency costs of an investigation, personal injury or death, or damage to property, due to a release or alleged release of hazardous materials on, under or adjacent to the Demised Premises or in the surface or ground water located on, under or adjacent to the Demised Premises, or gaseous emissions from the Demised Premises or any other condition existing on the Demised Premises resulting from the use by Lessee or existence caused by

Lessee of hazardous materials, whether such claim proves to be true or false. Lessee further agrees that its indemnity obligations shall include but are not limited to, liability for damages resulting from the personal injury or death of an employee of Lessee, regardless of whether the Lessee has paid the employee under the Worker's Compensation laws of the state of South Carolina, or other similar federal or state legislation for the protection of employees. The term "property damage" as used in this paragraph includes, but is not limited to, damage to any property of the Lessee, the Lessor and any third party.

Lessee hereby further agrees to indemnify and hold Lessor harmless from and against all liability, including all foreseeable and unforeseeable consequential damages, directly or indirectly arising out of the use, generation, storage or disposal of hazardous materials including without limitation, the cost of any required or necessary inspection, audit, cleanup or detoxification and the preparation of any closure or other required plans, consent orders, license applications or the like, whenever arising, to the full extent that such action is attributable, directly or indirectly, to the use, generation, storage or disposal of hazardous materials on the Demised Premises during the tenancy of Lessee.

22. Title and Ouiet Enloyment. Lessor warrants and covenants to Lessee that Lessor is, at the time of the execution of

these presents, lawfully seized and possessed of the Demised Premises in fee simple and that he has a good and marketable title thereto and has the full right to lease the same for the term aforesaid, and that as long as Lessee is not in default hereunder, the Lessee may peaceably and quietly have, hold, occupy and enjoy the Demised Premises and all the appurtenances thereto without hindrance on the part of the Lessor. In connection herewith, Lessor agrees to warrant and defend Lessee to such peaceful and quiet use and possession of the Demised Premises against the claims of all persons claiming by, through or under Lessor.

23. Estoppel Certificate. Within ten (10) days after Lessor or any mortgagee of Lessor requests same from Lessee, Lessee shall execute and deliver to Lessor or such mortgagee an "Estoppel Certificate". Such Estoppel Certificate shall state that this Lease remains in full force and effect without any modification, shall state any reasonable representatives requested by Lessor or said mortgagee, and shall state that Lessee has no setoffs against Base Rent or any items reserved as rent hereunder. If this Lease has been modified or if Lessee has any setoffs, such Certificate shall state the exact nature of the modification and the precise amount of the setoffs and basis therefor.

24. Lessor's Riaht to Finance or Sell Sublect to Lease. Lessor has the absolute right, without Lessee's consent, to obtain financing on or to further mortgage its interest in the Demised

Premises and all of Lessor's rights and interests therein, or to sell the Demised Premises under and subject to Lessee's rights hereunder. Provided, however, that all such mortgages which Lessor places on the property shall, by appropriate provision, provide (or by separate recordable agreement executed by the owners and holders of such mortgages so provide) that as long as Lessee shall not be in default in the performance of its obligations under this Lease, neither this Lease nor the Lessee's right to remain in exclusive possession of the Demised Premises shall be effected or disturbed by reason of any default by Lessor under any such mortgage and if such mortgage shall be foreclosed, this Lease and all Lessee's rights and obligations hereunder shall survive such foreclosure and continue in full force and effect.

25. Covenant Against Waste. Lessee shall not cause or permit any waste, damage, or injury to the Demised Premises. Lessee, at its own costs and expense, shall keep the Demised Premises and all buildings and improvements thereon, and the adjoining sidewalks, curbs, parking areas and pavement, landscaping, access roads and signage, in good order and repair, and shall make all necessary improvements, replacements, and renewals including all structural repairs necessary to maintain the foregoing in such good condition and repair.

26. Interest on Late Fees. All sums paid by Lessee after the due date therefor shall bear interest at a rate equal to

the "National Prime" designated as such in the Wall Street Journal, as adjusted from time to time, plus two percent (2%).

27. Reidsville Lease. Any default under the Reidsville Lease shall constitute an event of default under this Lease. Further, unless specifically granted in this Lease or the Reidsville Lease, neither party may terminate one of the leases without also terminating the other.

28. Waiver of Custom. Notwithstanding any law usage, or custom, Lessor shall have the right at all times to enforce strictly the provisions of this Lease. If Lessor fails at any time to enforce strictly any Lease provisions, such failure shall not be construed as having created a custom or waiver in any way contrary to the specific provisions of this Lease or as having in any way or manner modified this Lease.

29. No Construction Against Drafter. This Lease shall be interpreted and construed without regard to customary principles of interpretation and construction of legal instruments which construe ambiguities against the party causing an instrument to be drafted.

30. Notices. Any notice or demand under the terms of this Lease or under any statute which must or may be given or made by a party hereto shall be in writing and shall be given or made by

registered or certified mail addressed to the respective parties as follows:

TO THE LESSOR:
Blacksmith Leasing
c/o Mr. Harold J. Hendershot, Jr.
Spring Island
Route 6, Box 284-H
Okatie, SC 29910

With a copy to:
Mr. Dennis C. Gilchrist
Gilchrist Law Firm, P.A.
Post Office Box 691
Greenville, SC 29602

TO THE LESSEE:
Carolina Commercial Heat Treating,Inc.
C/O Gibraltar Steel Corporation
of New York
Post Office Box 2028
Buffalo, NY 14219
Attn: Mr. Walt Erazmus

With a copy to:
Mr. Robert J. Olivieri
Lippes, Silverstein, Mathias & Wexler
700 Guaranty Building
28 Church Street
Buffalo, NY 14202-3950

Such notice or demand shall be deemed to have been given or made when deposited, postage prepaid, in the United States mail. The above addresses may be changed at any time by giving ten (10) days prior written notice as hereinabove provided.

31. Rights of Successors and Assigns. The covenants and conditions contained in this Lease shall bind and inure to the benefit of the Lessor and Lessee and their respective heirs, executors, administrators, successors and assigns, but neither the

Lessor nor Lessee shall be bound or liable unless and until this Lease shall have been executed and delivered by both Lessor and Lessee.

