

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES
ACT OF 1934
For The Fiscal Year Ended December 31, 1997

OR

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

For the Transition Period From _____ to _____
Commission File Number 0-22462

GIBRALTAR STEEL CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation organization)

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

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

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

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

Title of each class Common Stock, \$.01 par value	Name of each exchange on which registered NASDAQ National Market System
--	--

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

NONE

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

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

As of December 31, 1997, the aggregate market value of the voting stock held by nonaffiliates of the Registrant amounted to \$121,763,000.

As of December 31, 1997, the number of common shares outstanding was:
12,409,619.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement for the Annual Meeting of Shareholders to be held May 19, 1998, are incorporated by reference into Part III of this report.

Exhibit Index is on Page 36

PART I

Item 1. Description of Business

General

The Company is an intermediate processor of value-added steel products, consisting primarily of a broad range of fully processed cold-rolled strip steel products. Cold-rolled strip steel products comprise a segment of the cold-rolled sheetsteel market that is defined by narrower widths, improved

surface conditions and tighter gauge tolerances and are used by customers that demand critical specifications in their raw material needs. The Company manufactures high quality steel strapping for industrial applications and operates a precision metals facility for flat-rolled sheet steel and other processed metals products. The Company is a supplier of galvanized, Galvalume and prepainted steel to the commercial and residential metal building industry. Southeastern Metals Manufacturing, Inc. (SEMCO), acquired in January 1997, manufactures a wide array of metal products for the residential and commercial construction markets. The Company provides metallurgical heat treating services for customers in a wide variety of industries. The Company operates materials management facilities that link steel producers and end-user manufacturers by integrating the inventory purchasing, receiving, inspection, billing, storage and shipping functions resulting in true just-in-time delivery of materials, thereby enabling both the steel producers and the end-user manufacturers to manage inventory more efficiently.

Industry Overview

Intermediate 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 intermediate 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.

Metal Processes, Products and Services

The Company utilizes any one or a combination of more than 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, appliance, metal building and construction, machinery, and steel industries.

The following metal processes, products and services are provided by the Company:

Cold-Rolled Strip Steel. 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, slitting, roller leveling and cutting to length. Cold reduction is the rolling of steel to a specified thickness, temper and finish. Annealing is a thermal process which changes hardness and certain metallurgical characteristics of steel. Edge rolling involves conditioning edges of processed steel into square, full round or partially round shapes. Slitting is the cutting of steel to specified widths. Roller leveling applies pressure across the width of the steel to achieve precise flatness tolerances. Depending on customer specifications, one or more of these processes are utilized to produce steel strip of a precise grade, temper, tolerance and finish.

The Company operates 10 rolling mills at its facilities in Cleveland, Ohio, Chattanooga, Tennessee and Buffalo, New York, and is capable of rolling widths of up to 50 inches. The Company has the capability to process coils up to a maximum of 72 inch outside diameter. The Company's rolling mills include automatic gauge control systems with hydraulic screwdowns allowing for microsecond adjustments during processing. The most current addition is the 56 inch reversing mill which the Company believes is the widest of its type in the industry.

The Company's computerized mills produce products meeting the most stringent statistical quality control standards, enabling it to satisfy a growing industry demand for a range of steel from thicker to thinner, low carbons to alloy grades, all with precision gauge tolerances as close as +/- .0002 inches.

The Company's rolling facilities are further complemented by 15 high convection annealing furnaces, which shorten annealing times over conventional annealers. The Company's newest furnaces incorporate 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 steel 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 the steel strip in a manner similar to the way thread is wound on a spool. Oscillating the steel 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.

Precision Metals. The Company operates a precision metals facility for flat-rolled sheet steel and other processed metal products. In addition to slitting and cutting to length, the Company's precision metals facility can produce higher value-added products that are held to close tolerances and tight specifications through cold-rolling, annealing, blanking, oscillating and edging rolling.

The Company also processes galvanized, Galvalume and prepainted steel at another facility for the commercial and residential metal building industries and can slit and cut to length material based upon customer specifications.

Metal Products Manufacturing. The Company through its SEMCO acquisition manufactures a wide array of galvanized steel, aluminum and copper products for the construction industry including steel framing for residential and commercial properties, metal trims, prefab homes and utility sheds, metal connectors, metal roofing, drywall products, gutters and down spouts, ventilation products and storm panel systems. With facilities located in Florida, Georgia, Tennessee, Texas and Oklahoma, SEMCO uses precision engineering combined with slitting, stamping, roll forming and other processes to manufacture their various products.

Steel Strapping Manufacturing. 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 believes that it is one of four major domestic manufacturers of high tensile steel strapping, which is used in heavy duty applications. High tensile strapping is subject to strength requirements imposed by the American Association of Railroads for packaging of different products for common carrier transport. This high tensile steel strapping is essential to producers of large, heavy products such as steel, paper and lumber where reliability of the packaging material is critical to the safe transport of the product.

The Company's strapping facility manufactures high tensile steel strapping by slitting, oscillating, heat treating, painting and packaging cold-rolled coils.

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

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

Metallurgical Heat Treating Services. In February 1996, the Company acquired Carolina Commercial Heat Treating, Inc. (CCHT) which through its facilities located in North Carolina, South Carolina, Tennessee, Georgia and Alabama (acquired in May 1997) provides metallurgical heat treating services for customer-owned parts. These services include 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, these facilities can harden, soften or otherwise impart desired properties on parts made of steel, copper and various alloys and other metals. A variety of brazing services to join metallic objects together is also provided. 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. Additionally, CCHT maintains a fleet of trucks and trailers to provide rapid turnaround time for its customers.

Materials Management. The Company operates two 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. These facilities receive shipments of steel by rail and truck from 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 through the use of a specialized stacker crane and racking system. When an order is placed, the Company often delivers 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.

Joint Venture. The Company is a minority partner in two steel pickling operations. After the hot-rolling process, the surface of sheet steel is left with a residue known as scale, which must be removed prior to further processing by a cleaning process known as pickling. This joint venture pickles steel on a toll basis, receiving fees for its pickling services without acquiring ownership of the steel.

Quality Control

The Company carefully selects its raw material vendors and uses computerized inspection and analysis to assure that the steel that enters its production processes will be able to meet the most critical specifications of its customers. The Company uses documented procedures during the production process, along with statistical process control computers linked directly to processing equipment, to monitor that such specifications are met. Physical, chemical and metallographic analyses are performed during the production process to verify that mechanical and dimensional properties, cleanliness, surface characteristics and chemical content are within specification.

Suppliers and Raw Materials

Intermediate steel processing companies are required to maintain substantial inventories of raw materials in order to accommodate the short lead times and just-in-time delivery requirements of their customers. Accordingly, the Company generally maintains its inventory of raw materials at levels that it believes are sufficient to satisfy the anticipated needs of the 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 requirements is purchased from 18 major North American suppliers. The Company has no long-term commitments with any of its suppliers.