32. Divisibility. If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or un-enforceable, the remainder of this Lease, or the application of such terms or provisions to persons or circumstances other than those as to when it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

33. Entire Agreement. This instrument and the Reidsville Lease contains the entire and only agreement between the parties, and no oral statement or representations or prior written matter not contained in this instrument shall have any force or effect. This Lease shall not be modified or amended in any way except by a writing executed by both parties.

34. Choice of Law. This Agreement shall be governed by the laws of the State of South Carolina.

35. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF the undersigned parties have caused this Lease to be executed, and their respective seals affixed, as of the day and year first above written.

IN THE PRESENCE OF:

/s/ Lisa A. Stidham
- ----------

/s/ Roy W. Boggs
- ----------

LESSOR:
Blacksmith Leasing

By: /s/ HAROLD J. HENDERSHOT, JR.

Harold J. Hendershot, Jr.
General Partner

/s/ Lisa A. Stidham
- ----------

/s/ Roy W. Boggs
- ----------

By: /s/ JAMES M. HENDERSHOT

James M. Hendershot
General Partner

/s/ Lisa A. Stidham
- ----------

/s/ Roy W. Boggs
- ----------

By: /s/ NANCY H. PRESTON

NANCY H. PRESTON
General Partner

LESSEE:

Carolina Commercial Heat
Treating, Inc.

/s/ Lisa A. Stidham
- ----------

/s/ Roy W. Boggs
- ----------

By: /s/ HAROLD J. HENDERSHOT, JR.

Its: CEO

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE) PROBATE

PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the within Blacksmith Leasing by Harold J. Hendershot, Jr., a General Partner, sign, seal and as its act and deed deliver the within document and that (s)he with the other witness subscribed above witnessed the execution thereof.

/s/ Roy W. Boggs

SWORN to before me this 14th
day of February, 1996

/s/
- ---------- (SEAL)
Notary Public for South Carolina
My Commission Expires: 8/14/2001

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE) PROBATE

PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the within Blacksmith Leasing by James M. Hendershot, a General Partner, sign, seal and as its act and deed deliver the within document and that (s)he with the other witness subscribed above witnessed the execution thereof.

/s/ Roy W. Boggs

SWORN to before me this 14th
day of February, 1996

/s/
- ---------- (SEAL)
Notary Public for South Carolina
My Commission Expires: 8/14/2001

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE) PROBATE

PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the within Blacksmith Leasing by Nancy H. Preston, a General Partner, sign, seal and as its act and deed deliver the within document and that (s)he with the other witness subscribed above witnessed the execution thereof.

/s/ Roy W. Boggs

SWORN to before me this 14th
day of February, 1996

/s/
- ---------- (SEAL)
Notary Public for South Carolina
My Commission Expires: 8/14/2001

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE) PROBATE

PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the within Carolina Commerical Heat Treating, Inc. by Harold J. Hendershot, its CEO, sign, seal and as its act and deed deliver the within document and that (s)he with the other witness subscribed above witnessed the execution thereof.

/s/ Roy W. Boggs

SWORN to before me this 14th
day of February, 1996

/s/
- ---------- (SEAL)
Notary Public for South Carolina
My Commission Expires: 8/14/2001

LEGAL DESCRIPTION FOR FOUNTAIN INN, SOUTH CAROLINA

ALL THAT PIECE, PARCEL OR TRACT OF LAND, lying, being and situate in the County of Laurens, State of South Carolina, Dials Township, in the south of the corporate limits of the Town of Fountain Inn with the following metes and bounds according to a plat and survey made by Lewis C. Godsey, Surveyor, February 8, 1968:

BEGINNING at a spike in the center of the intersection of a county road and State Highway No. 14 (Hunts Bridge Road) and running thence N 65(degrees) 20' E along the center of said county road, a distance of 726.65 feet to a point joint front corner with lot of Thompson; thence with the joint line of Thompson S 20o 53' 53" E a distance of 375.26 feet to a point; thence N 65(degrees) 20' E a distance of 175 feet to a point; thence S 20(degrees) 52' 45" E a distance of 627.17 feet to a point; thence S 64(degrees) 20' 11" W a distance of 454.76 feet to the northerly line of Frontage Road; thence along the northerly line of Frontage Road N 55(degrees) 8' 42" W a distance of 627.8 feet; thence continuing along the northerly line of Frontage Road N 41(degrees) 07' 50" W a distance of 136.85 feet; thence continuing along the northerly line of Frontage Road N 33(degrees) 20' 44" W a distance of 128.45 feet; thence continuing along the northerly line of Frontage Road N 26(degrees) 41' 24" W a distance of 172.55 feet to the point or place of beginning.

EXHIBIT 10.27

LEASE

THIS AGREEMENT is made as of this 1st day of August 1995, by and among JOHN W. REX ("Lessor") and CAROLINA COMMERCIAL HEAT TREATING, INC., a Nevada corporation ("Lessee").

W I T N E S S E T H:

WHEREAS, Lessor is the owner of certain Premises hereinafter described and located in Conyers, Georgia, which he leased to Lindberg Corporation pursuant to a lease dated August S, 1985 ("Lindberg Lease"). Lindberg Corporation assigned the Lindberg Lease to Lessee pursuant to an Assignment and Assumption Agreement ("Assignment Agreement") dated June 4, 1994, with a term that commenced on said date and was agreed to end July 31, 1995; and

WHEREAS, Lessor and Lessee desire to enter into this Lease for the Premises hereinafter described, upon termination of the Assignment Agreement, in accordance with the terms and conditions hereinafter set forth.

NOW, THEREFORE, the parties, in consideration of the mutual covenants contained herein and intending to be legally bound hereby, agree as follows:

1. PREMISES. Lessor leases to Lessee, and Lessee leases from Lessor, that certain parcel of land, together with the buildings and improvements thereon erected, located in Conyers, Georgia (the "Premises"), more particularly described in Schedule "A" attached hereto and made a part hereof. Lessee has inspected

the Premises and accepts the Premises in "as is" condition (except as otherwise set forth in Section 18 hereof) as evidenced by execution of this Lease.

2. TERM.

A. Original Term; Option to Renew. The original term of this Lease shall be for three (3) years, shall commence on August 1, 1995, and shall terminate on July 31, 1998. Upon expiration of the original term of this Lease, this Lease shall automatically terminate without any further action by either party hereto except as otherwise set forth in this Section. However, Lessee, if it is otherwise in full compliance with the terms and conditions of this Lease, shall have the option to extend the term of this Lease for one (1) additional period of three (3) years upon the same terms and conditions except that the provision for Base Rent (as hereinafter defined) shall be adjusted, in an amount determined by the mutual agreement of both Lessor and Lessee, prior to commencement of the extended term. Lessee shall exercise its option for such extension by giving written notice thereof to Lessor not less than one hundred twenty (120) days prior to the expiration of the original term of this Lease. Such extension shall be and become effective only when Lessor and Lessee shall have executed a new Lease which sets forth the new Base Rent and the other covenants, conditions, and terms of this Lease along with any necessary modifications.

B. Hold-Over. If Lessee remains in possession of the Premises after the expiration of either the original term of this Lease or of the extended term, except pursuant to an exercise of the option to extend in accordance herewith or with the written consent of Lessor, such possession shall, at Lessor's option, be as a month-to-month tenant-at-will on all of the same terms and conditions as are in effect on the last day of the preceding term, except that:

(i) If there is another party who is scheduled to take possession as a new lessee of the Premises and would do so but for Lessee's continued possession of the Premises; or

(ii) If Lessee continues in possession of the Premises in disregard of its obligation to vacate; then the Base Rent for each month (or any portion) of Lessee's hold-over period shall be payable at the rate of double the Base Rent effective on the last day of the preceding term; provided that:

(iii) If Lessee continues in possession of the Premises and is unable to vacate despite using its best efforts; and

(iv) There is no other party scheduled to take possession of the Premises as a new lessee; then the Base Rent for each month (or any portion) of Lessee's hold-over period shall be payable at the rate of ONE HUNDRED TEN

PERCENT (110%.) of the Base Rent for the previous month for each month that Lessee continues in possession of the Premises.

3. RENT. Lessee agrees to pay Lessor, as minimum rent ("Base Rent"), for the Premises during each year of the original term of this Lease, the sums hereinafter set forth. The Base Rent for the first year of the original term of this Lease shall be the annual sum of SIXTY-THREE THOUSAND SIX HUNDRED DOLLARS ($63,600.00), payable in equal monthly installments of FIVE THOUSAND THREE HUNDRED DOLLARS ($5,300.00) each. The Base Rent for the second year of the original term of this Lease commencing August 1, 1996, shall be the annual sum of SIXTY-FOUR THOUSAND EIGHT HUNDRED SEVENTY-TWO DOLLARS ($64,872.00), payable in equal monthly installments of FIVE THOUSAND FOUR HUNDRED SIX DOLLARS ($5,406.00) each. The Base Rent for the third year of the original term of this Lease commencing August 1, 1997, shall be the annual sum of SIXTY-SIX THOUSAND ONE HUNDRED SIXTY-EIGHT DOLLARS ($66,168.00), payable in equal monthly installments of FIVE THOUSAND FIVE HUNDRED FOURTEEN DOLLARS ($5,514.00) each. Monthly installments of the Base Rent shall be paid, in advance, on the first day of each month, commencing August 1, 1995. All sums payable by Lessee to Lessor under this Lease shall be paid in the same manner as the Base Rent and shall constitute additional rent hereunder.

4. POSSESSION AND USE OF PREMISES. Lessee shall have the right to use the Premises for heat treatment and processing, and related warehousing and maintenance, and any other lawful use so long as such use is specifically permitted under local zoning laws. Lessee at all times shall comply with all applicable federal, state, and local laws, ordinances, and regulations applicable to its use of and operations at the Premises.

5. LESSEE'S RIGHT OF FIRST REFUSAL TO PURCHASE. In the event Lessor shall receive a bona fide offer to purchase the Premises during the term of this Lease (including any extension), and the offer of purchase shall be satisfactory to Lessor, Lessor shall give Lessee the privilege of purchasing the Premises at the same price and on the same terms of the offer. Lessor shall give Lessee written notice of this privilege by sending Lessee a copy of the offer to purchase. Lessee shall accept the offer, in writing, and sign a contract to purchase the Premises on the same terms and conditions, within the period of thirty (30) days after the date the offer is mailed to Lessee by Lessor. If Lessee fails to accept the offer to purchase and to sign a contract within the period provided, Lessor shall be at liberty to sell the Premises to any third party on the same terms and conditions as offered to Lessee, free from any further application of the right of first refusal contained in this Section 5. If Lessor sells the Premises to a third party in the manner set forth in this Section 5, Lessee's

right of first refusal shall expire and the provisions of this Section 5 shall thereafter be rendered null and void.

6. TAXES.

A. Real Estate Taxes. Lessor agrees to pay all real estate taxes and assessments imposed or levied against the Premises, including the buildings, improvements and the land on which the same are located, during the term of this Lease and any extension thereof.

B. Other Taxes. Lessee agrees to pay all applicable rental taxes and use taxes, if any, levied upon the Base Rent and the use of the Premises, as well as any taxes assessed or imposed against any leasehold interest or any personal property of any kind owned, installed or used by Lessee at or upon the Premises, during the term of this Lease and any extension thereof. Lessee shall also be responsible for any franchise, corporate, income, profits, or revenue tax, assessment, charge or levy applicable to the business of Lessee conducted upon the Premises.

7. INSURANCE.

A. Lessee's Responsibility. Lessee agrees to maintain, at its own cost and expense, during the term of this Lease and any extension thereof, a policy of general, public liability and property damage insurance in a reputable company authorized to do business in the State of Georgia, in which policy Lessor shall be named as an additional insured, as his interest may appear, and to

furnish current certificates evidencing the existence of such insurance, upon execution of this Lease and within ten (10) days after demand by Lessor, which certificates shall provide that such insurance shall not be cancelled except after thirty (30) days' written notice to Lessor. Such policy shall provide primary coverage for the benefit of Lessor and Lessee, as their respective interests may appear, in an amount of at least ONE MILLION DOLLARS ($1,000,000.00) single limit combined bodily injury and property damage each occurrence, to cover all situations where any person or persons claim bodily injury, death, or property damage in or upon the Premises. Lessee also agrees to maintain, at its own cost and expense, during the term of this Lease and any extension thereof, a policy of fire and wind storm with extended coverage insurance for the full insurable value of the buildings and improvements covered by this Lease and shall name Lessor as an additional named insured thereon, as his interest may appear. Lessee agrees to furnish current certificates evidencing the existence of such insurance upon execution of this Lease and within ten (10) days after demand, providing that such insurance shall not be cancelled except after thirty (30) days' written notice to Lessor.