Technical Services

The Company employs a staff of engineers and other technical personnel and maintains fully-equipped, modern laboratories to support its operations. The 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 conjunction with the sales force to determine the types of flat rolled steel required for the particular needs of the Company's customers.

Sales and Marketing

The Company's products and services are sold primarily by Company sales personnel located throughout the midwest, northeast and southeast United States and Mexico. This marketing staff is supported by a vice president of sales for each of the Company's principal product lines.

Customers and Distribution

The Company services approximately 6,000 industrial customers located primarily in the midwest, northeast and southeast United States, Canada and Mexico. In 1997, net sales to automotive and automotive supply manufacturers accounted for approximately 17% and 19%, respectively. The Company also sells its products to customers in the appliance, metal building and construction, and steel industries.

The Company primarily manufactures its products 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.

In 1995 General Motors Corporation, through its various subsidiaries and affiliates, accounted for approximately 11% of net sales. In 1996 and 1997, no customer of the Company represented 10% or more of the Company's net sales.

Competition

The steel processing market is highly competitive. The Company competes with a small number of other intermediate steel processors, some of which 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 also competes with a small number of other steel strapping manufacturers on the basis of quality, price, product variety and the ability to meet delivery schedules dictated by customers.

The Company competes with a small number of suppliers of heat treating services in its market areas on the basis of quality, price, and delivery.

The Company competes with a number of other metal products manufacturers in its market areas on the basis of quality, price, and delivery.

Employees

At December 31, 1997, the Company employed approximately 1,450 people.

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 December 31, 1997 will be shipped prior to the end of 1998.

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 in order 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.

The Company's operations are also governed by many other laws and regulations. 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.

Item 2. Description of Properties

The Company maintains its corporate headquarters in Buffalo, New York and conducts its business operations in facilities located in New York, Michigan, Illinois, Ohio, Tennessee, Texas, South Carolina, North Carolina, Georgia, Alabama, Florida, and Oklahoma.

The Company believes that its primary existing facilities, listed below, and their equipment are effectively utilized, well maintained, in good condition and will be able to accommodate its capacity needs through 1998.

Location	Utilization	Square Footage	Owned or Leased
Buffalo, New York	Headquarters	23,000	Leased
Buffalo, New York	Precision metals processing; warehouse	207,000	Owned
Cheektowaga, New York	Cold-rolled strip steel processing and strapping products	148,000	Owned
Tonawanda, New York	Cold-rolled strip steel and precision metals processing	128,000	Owned
Lackawanna, New York	Materials management facility	65,000	Leased
Dearborn, Michigan	Strapping tool products	3,000	Owned
Woodhaven, Michigan	Materials management facility	100,000	Owned
Franklin Park, Illinois	Coated sheet steel and precision metals processing	99,000	Owned
Cleveland, Ohio	Cold-rolled strip steel processing	259,000	Leased
Chattanooga, Tennessee	Steel processing	65,000	Owned
Brownsville, Texas	Distribution warehouse	15,000	Leased
Fountain Inn, S. Carolina	Heat treating services	77,400	Leased
Reidsville, N. Carolina	Heat treating services	53,500	Leased
Morristown, Tennessee	Heat treating services	24,200	Owned
Conyers, Georgia	Heat treating services	18,700	Leased
Athens, Alabama	Heat treating services	20,000	Leased

Location	Utilization	Square Footage	Owned or Leased
Charlotte, N. Carolina	Administrative office	3,400	Leased
Jacksonville, Florida	Administrative office and metal products manufacturing	261,400	Leased
Miami, Florida	Metal products manufacturing	77,000	Leased
Tampa, Florida	Metal products manufacturing	50,000	Leased
Nashville, Tennessee	Metal products manufacturing	52,500	Leased
San Antonio, Texas	Metal products manufacturing	70,000	Leased
Houston, Texas	Metal products manufacturing	48,200	Leased
Vidalia, Georgia	Metal products manufacturing	34,000	Leased
Miami, Oklahoma	Metal products warehouse	15,000	Leased

Item 3. Legal Proceedings

From time to time, the Company is named a defendant in legal actions arising out of the normal course of business. The Company is not a party to any pending legal 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.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

PART II

Item 5. Market for Common Equity and Related Stockholder Matters

As of December 31, 1997, there were 147 shareholders of record of the Company's common stock. However, the Company believes that it has a significantly higher number of shareholders because of the number of shares that are held by nominees.

The Company's common stock is traded in the over-the-counter market and quoted on the National Association of Securities Dealers Automated Quotation System - National Market System ("Nasdaq"). Its trading symbol is "ROCK". The following table sets forth the high and low sales prices per share for the Company's common stock for each quarter of 1997 and 1996:

	High	Low
1997		
Fourth Quarter	\$ 25 1/2	\$ 17 3/4
Third Quarter	28	20 3/4
Second Quarter	25 1/2	18 7/8
First Quarter	26 3/4	18 1/4
1996		
Fourth Quarter	\$ 26 1/4	\$ 21
Third Quarter	23 1/4	16 1/2
Second Quarter	22	15
First Quarter	15 3/4	12 1/8

The Company has never paid cash dividends on its common stock and it is currently the Company's policy to invest earnings in the future development and growth of the Company.

Item 6. Selected Financial Data

(in thousands, except per share data)

	Year Ended December 31,				
	1997	1996	1995	1994	1993
Net Sales	\$ 449,700	\$ 342,974	\$ 282,833	\$ 200,142	\$ 167,883
Income from operations	32,603	30,617	20,368	16,179	12,934
Interest expense	5,115	3,827	3,984	1,374	1,621
Income before income taxes	27,488	26,790	16,384	14,805	11,513
Income taxes	11,072	10,815	6,662	5,996	6,300
Net income	16,416	15,975	9,722	8,809	5,213
Net income per share-Basic	\$ 1.33	\$ 1.42	\$.96	\$.87	
Weighted average shares outstanding	12,357	11,261	10,164	10,163	
Net income per share-Diluted	\$ 1.30	\$ 1.39	\$.95	\$.86	
Pro forma net income (a)					\$ 7,337
Pro forma net income per share- Basic & Diluted					\$.72
Pro forma weighted average shares outstanding (b)					10,163
Current assets	\$ 130,746	\$ 109,526	\$ 86,995	\$ 70,552	\$ 50,502
Current liabilities	43,101	40,853	29,480	22,028	21,905
Total assets	281,336	222,507	167,423	126,380	92,868
Total debt	83,024	49,841	59,054	38,658	14,179
Shareholders' equity	140,044	121,744	70,244	60,396	51,587
Capital expenditures	\$ 21,784	\$ 15,477	\$ 14,504	\$ 16,171	\$ 10,468
Depreciation and amortization	8,478	6,246	4,538	3,445	3,399

(a) Pro forma net income assumes that all of the Company's subsidiaries had been subject to income taxation as C Corporations during the period prior to the Company's initial public offering in November 1993.

(b) Pro forma weighted average number of common shares was computed assuming the Company's initial public offering occurred at the beginning of the year.

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

Results of Operations

Year Ended 1997 Compared to Year Ended 1996

Net sales increased by \$106.7 million, or 31%, to a record \$449.7 million in 1997 from \$343.0 million in 1996. This increase primarily resulted from the inclusion of net sales of SEMCO (acquired January 1997) and sales growth at existing operations.

Cost of sales increased \$93.8 million, or 33%, to \$375.5 million in 1997 from \$281.7 million in 1996. Cost of sales increased to 83.5% of net sales in 1997 from 82.1% of net sales in 1996. This increase was due to higher raw material costs which were not fully passed through to customers, partially offset by higher margins on SEMCO sales.

Selling, general and administrative expense increased by \$10.9 million, or 36%, to \$41.6 million in 1997 from \$30.6 million in 1996. As a percentage of net sales, selling, general and administrative expenses increased from 8.9% in 1996 to 9.2% in 1997. This increase was primarily due to higher costs as a percentage of sales attributable to SEMCO.

Interest expense increased by \$1.3 million from 1996 to 1997 primarily due to higher average borrowings as a result of the SEMCO acquisition and capital expenditures.

As a result of the above, income before taxes increased by \$.7 million, or 3%, to a record \$27.5 million in 1997 from \$26.8 million in 1996.

Income taxes approximated \$11.1 million in 1997, an effective rate of 40.3% in comparison with 40.4% in 1996.

Year Ended 1996 Compared to Year Ended 1995

Net sales increased by \$60.1 million, or 21%, to \$343.0 million in 1996 from \$282.8 million in 1995. This increase primarily resulted from including twelve months of net sales of Hubbell Steel (acquired April 1995) for 1996 compared to nine months in 1995, including net sales of CCHT (acquired February 14, 1996) and sales growth at existing operations.

Cost of sales increased by \$41.3 million, or 17%, to \$281.7 million in 1996 from \$240.3 million in 1995. As a percentage of net sales, cost of sales decreased to 82% of net sales from 85%. This decrease was primarily due to higher margins attributable to CCHT sales and lower raw material costs at other operations.

Selling, general and administrative expense increased by \$8.5 million, or 39%, to \$30.6 million in 1996 from \$22.1 million in 1995. As a percentage of net sales, selling, general and administrative expense increased to 8.9% from 7.8% in 1995 primarily due to higher costs as a percentage of sales attributable to CCHT and performance based compensation linked to the Company's sales and profitability.

Interest expense decreased by \$.2 million primarily due to lower interest rates in 1996 compared to 1995 which were partially offset by higher average borrowings resulting from higher inventory levels to service increased sales and capital expenditures.

As a result of the above, income before taxes increased by \$10.4 million, or 64%, to \$26.8 million in 1996 from \$16.4 million in 1995.

Income taxes approximated \$10.8 million in 1996, an effective rate of 40.4% in comparison with 40.7% for 1995.

Liquidity and Capital Resources

During 1997, the Company increased working capital by \$19 million to \$87.6 million and the current ratio improved to 3.0 to 1 versus 2.7 to 1 at December 31, 1996. Long term debt increased by \$33.2 million to \$81.8 million and to 37% of total capitalization. Additionally, shareholders' equity increased by 15% to \$140 million at December 31, 1997.

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

Net cash provided by operations of \$24.4 million resulted primarily from net income of \$16.4 million, depreciation and amortization of \$8.5 million and provision for deferred income taxes of \$2.2 million offset by the decrease in accounts payable and accrued expenses of \$2.6 million.

Net cash provided by operations of \$24.4 million combined with net proceeds from long-term debt of \$18.5 million and \$3.1 million of cash on hand were used for the acquisition of SEMCO and capital expenditures. The most significant capital expenditure included the construction and installation of a new cold rolling mill at the Cleveland, Ohio facility.

During 1997, the Company amended its revolving credit agreement with its bank group to increase the capacity of the revolver to \$185 million and borrow on an unsecured basis. At December 31, 1997, \$107.6 million of the revolver was unused.

The Company believes that availability under its credit facility, together with funds generated from operations, will be more than sufficient to provide the Company with the liquidity and capital resources necessary to fund its anticipated working capital requirements, acquisitions and capital expenditure commitments for the next twelve months.

The Company believes that environmental issues will not require the expenditure of material amounts for environmental compliance in the future.

Safe Harbor Statement

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

Company Responsibility For Financial Statements

The accompanying consolidated financial statements of Gibraltar Steel Corporation have been prepared by management, which is responsible for their integrity and objectivity. The statements have been prepared in conformity with generally accepted accounting principles and include amounts based on management's best estimates and judgments. Financial information elsewhere in this Annual Report is consistent with that in the consolidated financial statements.

The Company has established and maintains a system of internal control designed to provide reasonable assurance that assets are safeguarded and that the financial records reflect the authorized transactions of the Company.

The financial statements have been audited by Price Waterhouse LLP, independent accountants. As part of their audit of the Company's 1997 financial statements, Price Waterhouse LLP considered the Company's system of internal control to the extent they deemed necessary to determine the nature, timing and extent of their audit tests.

The Board of Directors pursues its responsibility for the Company's financial reporting through its Audit Committee, which is composed entirely of outside directors. The independent accountants have direct access to the Audit Committee, with and without the presence of management representatives, to discuss the results of their audit work and their comments on the adequacy of internal accounting controls and the quality of financial reporting.

Brian J. Lipke
Chairman of the Board
and Chief Executive Officer

Walter T. Erazmus
Executive Vice President
and Chief Financial Officer

Index to Financial Statements:

Financial Statements:

Report of Independent Accountants	17
Consolidated Balance Sheet at December 31, 1997 and 1996	18
Consolidated Statement of Income for the three years ended December 31, 1997	19
Consolidated Statement of Cash Flows for the three years ended December 31, 1997	20
Consolidated Statement of Shareholders' Equity for the three years ended December 31, 1997	21
Notes to Consolidated Financial Statements	22

Supplementary Data:

Quarterly Unaudited Financial Data	32
------------------------------------	----

Report of Independent Accountants

To the Board of Directors and
Shareholders of Gibraltar Steel Corporation

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Gibraltar Steel Corporation and its subsidiaries at December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, 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 19, 1998