B. Lessee Hold Harmless. Lessee agrees to indemnify, defend, and hold Lessor harmless from any and all claims of others for injuries to persons or property occurring in or upon the Premises and arising out of the use, occupancy, or operation of the

Premises by Lessee, except for such claims for injuries as are caused by the negligent, intentional, or willful acts of Lessor.

C. Waiver of Claims. Each party to this Lease waives all claims for recovery from the other party for any loss or damage to any of his, its, or their property covered by valid and collectible insurance to the extent of any recovery collected under such insurance.

8. UTILITIES AND SERVICE. Lessee agrees to pay for all utilities and services which may be furnished to it or used by it in or about the Premises including, but not limited to, all water, fuel, gas, oil, heat, electricity, power, telephones, trash removal, and sewer service. Under no circumstances shall Lessor be required to furnish or be responsible for the furnishing of or the failure of any utility company or public authorities to furnish any utilities or any other service of any kind to the Premises or any part thereof.

9. REPAIRS. Lessee, during the term of this Lease or any extension thereof, shall at its own cost and expense be responsible for all maintenance to the Premises and shall make all necessary or appropriate repairs, replacements, renewals, and additions required to keep and maintain the Premises (including the roof, outside walls and electrical, plumbing, sprinkler, burglar alarm, lighting, heating and air conditioning systems) and all other systems, equipment, and appurtenant apparatus in good order and condition.

Lessee further agrees that all damage or injury done to the Premises by Lessee or any person(s) who may be in, or upon the Premises, shall be repaired by Lessee at its sole cost and expense. Any repairs, replacements, renewals, and additions, and any labor performed or materials furnished in, on, or about the Premises, shall be performed and furnished by Lessee in strict compliance with all applicable federal, state, and local laws, regulations, and ordinances of all governmental bodies having jurisdiction over the Premises and the requirements of any board of underwriters having jurisdiction. Lessee agrees, at the expiration of any term of this Lease, or upon the earlier termination hereof, to quit and surrender the Premises in good condition and repair, reasonable wear and tear excepted. Subject to the provisions of Section 25 of this Lease, with the written prior approval of Lessor, Lessee shall have the right to make such minor alterations and modifications to the Premises as Lessee may deem desirable. Any and all damage to the Premises resulting from such alterations and modifications shall be repaired by Lessee at Lessee's sole cost and expense.

10. REMOVAL OF EQUIPMENT, MACHINERY AND OTHER PROPERTY. Upon any termination of this Lease, so long as Lessee is otherwise in full compliance with the terms and conditions of this Lease, Lessee shall be allowed to remove all of its equipment, machinery, trade fixtures, and other items of Lessee's personal property, including but not limited to furnaces, hoists, trolley rails, furniture, and

fixtures. Lessee agrees to repair any and all damage to the Premises caused by such removal and to leave the Premises in as good condition and repair as the Premises is in at the present time, reasonable wear and tear, excepted.

11. DESTRUCTION OF PREMISES.

A. Partial Destruction. If any event causes a partial destruction of the buildings land improvements located upon the Premises during the original term of this Lease or any extension thereof, Lessor shall restore the same with reasonable promptness if such repairs and restoration can reasonably be made by Lessor, using the proceeds of insurance contemplated by Section 7 hereof, within six (6) months from the date of the partial destruction. In such case, such partial destruction shall in no way void this Lease. However, the Base Rent reserved to be paid shall be abated proportionately as to such damaged portion of the Premises within which Lessee is unable to reasonably carry on its normal business operations because of such partial destruction, until the same has been restored. Nothing herein shall adversely affect or limit Lessor's right to collect the proceeds of any insurance procured by Lessee for the benefit of Lessor and/or on the Premises, nor adversely affect nor limit Lessee's right to collect any insurance proceeds for losses or damage affecting its personal property.

B. Total Destruction. If any event causes a total destruction of the buildings and improvements located upon the

Premises during the original term of this Lease or any extension thereof, and if in the reasonable discretion of an architectural engineer selected by Lessor and Lessee the Premises cannot reasonably be expected to be repaired and restored, using the proceeds of insurance contemplated by Section 7 hereof, within six (6) months from the date of the total destruction, this Lease shall absolutely terminate, and the Base Rent and other items reserved as rent in this Lease shall abate for the balance of the term. Nothing in this Lease shall be construed to adversely affect or limit Lessor's right to collect the proceeds of any insurance procured by Lessee for the benefit of Lessor and/or on the Premises, nor affect nor limit Lessee's right to collect an insurance proceeds for losses or damage affecting its personal property.

C. Use of Insurance Proceeds. Should the total or partial destruction of the Premises result from causes covered by fire, extended coverage and/or other insurance contemplated hereby to be furnished by Lessee, the insurance proceeds shall be paid to Lessor and used by Lessor to effect the required repairs and restoration as contemplated hereby.

12. CONDEMNATION.

A. Entire Premises. If any competent authority condemns the entire Premises for any public use or purpose, then the Lease term shall cease on the day prior to the taking of

possession by such authority or on the day prior to the vesting of the Premises in such authority, whichever occurs first. Base Rent shall be paid to and adjusted as of that day. The entire amount of any reward for such taking as it may relate to the Premises shall belong exclusively to Lessor; provided, however, that Lessee shall be eligible to obtain its own condemnation award for any loss of its use and occupancy of the buildings and other improvements located upon the Premises and any loss of its personal property.

B. Partial Taking. If any competent authority condemns a portion of the Premises and as a result there is a major change in the use and/or occupancy of the buildings and other improvements which in the reasonable determination of Lessee will prevent Lessee from using the same in substantially the same manner as before used, then Lessee may either terminate this Lease on the date when the authority requires the part of the Premises for such public purpose, or continue to use and occupy the remaining portion. If Lessee remains in possession and occupies the remaining portion, all the terms and conditions of this Lease shall remain in full force and effect with respect to such remaining portion, except that the Base Rent reserved to be paid shall be equitably, adjusted according to the amount and value of such remaining space as decided by an architectural engineer selected by Lessor and Lessee.

C. Temporary Taking. If the condemning authority should take only the right to possession of the Premises for a fixed period of time or for the duration of an emergency or other

temporary condition, then this Lease shall continue in full force and effect without any abatement of Base Rent.