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

ASSETS	December 31,	
	1997	1996
Current assets:		
Cash and cash equivalents	\$ 2,437	\$ 5,545
Accounts receivable	49,151	40,106
Inventories	76,701	62,351
Other current assets	2,457	1,524
	-----	-----
Total current assets	130,746	109,526
Property, plant and equipment, net	115,402	88,670
Other assets	35,188	24,311
	-----	-----
	\$ 281,336	\$ 222,507
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 38,233	\$ 35,397
Accrued expenses	3,644	4,238
Current maturities of long-term debt	1,224	1,218
	-----	-----
Total current liabilities	43,101	40,853
Long-term debt	81,800	48,623
Deferred income taxes	15,094	10,364
Other non-current liabilities	1,297	923
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: 12,409,619 shares in 1997 and 12,322,400 in 1996	124	123
Additional paid-in capital	66,190	64,307
Retained earnings	73,730	57,314
	-----	-----
Total shareholders' equity	140,044	121,744
	-----	-----
	\$ 281,336	\$ 222,507
	=====	=====

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

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

	Year Ended December 31,		
	1997	1996	1995
Net sales	\$ 449,700	\$ 342,974	\$ 282,833
Cost of sales	375,537	281,717	240,370
	-----	-----	-----
Gross profit	74,163	61,257	42,463
Selling, general and administrative expense	41,560	30,640	22,095
	-----	-----	-----
Income from operations	32,603	30,617	20,368
Interest expense	5,115	3,827	3,984
	-----	-----	-----
Income before taxes	27,488	26,790	16,384
Provision for income taxes	11,072	10,815	6,662
	-----	-----	-----
Net income	\$ 16,416	\$ 15,975	\$ 9,722
	=====	=====	=====
Net income per share - Basic	\$ 1.33	\$ 1.42	\$.96
	=====	=====	=====
Weighted average shares outstanding - Basic	12,357	11,261	10,164
	=====	=====	=====
Net income per share - Diluted	\$ 1.30	\$ 1.39	\$.95
	=====	=====	=====
Weighted average shares outstanding - Diluted	12,591	11,464	10,213
	=====	=====	=====

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,		
	1997	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 16,416	\$ 15,975	\$ 9,722
Adjustments to reconcile net income income to net cash provided by (used in) operating activities:			
Depreciation and amortization	8,478	6,246	4,538
Provision for deferred income taxes	2,227	774	218
Undistributed equity investment income	(444)	(528)	(366)
Gain on disposition of property and equipment	(68)	(4)	(146)
Increase (decrease) in cash resulting from changes in (net of effects from acquisitions):			
Accounts receivable	(176)	(1,225)	838
Inventories	1,607	(17,077)	17,979
Other current assets	(726)	411	(503)
Accounts payable and accrued expenses	(2,597)	9,275	3,390
Other assets	(289)	(244)	70
	-----	-----	-----
Net cash provided by operating activities	24,428	13,603	35,740
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions, net of cash acquired	(26,475)	(23,715)	(20,859)
Investments in property, plant and equipment	(21,784)	(15,477)	(14,504)
Proceeds from sale of property and equipment	1,118	775	317
	-----	-----	-----
Net cash used in investing activities	(47,141)	(38,417)	(35,046)
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term debt reduction	(79,962)	(78,195)	(64,527)
Proceeds from long-term debt	98,417	68,906	66,832
Net proceeds from issuance of common stock	1,150	35,525	-
	-----	-----	-----
Net cash provided by financing activities	19,605	26,236	2,305
	-----	-----	-----
Net (decrease) increase in cash and and cash equivalents	(3,108)	1,422	2,999
Cash and cash equivalents at beginning of year	5,545	4,123	1,124
	-----	-----	-----
Cash and cash equivalents at end of year	\$ 2,437	\$ 5,545	\$ 4,123
	=====	=====	=====

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

GIBRALTAR STEEL CORPORATION
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(in thousands)

	Common Shares	Shares Amount	Additional Paid-in Capital	Retained Earnings
Balance at December 31, 1994	10,163	\$ 102	\$ 28,677	\$ 31,617
Net income	-	-	-	9,722
Profit sharing plan contribution	11	-	126	-
	-----	-----	-----	-----
Balance at December 31, 1995	10,174	102	28,803	41,339
Net income	-	-	-	15,975
Public offering	2,050	20	34,370	-
Profit sharing plan contribution	11	-	184	-
Stock options exercised	87	1	950	-
	-----	-----	-----	-----
Balance at December 31, 1996	12,322	123	64,307	57,314
Net income	-	-	-	16,416
Stock options exercised and related tax benefit	73	1	1,562	-
Stock awards	4	-	82	-
Profit sharing plan contribution	11	-	239	-
	-----	-----	-----	-----
Balance at December 31, 1997	<u>12,410</u>	<u>\$ 124</u>	<u>\$ 66,190</u>	<u>\$ 73,730</u>

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

GIBRALTAR STEEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

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

Use of Estimates

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

Cash and Cash Equivalents

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

Inventories

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

Property, Plant and Equipment

Property, plant and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method. Accelerated methods are used for income tax purposes. Interest is capitalized in connection with construction of qualified assets. Under this policy, interest of \$963,000, \$522,000 and \$683,000 was capitalized in 1997, 1996 and 1995, respectively.

Other Assets

Goodwill is amortized over 35 years. Amortization expense was \$880,000, \$557,000 and \$218,000 in 1997, 1996, and 1995, respectively.

Shareholders' Equity

In both July 1997 and 1996, the Company issued 11,000 of its common shares as a contribution to one of its profit sharing plans.

Interest Rate Exchange Agreements

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

Income Taxes

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

Earnings Per Share

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

2. ACQUISITIONS

On January 31, 1997, the Company acquired the stock of Southeastern Metals Manufacturing Company, Inc. (SEMCO) for approximately \$25 million in cash. In addition, the Company repaid approximately \$15 million of SEMCO's bank indebtedness. SEMCO manufactures a wide array of metal products for the residential and commercial construction markets.

On February 14, 1996, the Company acquired the stock of Carolina Commercial Heat Treating, Inc. (CCHT) for approximately \$25 million in cash. 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 using purchase accounting with SEMCO's and CCHT's results of operations included from the respective acquisition dates. The purchase price exceeded the fair market value of the net assets by approximately \$11 million each for both SEMCO and CCHT.

The following pro forma information presents the condensed results of operations of the Company as if the acquisitions had occurred at the beginning of each period presented. The pro forma amounts may not be indicative of the results that would have actually been achieved and are not necessarily indicative of future results.

(in thousands, except per share data)
 Year Ended December 31,
 1997 1996
 (unaudited)

Net sales	\$ 456,224	\$ 434,928
	=====	=====
Income before taxes	\$ 27,198	\$ 28,067
	=====	=====
Net income	\$ 16,234	\$ 16,600
	=====	=====
Net income per share	\$ 1.31	\$ 1.47
	=====	=====

3. ACCOUNTS RECEIVABLE

Accounts receivable are expected to be collected within one year and are net of reserves for doubtful accounts of \$990,000 and \$698,000 at December 31, 1997 and 1996, respectively.