D. No Prejudice. The foregoing procedures shall be without prejudice to the rights of either Lessor or Lessee to recover compensation from the condemning authority for any loss or damage caused by such condemnation. Neither Lessor nor Lessee shall have any rights in or to any award made to the other by the condemning authority. Lessee is specifically permitted to prosecute, directly or with Lessor against the condemning authority in such condemnation proceedings for loss of business or depreciation to or damage to or cost of removal of, or for the value of stock, machinery, equipment, furniture, and other personal property belonging to Lessee and for the amount of leasehold improvements made by Lessee. Lessee shall have the right to notice and to participate in all such condemnation proceedings. Lessor shall not settle any such condemnation proceedings without the prior written consent of Lessee, not to be unreasonably withheld.

13. DEFAULT.

A. Events. The following events shall constitute events of default under this Lease:

(i) If Lessee fails to pay the Base Rent or any item reserved as rent hereunder, and such failure shall continue for a period of ten (10) days;

(ii) If Lessee ceases operation at the Premises for more than ten (10) days; provided, however, if Lessee continues to pay the Base Rent due and payable in a timely manner, has complied with its duty to maintain the Premises as stated in Paragraph 9 of this Lease, has complied with its duty to maintain insurance coverage as stated in Paragraph 7A of this Lease, and has otherwise performed or observed all of its other duties and obligations under this Lease, then Lessor shall not exercise any of Lessor's rights and remedies herein provided solely because of Lessee's cessation of operations, as aforesaid;

(iii) If Lessee fails to perform or observe any of its other duties and obligations under this Lease, which failure or neglect continues for thirty (30) days after Lessor gives Lessee written notice; provided, however, if Lessee with due diligence, dispatch and good faith attempts with best efforts to correct such default, then Lessor shall not exercise any of the rights and remedies herein so long as Lessee cures the default within forty-five (45) days from the original date Lessor notifies Lessee of such default;

(iv) If Lessee makes a general assignment for the benefit of creditors; admits in writing its inability to pay its debts as they become due; files a petition in bankruptcy; is adjudged a bankrupt or insolvent; files a petition seeking any reorganization, arrangement" composition, readjustment, liquidation, dissolution, or similar relief under any present or future

statute, law, or regulation; files an answer admitting or not contesting the material allegations of a petition against it in any such proceeding; or seeks or consents to or acquiesces in the appointment of any trustee, receiver, or liquidator of Lessee or any material part of its property; or

(v) If within sixty (60) days after commencement of any bankruptcy or other proceedings against Lessee seeking any reorganization, arrangement, composition, readjustment, liquidation, or dissolution, or similar relief under any present or future federal, state or local statute, law, or regulation, such proceedings shall not have been dismissed; or if, within sixty (60) days after the appointment without the consent or acquiescence of Lessee of any trustee, receiver, or liquidator of Lessee or any material part of its properties, such appointment shall not have been vacated.

B. Remedies. After any event of default occurs, Lessor may lawfully declare the termination of this Lease and the acceleration of Base Rent and all other sums reserved as rent under this Lease. In addition, Lessor may at its election terminate Lessee's right to possession without the termination of this Lease and/or declare all installments of Base Rent and all other sums reserved as rent under this Lease immediately due and payable. Lessor may, in any such case, also re-enter the Premises and exercise any right or remedy existing at law or in equity. All

remedies available to Lessor under this Lease shall be cumulative and in addition to Lessor's rights at law and in equity.

14. EJECTMENT. If Lessee, after at least ten (10) days' prior written notice and an opportunity for cure, violates any conditions of this Lease, or if Lessee remains in possession of the Premises after the original term or extension term expires, Lessee empowers any attorney to file an agreement for entering in any competent court an amicable action and judgment in ejection against Lessee and all parties claiming under Lessee. Such action shall allow Lessor to immediately recover the Premises, for which this Lease shall be Lessee's sufficient warrant.

15. SURRENDER. Upon any termination of this Lease, whether by forfeiture, lapse of time, or otherwise, or upon termination of Lessee's right to possession, Lessee shall at once surrender and deliver up the Premises to Lessor in good condition and repair, reasonable wear and tear excepted.

16. PRIOR FILING OF WAIVER OF LIENS. Lessee shall not make any alterations or improvements to and/or at the Premises without first obtaining Lessor's prior written approval of Lessee's plans and specifications, which shall not be unreasonably withheld. Lessee shall provide insurance, protecting the interests of Lessor and Lessee, as their respective interests may appear, to cover the work of mechanics, laborers and materialmen, prior to the

commencement of any such alterations or improvements. If the Premises become subject to any lien or encumbrance of any kind, including, but not limited to, any mechanics' or materialmen's lien on account of labor, services or material furnished to or for the benefit of Lessee or claimed to have been furnished to or for the benefit of Lessee, Lessee shall immediately take whatever action as shall be necessary or required to remove the lien or encumbrance within thirty (30) days of the filing thereof. If Lessee has not removed the lien or encumbrance within the aforesaid thirty (30) day period, Lessee shall provide Lessor with a bond or other reasonably acceptable form of financial assurance, to protect Lessor and the Premises from such claims, from such bonding company(ies) and in such form satisfactory to Lessor, in an aggregate amount equal to the full amount of the lien or encumbrance (including costs and expenses).

17. ASSIGNMENT AND SUBLETTING. Lessee shall not assign, mortgage, or otherwise encumber this Lease or sublet, license, or permit all or any part of the Premises to be used by others, whether voluntarily, by operation of law, or otherwise, without Lessor's prior written consent. However, Lessee may assign this Lease or sublet the Premises to a wholly-owned subsidiary of Lessee for the use set forth in Section 4 of this Lease if Lessee is otherwise in full compliance with the terms and conditions of this Lease and if Lessee agrees, in writing (in form and content

satisfactory to Lessor), to guarantee as surety the full and faithful performance of the subsidiary, assignee, or sublessee. In addition, Lessee may assign this Lease in connection with the sale of the entire business conducted by Lessee at the Premises if the buyer expressly assumes, in writing (in form and content satisfactory to Lessor), Lessee's obligations under this Lease, Lessee otherwise is in full compliance with the terms and conditions of this Lease, and Lessee obtains Lessor's prior written consent to such assignment. To obtain Lessor's consent to such assignment, the following conditions shall, at a minimum, be met:

A. Financial Qualification of Buyer. The buyer must furnish Lessor with a copy of its most current financial statement evidencing to Lessor's reasonable satisfaction that it can assume the financial obligations of this Lease;

B. Good Reputation of Buyer. The buyer must have a business reputation and financial resources at least as good and substantial as that of Lessee on the date hereof and such date thereafter; and

C. Lessee Remains Obligated as Surety. Lessee shall not be relieved of any liability or responsibility under the terms of this Lease by reason of such assignment, but shall nevertheless remain liable hereunder, as surety and guarantor.

18. LEGAL OBLIGATIONS RE CONDITION OF PREMISES.

A. General. Lessor and Lessee acknowledge that certain federal, state, and local laws, rules, and regulations are now in effect and that additional laws, rules, and regulations may be enacted relating to or affecting the Premises and concerning the impact on the environment of construction, land use, maintenance and operation of buildings and improvements, and the conduct of business thereon. Lessee shall comply with all present and future laws, regulations, and rules of applicable federal, state, county, and other governmental authorities with respect to the Premises and Lessee's business conducted thereon. Lessee shall not cause, or permit to be caused, any. act or practice upon the Premises, by negligence, omission, or otherwise, that would or may adversely affect the environment. In addition to and not in limitation of the foregoing, Lessee agrees that it shall not cause or permit any Hazardous Substance (as hereinafter defined) to be disposed of on or in the Premises. Lessee may use, store, and generate Hazardous Substances (as hereinafter defined) on the Premises in connection with the conduct of its business thereon provided that any such use, storage, or generation is in accordance with all applicable laws, rules, and regulations. As used herein, the term "Hazardous Substance(s)" means any substance that is toxic, ignitable, reactive, or corrosive or that is regulated by any federal, state, or local governmental agency, law, rule or regulation, and includes without limitation any and all material or substances defined as

"Hazardous Waste," "Extremely Hazardous Waste," or a "Hazardous Substance" pursuant to any federal, state, or local governmental agency, law, or regulation, asbestos and asbestos-containing materials, PCBs, petroleum and petroleum products, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, and substances which are or may be toxic to humans, animals, plants, or the environment.

B. Lessor' s Indemnity. Lessor agrees to indemnify, defend, and hold Lessee harmless for any non-compliance of the Premises under federal, state, or local environmental laws, rules, or regulations that occurred before the date of Lessee's initial use and occupancy of the Premises under the lease and which was not caused by or cannot be attributed to Lessee's use and occupancy of the Premises, including, without limitation, any and all claims, damages, fines, judgments, clean-up, removal or restoration costs, investigation expenses, penalties, costs, liens, liabilities, or losses, including reasonable attorney's fees and expenses, arising from the presence of any Hazardous Substance on or in the Premises, except to the extent caused by Lessee or Lessee's use of the Premises. Lessee has provided Lessor with a copy of the Phase I and Phase II environmental tests which Lessee conducted on the Premises prior to taking possession thereof, which are attached to this Lease as Schedule "B" hereto and made a part hereof. Schedule "B" shall serve as evidence of the environmental condition of the Premises prior to Lessee's initial use and occupancy of same.

C. Lessee's Indemnity. Lessee shall not be responsible for indemnifying, defending, or holding Lessor harmless for any non-compliance of the Premises with federal, state, or local environmental laws, rules, or regulations that existed prior to Lessee's initial use and occupancy of same and that is disclosed on Schedule "B" hereto. Upon the expiration of this Lease, Lessee may again conduct Phase I and Phase II environmental tests, in a manner and from such companies reasonably acceptable to Lessor, at Lessee's own cost and expense, and forthwith provide Lessor with a copy of said tests (the "Final Audits"). Lessee agrees to indemnify, defend, and hold Lessor harmless for any non-compliance of the Premises with federal, state, or local environmental laws, rules, or regulations that was caused by or can be attributed to Lessee's use and occupancy of the Premises, including, without limitation, any and all claims, damages, fines, judgments, clean-up, removal or restoration costs, investigation expenses, penalties, costs, liens, liabilities, or losses, including reasonable attorney's fees and expenses, arising from the presence of any Hazardous Substance on or in the Premises (whether or not the use thereof is otherwise permitted hereunder), which may be demonstrated by a comparison between the test results in Schedule "B" hereto and the test results set forth in the Final Audits conducted at the expiration of this Lease, if the Lessee chooses to conduct such Final Audits.

D. Lessor's Representation. Lessor represents that there is no civil, criminal, or administrative action, suit,

demand, claim, hearing, notice, or demand letter, notice of violation, investigation, or proceeding pending or to his knowledge threatened against the Premises relating in any way to any environmental law.

E. Duty to Notify. Lessee agrees to provide immediate notice to Lessor of any release of, or discovery of the presence of, any Hazardous Substance on or in the Premises. Lessee shall provide Lessor with copies of all forms, reports, and other documents required to be filed by Lessee with any federal, state, or local governmental agency regulating the environment within ten (10) days after filing same with said governmental agencies.

F. Survival. Lessee's indemnity obligation with respect to environmental matters under this Section 18 shall continue after any termination of this Lease to the extent that (1) the presence of any Hazardous Substances is disclosed by the Final Audits in excess of the Hazardous Substances that existed prior to Lessee's initial use and occupancy of same and that is disclosed on Schedule "B" hereto or (2) no Final Audits are provided by Lessee. Lessee's indemnify obligation under this action 18 with respect to environmental matters shall otherwise survive for one (1) year after any termination of this Lease if no Hazardous Substances in excess of that which may be shown in Schedule "B" hereto are disclosed in the Final Audits. Lessee's indemnity obligation other than with respect to environmental matters under this Section 18 shall survive for one (1) year after

any termination of this Lease with respect to all other obligations of Lessee hereunder.

19. AGREEMENT BINDING. This Lease shall be binding upon and inure to the benefit of the parties hereto and upon their respective heirs, personal representatives, successors, and permitted assigns.