4. INVENTORIES

Inventories at December 31 consist of the following:

	(in thousands)	
	1997	1996
Raw material	\$ 51,804	\$ 45,258
Finished goods and work-in-process	24,897	17,093
	-----	-----
Total inventories	\$ 76,701	\$ 62,351
	=====	=====

5. PROPERTY, PLANT AND EQUIPMENT

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

	(in thousands)	
	1997	1996
Land and land improvements	\$ 2,984	\$ 2,978
Building and improvements	32,420	29,145
Machinery and equipment	99,737	78,018
Construction in progress	16,503	7,894
	-----	-----
	151,644	118,035
Less accumulated depreciation and amortization	36,242	29,365
	-----	-----
Property, plant and equipment, net	\$ 115,402	\$ 88,670
	=====	=====

6. OTHER ASSETS

Other assets at December 31 consist of the following:

	(in thousands)	
	1997	1996
Goodwill, net	\$ 30,275	\$ 20,199
Equity interest in partnership	3,736	3,292
Other	1,177	820
	-----	-----
Total other assets	\$ 35,188	\$ 24,311
	=====	=====

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 mills and steel processors, including the Company.

7. DEBT

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

	(in thousands)	
	1997	1996
Revolving credit notes payable	\$ 77,400	\$ 43,000
Industrial Development Revenue Bond	5,048	6,190
Other debt	576	651
	-----	-----
	83,024	49,841
Less current maturities	1,224	1,218
	-----	-----
Total long-term debt	\$ 81,800	\$ 48,623
	=====	=====

In September 1997, the Company amended its debt agreement increasing its revolving credit facility to \$185,000,000. The facility is unsecured and is committed through September 2002. This facility has various interest rate options which are no greater than the bank's prime rate. In addition, the Company may enter into interest rate exchange agreements (swaps) to manage interest costs and exposure to changing interest rates. At December 31, 1997 the Company had three interest rate swap agreements outstanding that effectively converted \$55,000,000 of floating rate debt to fixed rates ranging from 6.39% to 6.78% which terminate at different dates beginning November 2000. At December 31, 1997, additional borrowings consisted of \$22,400,000 with an interest rate of LIBOR plus a fixed rate. The weighted average interest rate of these borrowings was 6.78% at December 31, 1997.

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 (6.57% at December 31, 1997), 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 \$1,015,000. 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 for a nominal amount.

The aggregate maturities on long-term debt including lease purchase obligations for the five years following December 31, 1997 are as follows: 1998, \$1,224,000; 1999, \$1,306,000; 2000, \$1,158,000; 2001, \$1,159,000 and 2002, \$78,177,000.

The Company had no amounts outstanding under short-term borrowing for the years ended December 31, 1997 and 1996.

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

Total cash paid for interest in the years ended December 31, 1997, 1996 and 1995 was \$6,155,000, \$4,701,000 and \$4,715,000, respectively.

8. LEASES

The Company leases certain facilities and equipment under operating leases. Rent expense under operating leases for the years ended December 31, 1997, 1996 and 1995 was \$3,771,000, \$2,358,000 and \$1,693,000, respectively. Future minimum lease payments under these operating leases are \$2,509,000, \$1,668,000, \$1,464,000, \$1,404,000 and \$1,308,000 for the years 1998, 1999, 2000, 2001 and 2002, respectively, and \$6,167,000 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 provides defined pension benefits to certain salaried employees upon retirement. Net unfunded periodic pension costs of \$154,000 and \$106,000 were accrued under this plan in 1997 and 1996, respectively, and consisted primarily of service cost using a discount rate of 7.0% and 7.5%, respectively.

Total expense for all plans was \$1,258,000, \$1,066,000 and \$637,000 for the years ended December 31, 1997, 1996 and 1995, respectively.

10. OTHER POST-RETIREMENT BENEFITS

Certain subsidiaries of the Company provide health and life insurance to substantially all of their employees and to a number of retirees and their spouses. The net periodic post-retirement benefit cost charged to expense consisting of service cost, interest cost and amortization of transition obligations was \$223,000, \$237,000 and \$207,000 for 1997, 1996 and 1995, respectively.

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

	(in thousands)	
	1997	1996
Retirees	\$ 482	\$ 468
Other fully eligible participants	308	200
Other active participants	1,018	943
	-----	-----
	\$ 1,808	\$ 1,611
	=====	=====

The accumulated post-retirement benefit obligation was determined using a weighted average discount rate of 7.0% in 1997 and 7.5% in 1996. The medical inflation rate was assumed to be 8% in 1997, with a gradual reduction to 5% over three years. The effect of a 1% annual increase in the medical inflation rate would increase the accumulated post-retirement benefit obligation by approximately \$305,000 and \$286,000 and the annual service and interest costs by approximately \$35,000 and \$37,000 for 1997 and 1996, 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)		
	1997	1996	1995
Current tax expense			
Federal	\$ 7,514	\$ 8,774	\$ 5,611
State	1,331	1,267	833
	-----	-----	-----
Total current	8,845	10,041	6,444
	-----	-----	-----
Deferred tax expense			
Federal	2,036	670	198
State	191	104	20
Total deferred	2,227	774	218
	-----	-----	-----
Total provision	\$ 11,072	\$ 10,815	\$ 6,662
	=====	=====	=====

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

	(in thousands)	
	1997	1996
Depreciation	\$ 14,129	\$ 9,026
Inventory method change	1,588	1,752
Other	1,371	1,034
	-----	-----
Gross deferred tax liabilities	17,088	11,812
	-----	-----
State taxes	(656)	(528)
Other	(2,074)	(1,187)
	-----	-----
Gross deferred tax assets	(2,730)	(1,715)
	-----	-----
Net deferred tax liabilities	\$ 14,358	\$ 10,097
	=====	=====

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)		
	1997	1996	1995
Statutory U.S. tax rates	\$ 9,621	\$ 9,376	\$ 5,734
Increase in rates resulting from:			
State and local taxes, net	989	891	554
Other	462	548	374
	-----	-----	-----
	\$ 11,072	\$ 10,815	\$ 6,662
	=====	=====	=====

Total cash paid for income taxes in the years ended December 31, 1997, 1996 and 1995 was \$9,100,000, \$9,639,000 and \$6,250,000, respectively.

12. EARNINGS PER SHARE

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

	Income	Basic Shares	Basic EPS	Diluted Shares	Diluted EPS
1997	\$ 16,416,000	12,357,186	\$ 1.33	12,591,019	\$ 1.30
1996	\$ 15,975,000	11,260,956	\$ 1.42	11,463,508	\$ 1.39
1995	\$ 9,722,000	10,163,187	\$.96	10,213,329	\$.95

Included in diluted shares are common stock equivalents relating to options of 233,833, 202,552, and 49,512 for 1997, 1996 and 1995, respectively.