20. GOVERNING LAW. This Lease shall be governed by the laws of the State of Georgia.

21. NOTICES. Lessor shall give all notices to Lessee in writing, by United States mail, certified with postage prepaid, and addressed to:

Carolina Commercial Heat Treating, Inc.
6313 Old Pineville Road
P. 0. Box 240867
Charlotte, North Carolina 28224
Attention: Chief Executive Officer

With a copy to:

Dennis C Gilchrist, Esquire
Gilchrist Law Firm, P.A.
601 East McBee Avenue
Suite 200
Greenville, South Carolina 29601

Lessee shall make all payments and give any notices to Lessor in writing, by United States mail, certified with postage prepaid, and addressed to:

Mr. John W. Rex
Valley Forge Road and Eighth Street
Lansdale, Pennsylvania 19446

With a copy to:

William R. Wanger, Esquire
Pearlstine/Salkin Associates
1250 South Broad Street
Lansdale, Pennsylvania 19446-04-31

Any party may designate a new address by written notice given to the other party.

22. ESTOPPEL CERTIFICATE. Within ten (10) days after Lessor or any mortgagee of Lessor requests same from Lessee, Lessee shall execute and deliver to Lessor or such mortgagee an "Estoppel Certificate." Such Estoppel Certificate shall state that this Lease remains in full force and effect without any modification, shall state any reasonable representations requested by Lessor or said mortgagee, and shall state that Lessee has no setoffs against Base Rent or any items reserved as rent hereunder. If this Lease has been modified or if Lessee has any setoffs, such Certificate shall state the exact nature of the modification and the precise amount of the setoffs and basis therefor.

23. QUIET ENJOYMENT. If Lessee pays the Base Rent, all other sums reserved as rent hereunder, and performs all other terms and conditions of this Lease, it shall quietly have and enjoy the right to use and occupy the Premises during the Lease term without hindrance or interference by anyone claiming by or through Lessor.

However, Lessee takes subject to the reservations and conditions of this Lease and specifically acknowledges taking under the terms and conditions of the existing recorded mortgage on the Premises.

24. LESSOR'S RIGHT TO FINANCE SUBJECT TO LEASE. Lessor has the absolute right, without Lessee's consent, to obtain financing on or to further mortgage its interest in the Premises and all of Lessor's rights and interests therein, under and subject to Lessee's rights hereunder.

25. ZONING AND RIGHT TO EXPAND. Lessor represents and warrants that the local zoning laws applicable to the Premises permit Lessee to operate a heat treatment and processing business thereon in the manner presently conducted. Lessor makes no representation or warranty with respect to Lessee's right to expand the buildings and improvements located upon the Premises. However, Lessor agrees to provide Lessee with a reasonable area for expansion of its operations upon the Premises within the area shown with an "X" on the map attached as Schedule "C" hereto, subject to the application of all applicable federal, state, and local laws, ordinances, and regulations. In such event, Lessor and Lessee shall mutually determine how much expansion is to be carried out, the rental to be paid therefor, and such other terms and conditions as shall be agreed upon, in writing, by Lessor and Lessee. All such improvements and expansion shall be done at the sole cost and expense of Lessee.

26. LESSOR'S RIGHT TO SELL THE PREMISES. Lessee acknowledges that Lessor has the absolute right to sell the Premises under and subject to this Lease and Lessee's rights hereunder. If Lessor sells the Premises during the original term or extension of this Lease, the new owner of the Premises shall be obligated to assume, in writing, all of Lessor's obligations hereunder arising after the date of sale. Lessee agrees to and shall release Lessor from this Lease and any further obligations upon any such sale by Lessor and assumption, as aforesaid.

27. ALL PROPER CORPORATE ACTION HAS BEEN TAKEN. Lessee shall provide Lessor with a resolution of its of Board of Directors approving the execution of this Lease prior to the execution hereof.

28. NO THIRD PARTY BENEFIT. This Lease is entered into for the sole protection and benefit of Lessor and Lessee. No other person(s) or entities shall have any right of action under this Lease.

29. COVENANT AGAINST WASTE. Lessee shall not cause or permit any waste, damage, or injury to the Premises. Lessee, at its own cost and expense, shall keep the Premises and all buildings and improvements thereon, and the adjoining sidewalks, curbs, parking areas and pavement, landscaping, access roads and signage, in good order and repair, and shall make all necessary improvements,

replacements, and renewals including all structural repairs necessary to maintain the foregoing in such good condition and repair.

30. MEMORANDUM OF LEASE. Lessee may record, at its sole cost and expense, a Memorandum of this Lease in title form attached as Schedule "D" hereto and Lessor agrees to execute same; provided, however, that upon execution of such Memorandum of Lease, Lessee shall also execute and deliver to Lessor a form of Termination of Memorandum of Lease, in the form attached as Schedule "E" hereto, which Termination of Memorandum of Lease shall be held by Lessor until termination of this Lease in accordance with the terms thereof at which time it shall be recorded by Lessor.

31. INDEMNIFICATION FOR LIABILITIES RESULTING FROM LESSEE'S ACTS OR OMISSIONS. Lessee shall indemnify, defend and hold Lessor harmless from and against all liabilities, costs and expenses, and losses incurred by Lessor as a result of:

A. Lessee's failure to perform any of its obligations under this Lease;

B. Any accident, injury, or damage happening in or about the Premises or appurtenances, or on or under the adjoining access roads, sidewalks, pavement, curbs, parking areas or resulting from the condition, maintenance, or operation of the Premises or of the adjoining access roads, sidewalks, pavement, curbs, or parking areas;

C. Failure of Lessee to comply with any governmental requirements; and

D. Any mechanics' or materialmen's lien or security agreement filed against the Premises or any equipment thereon or therein, or any materials used in the construction or alteration of any building or improvements thereon. If any party institutes an action against Lessee in which Lessor is made a party defendant, Lessee shall indemnify, defend, and save Lessor harmless from all costs, expenses, and liabilities, including reasonable attorney's fees, incurred by Lessor in such action. If an action is brought to recover any Base Rent or any item reserved as rent under this Lease, for or on account of any breach of or to enforce or interpret any term, covenant, or condition of this Lease, or for the recovery of possession of the Premises, Lessor may recover from Lessee, as part of Lessor's costs, reasonable attorney's fees and costs.

32. INTEREST ON LATE FEES. All sums paid by Lessee after the due date therefor shall bear interest at a rate equal to the "National Prime" designated as such in The Wall Street Journal, as adjusted from time to time, plus two percent (2%). Time shall be deemed of the essence for all purposes of this Lease.

33. INSPECTION AND ACCESS. Lessee shall permit Lessor or his agents to inspect or examine the Premises at any reasonable time after reasonable notice. Lessee shall permit Lessor to make all

repairs, alterations, improvements, or additions to the Premises or to the building and improvements thereon erected that Lessor deems desirable or necessary or that Lessee is required but fails so to do. Such repairs, alterations, improvements, or additions shall not be construed as a full or partial eviction of Lessee, and the Base Rent shall not abate in any manner while such work is being performed, whether by reason of resulting loss or interruption of Lessee's business or any other reason.

34. ALTERATIONS AND ADDITIONS. Lessee may, at its own cost and expense, install additional improvements upon the Premises, provided that such alterations and improvements shall not adversely affect the structural soundness of the Premises or any buildings and improvements which exist upon the Premises. All such alterations and improvements shall be in accordance with plans and specifications which shall in all instances first be subjected to Lessor's prior written approval. In making any alterations and improvements, Lessee shall comply with all applicable federal, state, and local laws, ordinances, and regulations and insurance organizations.

35. WAIVER OF CUSTOM. Notwithstanding any law, usage, or custom, Lessor shall have the right at all times to enforce strictly the provisions of this Lease. If Lessor fails at any time to enforce strictly any Lease provision(s), such failure shall not be construed as having created a custom or waiver in any way

contrary to the specific provisions of this Lease or as having in any way or manner modified this Lease.

36. CAPTIONS. The captions contained in this Lease are for the convenience of the parties only. They do not in any way modify, amplify, alter, or give full notice of the provisions contained in this Lease.

37. AMENDMENTS; ENTIRE AGREEMENT. This Lease may be changed, waived, discharged, or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge, or termination is sought. This Lease constitutes the entire agreement between Lessee and Lessor. There are no promises, representations, or understandings between the parties of any kind or nature whatsoever except as set forth in this Lease.

38. PARTIAL INVALIDITY. If in any circumstance any clause or provision of this Lease or its application to any party is to any extent rendered invalid or unenforceable, the remainder of this Lease, or the application of such clause or provision to parties or in circumstances other than those as to which it is valid or unenforceable, shall not be affected, and each remaining clause and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

39. NO CONSTRUCTION AGAINST DRAFTER. This Lease shall be interpreted and construed without regard to customary principles of interpretation and construction of legal instruments which construe ambiguities against the party causing an instrument to be drafted.

40. COUNTERPARTS. This Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Lease, intending to be legally bound, as of the day and year first above written.

Witness:	Lessor:
William R. Wanger - ---------- (please print name)	/s/ John W. Rex (SEAL) ---------- JOHN W. REX
/s/ William R. Wanger - ---------- (Signature)	
Wilhelm L. Gruszecki - ---------- (please print name)	
/s/ Wilhelm L. Gruzecki - ---------- (signature)	
	LESSEE: CAROLINA COMMERCIAL HEAT TREATING, INC.
Attest: Title: Asst. Secretary	By: /s/ JAMES M. HENDERSHOT Title: President

(CORPORATE SEAL)

SCHEDULE A

Land Lot 320 of the 16th District of Rockdale County, Georgia and shown as Lots 2, 3 and 4 on plat prepared for Rex of Georgia, Inc. by Robert M. Buhler Registered Surveyor, dated August 1, 1979, and more fully and particularly described as follows:

BEGINNING at an x found on rock located on the Northwest right-of-way of Georgia Highway #138 (100 foot right-of-way) said rock being located 1,244.41 feet Northeast from the Northeast right-of-way of Pine Log Road, (100 foot right-of-way) as measured along the Northwest right-of-way of Georgia Highway #138; thence North 42 degrees 50' 05" West 250 feet to iron pin found at corner; thence North 47 degrees 09' 55" East 300 feet to iron pin found at corner; thence South 42 degrees 50' 05" East 250 feet to iron pin found located on the Northwest right-of-way of Georgia Highway #138; thence South 49 degrees 09' 55" West along the Northwest right-of-way of Georgia Highway #138, 300 feet to corner and point, of beginning.

EXHIBIT 21.1

Subsidiaries

The following is a list of the subsidiaries of Gibraltar Steel Corporation. The names of indirectly owned subsidiaries are indented under the names of their respective parent corporations:

Gibraltar Steel Corporation of New York	New York
Wm. R. Hubbell Steel Corporation	Illinois
Mill Transportation Company	Illinois
Carolina Commercial Heat Treating, Inc.	Nevada
Gibraltar Strip Steel, Inc.	Delaware
Integrated Technologies International, Ltd.	Delaware
Cleveland Pickling, Inc.	Delaware
GIT Limited	New York
Gibraltar Steel Corporation of Tennessee	Tennessee

EXHIBIT 23.2

Consent of Independent Accountants

We hereby consent to the use in the Prospectus constituting part of this Registration Statement on Form S-1 of our report dated January 25, 1996 relating to the consolidated financial statements of Gibraltar Steel Corporation, which appears in such Prospectus. We also consent to the application of such report to the consolidated Financial Statement Schedules for the three years ended December 31, 1995 listed under Item 16 of this Registration Statement when such schedules are read in conjunction with the consolidated financial statements referred to in our report. The audits referred to in such report also included these schedules. We also consent to the reference to us under the heading "Experts" in such Prospectus.

/s/ Price Waterhouse LLP

Price Waterhouse LLP
Buffalo, New York
May 17, 1996

Exhibit 23.3

KPMG Peat Marwick LLP

The Board of Directors
Gibralter Steel Corporation:

We consent to the inclusion of our report dated March 17, 1995, with respect to the combined balance sheets of Wm. R. Hubbell Steel Corporation and subsidiary and affiliated entities as of December 31, 1994 and 1993, and the related combined statements of earnings and retained earnings, and cash flows for each of the years in the two-year period ended December 31, 1994, which report appears in the S-1 of the Gibralter Steel Corporation dated May 17, 1996.

/s/ KPMG Peat Marwick LLP

Chicago, Illinois
May 15, 1996

SCHARF PERA & CO.

Exhibit 23.4

The Board of Directors
Carolina Commerical Heat Treating, Inc.

We consent to the inclusion of our report dated January 18, 1996 with respect to the balance sheets of Carolina Commerical Heat Treating, Inc. as of December 31, 1995 and 1994, and the related statements of income, stockholders' equity and cash flows for the years then ended, which report appears in the Form S-1 of Gibraltar Steel Corporation dated May 17, 1996.

/s/ Scharf Pera & Co.

May 17, 1996
Charlotte, North Carolina