13. STOCK OPTIONS

The Company may grant non-qualified stock options to officers, employees, non-employee directors and advisers at an exercise price equal to 100% of market price and incentive share options to officers and other key employees at an exercise price not less than 100% of market price up to an aggregate of 400,000 and 850,000 shares, respectively. The options may be exercised in cumulative annual increments of 25% commencing one year from the date of grant and expire ten years from the date of grant.

The following table summarizes the option plans' activity for the years ended December 31:

	Options Outstanding	Weighted-Average Exercise Price	Options Exercisable	Weighted-Average Exercise Price
Balance at January 1, 1995	397,500	\$ 10.74		
Granted	75,000	11.00		
Forfeited	(2,500)	10.00		

Balance at December 31, 1995	470,000	\$ 10.78	171,875	\$ 10.85
Granted	173,750	16.75		
Exercised	(87,500)	10.87		

Balance at December 31, 1996	556,250	\$ 12.63	201,875	\$ 10.80
Granted	220,450	21.75		
Exercised	(72,219)	11.49		
Forfeited	(11,250)	10.75		

Balance at December 31, 1997	693,231	\$ 15.68	282,781	\$ 11.55
	=====			

The Company realized tax benefits of \$733,000 associated with the exercise of certain stock options which has been credited to paid in capital.

Options outstanding at December 31, 1997 consisted of:

Range of Exercise Prices	Options Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Options Exercisable	Weighted-Average Exercise Price
\$10 - \$11	309,189	6.4 years	\$ 10.79	248,564	\$ 10.83
\$16.75 - \$21.75	384,042	9.1 years	\$ 19.62	34,217	\$ 16.75
	-----			-----	
	693,231	7.9 years	\$ 15.68	282,781	\$ 11.55
	=====			=====	

The Company has adopted the disclosure-only provisions of FASB No. 123 "Accounting for Stock-Based Compensation". Accordingly, no compensation cost has been recognized for the option plans as stock options granted under these plans have an exercise price equal to 100% of the market price on the date of grant. If the compensation cost for these plans had been determined based on the fair value at the grant dates for awards consistent with the method of FASB No. 123, there would have been no effect on the Company's net income and earnings per share in 1995. The pro forma effect for 1996 and 1997 is as follows:

	As Reported 1997	Pro forma 1997	As Reported 1996	Pro forma 1996
Net Income	\$ 16,416,000	\$ 16,108,000	\$ 15,975,000	\$ 15,890,000
Net Income per Share	\$ 1.33	\$ 1.30	\$ 1.42	\$ 1.41

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

	Fair Value	Expected Life	Volatility	Risk-Free Interest Rate
1997 Grant	\$9.77	5 years	40.19%	6.14%
1996 Grant	\$7.44	5 years	38.07%	6.64%
1995 Grant	\$4.56	5 years	36.16%	5.70%

The Company also has a Restricted Stock Plan reserved for issuance of 100,000 common shares for the grant of restricted stock awards to employees and non-employee directors at a purchase price of \$.01 per share. In December 1997, 4,000 shares were awarded to non-employee directors under this plan.

14. COMMITMENTS AND CONTINGENCIES

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

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

1997 Quarter Ended	March 31	June 30	Sept. 30	Dec. 31
Net Sales	\$ 108,277	\$ 119,213	\$ 114,249	\$ 107,961
Gross Profit	18,698	19,917	18,147	17,401
Net Income	4,446	4,697	3,787	3,486
Net Income Per Share-Basic	\$.36	\$.38	\$.31	\$.28
Net Income Per Share-Diluted	\$.35	\$.37	\$.30	\$.28
1996 Quarter Ended	March 31	June 30	Sept. 30	Dec. 31
Net Sales	\$ 82,034	\$ 86,476	\$ 87,994	\$ 86,470
Gross Profit	14,029	15,867	15,979	15,382
Net Income	3,334	4,155	4,414	4,072
Net Income Per Share-Basic	\$.33	\$.40	\$.36	\$.33
Net Income Per Share-Diluted	\$.32	\$.40	\$.35	\$.32

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

Information regarding directors and executive officers of the Company is incorporated herein by reference to the information included in the Company's definitive proxy statement which will be filed with the Commission within 120 days after the end of the Company's 1997 fiscal year.

Item 11. Executive Compensation

Information regarding executive compensation is incorporated herein by reference to the information included in the Company's definitive proxy statement which will be filed with the Commission within 120 days after the end of the Company's 1997 fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Information regarding security ownership of certain beneficial owners and management is incorporated herein by reference to the information included in the Company's definitive proxy statement which will be filed with the Commission within 120 days after the end of the Company's 1997 fiscal year.

Item 13. Certain Relationships and Related Transactions

Information regarding certain relationships and related transactions is incorporated herein by reference to the information included in the Company's definitive proxy statement which will be filed with the Commission within 120 days after the end of the company's 1997 fiscal year.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K	Page Number
(a) (1) Financial Statements:	
Report of Independent Accountants	17
Consolidated Balance Sheet at December 31, 1997 and 1996	18
Consolidated Statement of Income for the three years ended December 31, 1997	19
Consolidated Statement of Cash Flows for the three years ended December 31, 1997	20
Consolidated Statement of Shareholders' Equity for the three years ended December 31, 1997	21
Notes to Consolidated Financial Statements	22
(2) Supplementary Data	
Quarterly Unaudited Financial Data	32
(3) Exhibits	
The exhibits to this Annual Report on Form 10-K included herein are set forth on the attached Exhibit Index beginning on page 36.	
(b) Reports on Form 8-K	
No reports on Form 8-K were filed by the Company during the three month period ended December 31, 1997.	

SIGNATURES

Pursuant to the requirement of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GIBRALTAR STEEL CORPORATION

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

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Brian J. Lipke Brian J. Lipke	February 3, 1998 President, Chief Executive Officer and Chairman of the Board (principal executive officer)
/s/ Walter T. Erazmus Walter T. Erazmus	February 3, 1998 Treasurer and Chief Financial Officer (principal financial and accounting officer)
/s/ Neil E. Lipke Neil E. Lipke	February 3, 1998 Director
/s/ Gerald S. Lippes Gerald S. Lippes	February 3, 1998 Director
/s/ Arthur A. Russ, Jr. Arthur A. Russ, Jr.	February 3, 1998 Director
/s/ David N. Campbell David N. Campbell	February 3, 1998 Director
/s/ William P. Montague William P. Montague	February 3, 1998 Director

Exhibit Index

Exhibit Number	Exhibit	Sequentially Numbered Page
3.1	Certificate of Incorporation of Registrant (incorporated by reference to the same exhibit number to the Company's Registration Statement on Form S-1 (Registration No. 33-69304))	
3.2	By-Laws of the Registrant (incorporated by reference to the same exhibit number to the Company's Registration Statement on Form S-1 (Registration No. 33-69304))	
4.1	Specimen Common Share Certificate (incorporated by reference to the same exhibit number to the Company's Registration Statement on Form S-1 (Registration No. 33-69304))	
10.1	Partnership Agreement of Samuel Pickling Management Company dated June 1, 1988 between Cleveland Pickling, Inc. and Samuel Manu-Tech, Inc. (incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-1 (Registration No. 33-69304))	
10.2	Partnership Agreement dated May 1988 among Samuel Pickling Management Company, Universal Steel Co. and Ruscon Steel Corp., creating Samuel Steel Pickling Company, a general partnership (incorporated by reference to Exhibit 10.8 to the Company's Registration Statement on Form S-1 (Registration No. 33-69304))	
10.3	Lease dated December 1, 1987 between American Steel and Wire Corporation as Lessor and Gibraltar Strip Steel, Inc., as Lessee, and related Service Agreement as amended by an Amendment to Lease and Amendment to Service Agreement dated February 1, 1992 (incorporated by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-1 (Registration No. 33-69304))	
10.4	Lease dated September 1, 1990 between Erie County Industrial Development Agency and Integrated Technologies International, Ltd.(incorporated by reference to Exhibit 10.13 to the Company's Registration Statement on Form S-1(Registration No. 33-69304))	
10.5	Lease dated June 4, 1993 between Buffalo Crushed Stone, Inc. and Gibraltar Steel Corporation (incorporated by reference to Exhibit 10.14 to the Company's Registration Statement on Form S-1 (Registration No. 33-69304))	

Exhibit Number	Exhibit	Sequentially Numbered Page
10.6*	Employment Agreement dated as of November 1, 1993 between the Registrant and Brian J. Lipke (incorporated by reference to Exhibit 10.15 to the Company's Registration Statement on Form S-1 (Registration No. 33-69304))	
10.7	Gibraltar Steel Corporation Executive Incentive Bonus Plan (incorporated by reference to Exhibit 10.16 to the Company's Registration Statement on Form S-1(Registration No. 33-69304))	
10.8	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 Company's Registration Statement on Form S-1(Registration No. 33-69304))	
10.9*	Gibraltar Steel Corporation Incentive Stock Option Plan (incorporated by reference to Exhibit 10.18 to the Company's Registration Statement on Form S-1 (Registration No. 33-69304))	
10.10*	Gibraltar Steel Corporation Incentive Stock Option Plan, Second Amendment and Restatement (incorporated by reference to Exhibit 10.16 to the Company's Registration Statement on Form S-1 (Registration No. 333-03979))	
10.11*	Gibraltar Steel Corporation Incentive Stock Option Plan, Third Amendment and Restatement	41
10.12*	Gibraltar Steel Corporation Restricted Stock Plan (incorporated by reference to Exhibit 10.19 to the Company's Registration Statement on Form S-1 (Registration No. 33-69304))	
10.13*	Gibraltar Steel Corporation Restricted Stock Plan, First Amendment and Restatement	55
10.14*	Gibraltar Steel Corporation Non-Qualified Stock Option Plan (incorporated by reference to Exhibit 10.20 to the Company's Registration Statement on Form S-1(Registration No. 33-69304))	
10.15*	Gibraltar Steel Corporation Non-Qualified Stock Option Plan, First Amendment and Restatement (incorporated by reference to Exhibit 10.17 to the Company's Registration Statement on Form S-1 (Registration No. 333-03979))	
10.16*	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 Company's Registration Statement on Form S-1(Registration No. 33-69304))	

- 10.17 Tax Indemnification Agreement dated as of November 5, 1993 among the Registrant, Brian J. Lipke, Curtis W. Lipke, Neil E. Lipke, Eric R. Lipke, Meredith A. Lipke, Bonneville Trust of December 31, 1987 f/b/o Brian J. Lipke, Corvette Trust of December 31, 1987 f/b/o Curtis W. Lipke, Nova Trust of December 31, 1987 f/b/o Neil E. Lipke, Electra Trust of December 31, 1987 f/b/o Eric R. Lipke, Monza Trust of January 22, 1988 f/b/o Meredith A. Lipke, Bonneville Trust No. 2 of August 15, 1988 f/b/o Brian J. Lipke, Corvette Trust No. 2 of August 15, 1988 f/b/o Curtis W. Lipke, Nova Trust No. 2 of August 15, 1988 f/b/o Neil E. Lipke, Electra Trust No. 2 of August 15, 1988 f/b/o Eric R. Lipke, Monza Trust No. 2 of February 15, 1988 f/b/o Meredith A. Lipke (incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 1993)
- 10.18 Agreement and Plan of Exchange and Reorganization dated October 31, 1993 among the Registrant, Estate of Kenneth E. Lipke, Bonneville Trust of December 31, 1987 f/b/o Brian J. Lipke, Corvette Trust of December 31, 1987 f/b/o Curtis W. Lipke, Nova Trust of December 31, 1987 f/b/o Neil E. Lipke, Electra Trust of December 31, 1987 f/b/o Eric R. Lipke, Monza Trust of January 22, 1988 f/b/o Meredith A. Lipke, Bonneville Trust No. 2 of August 15, 1988 f/b/o Brian J. Lipke, Corvette Trust No. 2 of August 15, 1988 f/b/o Curtis W. Lipke, Nova Trust No. 2 of August 15, 1988 f/b/o Neil E. Lipke, Electra Trust No. 2 of August 15, 1988 f/b/o Eric R. Lipke, Monza Trust No. 2 of February 15, 1988 f/b/o Meredith A. Lipke (incorporated by reference to Exhibit 10.23 to the Company's Annual Report on Form 10-K for the year ended December 31, 1993)
- 10.19 Credit Agreement dated as of September 15, 1997 among Gibraltar Steel Corporation, Gibraltar Steel Corporation of New York, Chase Manhattan Bank, N.A., as Administrative Agent and various financial institutions that are signatories thereto (incorporated by reference to Exhibit 10.1 to the Company's Quarterly report on Form 10-Q for the quarter ended September 30, 1997)
- 10.20 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 of Tennessee (incorporated by reference to Exhibit 10.10 to the Company's Registration Statement on Form S-1 (Registration No. 333-03979))

Exhibit Number	Exhibit	Sequentially Numbered Page
10.21*	Gibraltar Steel Corporation 401(k) Plan (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8 (No. 33-87034))	
10.22*	First Amendment, dated January 20, 1995, to Gibraltar Steel Corporation 401(k) Plan (incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K for the year ended December 31, 1994)	
10.23	Stock Purchase Agreement dated as of April 3, 1995 among Gibraltar Steel Corporation of New York, Albert Fruman, Marshall Fruman, Lee Fruman, Dale Fruman and William R. Hubbell Trust U/A dated July 20, 1990 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated April 3, 1995)	
10.24	Real Property Lease Agreement dated February 14, 1996 between Blacksmith Leasing and Carolina Commercial Heat Treating, Inc. (incorporated by reference to Exhibit 10.25 to the Company's Registration Statement on Form S-1 (Registration No. 333-03979))	
10.25	Real Property Lease Agreement dated February 14, 1996 between Blacksmith Leasing and Carolina Commercial Heat Treating, Inc. (incorporated by reference to Exhibit 10.26 to the Company's Registration Statement on Form S-1 (Registration No. 333-03979))	
10.26	Lease dated as of August 12, 1995 between John W. Rex and Carolina Commercial Heat Treating, Inc. (incorporated by reference to Exhibit 10.27 to the Company's Registration Statement on Form S-1 (Registration No. 333-03979))	
10.27	Purchase Agreement dated as of January 31, 1997 among Gibraltar Steel Corporation of New York, Nadine W. Gramling; Nadine W. Gramling, as Trustee of the Nadine W. Gramling Revocable Trust; D.G. Granger as Trustee of the Donnie L. Gramling, Jr. GRAT; D.G. Granger as Trustee of the Scott Ray Gramling GRAT; D.G. Granger as Trustee of the Tonya Michelle Cogan GRAT; D. G. Granger as Trustee of the Donnie L. Gramling, Jr. GRAT No. 2; D.G. Granger as Trustee of the Scott Ray Gramling GRAT No. 2; D.G. Granger as Trustee of the Tonya Michelle Cogan GRAT No. 2; H. Leon Holbrook, as Trustee of the Donnie L. Gramling, Jr.	

GRAT No. 3; H. Leon Holbrook, as Trustee of the Donnie L. Gramling, Jr. GRAT No. 4; H. Leon Holbrook as Trustee of the Tonya Michelle Cogan GRAT No. 3; H. Leon Holbrook, as Trustee of the Tonya Michelle Cogan GRAT No. 4; H. Leon Holbrook, as Trustee of the Scott Ray Gramling GRAT No. 3; H. Leon Holbrook, as Trustee of the Scott Ray Gramling GRAT No. 4; Donnie L. Gramling, Sr. and Nadine W. Gramling as Tenants by the Entirety; The Employee Stock Ownership Plan and Trust of Southeastern Metals Manufacturing Company, Inc.; Nadine W. Gramling; DNG (1997) Limited Partnership; and DNG (1997) Limited Partnership (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated January 31, 1997)

21	Subsidiaries of the Registrant	62
27	Financial Data Schedule	63

* Document is a management contract or compensatory plan or arrangement

GIBRALTAR STEEL CORPORATION
INCENTIVE
STOCK OPTION PLAN

Third 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 amended the Plan effective February 15, 1996 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, as a result of a change in the provisions of Rule 16b-3 as issued and in effect under the terms of the Securities and Exchange Act of 1934 prior to August 1, 1996, the Company desires to amend the Plan to allow options granted under the terms of the Plan, including previously issued options and options which may be issued in the future pursuant to the Plan to be transferred by any Executive Officers of the Company that have been granted such options to the extent that such options are not "qualified" options because the fair market value of the common stock of the Company (determined as of the date of the grant of such options) which can be acquired pursuant to the exercise of such options (to the extent such options first become exercisable in any calendar year) when added to the fair market value of the common stock of the Company which can be acquired pursuant to the terms of all other incentive stock options which first become exercisable in any such calendar year exceeds \$100,000; and

WHEREAS, the Company also desires to amend the Plan to increase the total number of shares of Common Stock which may be issued in

-41-

connection with options granted pursuant to the terms of the Plan by Two Hundred Fifty Thousand (250,000); and

WHEREAS, the Company desires to amend and restate the terms of the Plan to permit the Executive Officers of the Company to transfer options which they have or been granted or may, in the future, be granted to the extent described above, to increase the number of share of Common Stock which may be issued in connection with 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 Third Amendment and Restatement of the Gibraltar Steel Corporation Incentive Stock Option Plan effective as of May 20, 1997:

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. If the Committee is composed of two (2) Directors, both members of the Committee must approve 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.

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 seems 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 unless: (a) the price per share at which common stock of the Company may be acquired in connection with the exercise of such options is not less than one hundred ten percent (110%) of the fair market value of such common stock, determined as of the date of the grant of such options; and (b) the period of time within which such options must be exercised does not exceed five (5) years from the date on which such options are granted. 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 were 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 were reserved for issuance pursuant to options which may be granted hereunder. Effective May 20, 1997, in addition to the number of shares of Common Stock reserved for issuance pursuant to options which were permitted to be granted as of May 19, 1997, an additional Two Hundred Fifty Thousand (250,000) 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: (a) Four Hundred Thousand (400,000) shares (subject to anti-

dilutive adjustments made at any time after September 21, 1993 pursuant to Section 5 hereof); (b) Two Hundred Thousand (200,000) shares (subject to anti-dilutive adjustments made at any time after February 15, 1996 pursuant to Section 5 hereof); and (c) Two Hundred Fifty Thousand (250,000) shares (subject to anti-dilutive adjustments made at any time after May 20, 1997 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, and if any options are issued pursuant to the terms of this Plan at any time after: (x) the total number of shares of Common Stock which may be acquired upon the exercise of all previously issued options equals: (y) the sum of: (i) Four Hundred Thousand (400,000) shares (subject to the anti-dilutive adjustments made at any time after September 21, 1993 pursuant to Section 5 hereof); and (ii) Two Hundred Thousand (200,000) shares (subject to anti-dilutive adjustments made at any time after February 15, 1996 pursuant to Section 5 hereof), any option issued after such time shall continue to be valid and binding upon the Company pursuant to its terms but 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 Section 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 Section 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. Subject to the provisions of Section 10 hereof, 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. (a) Subject to the provisions of Sections 9(b) and 10(c) hereof, options granted under this Plan may not be assigned voluntarily or involuntarily or by operation of law and 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.

(b) Notwithstanding anything to the contrary contained in the terms of the Plan as in effect at any time prior to the date hereof and notwithstanding anything to the contrary contained in the terms of any statement, letter or other document or agreement setting forth the terms and conditions of any options previously issued pursuant to the terms of this Plan, any and all Non-Qualified Options (as defined in Section 13 hereof) previously issued to any officer of the Company (as defined in Rule 16A-a(f) issued under the Securities and Exchange Act of 1934 (hereinafter an "Executive Officer")) pursuant to the terms of the Plan and, subject to the approval of the Committee, any Non-Qualified Options which may be granted or issued to any Executive Officer of the Company at any time in the future pursuant to the terms of the Plan shall be transferable by the Executive Officer to whom such Non-Qualified Options have been or are granted to: (i) the spouse, children or grandchildren of the Executive Officer (hereinafter "Immediate Family Members"); (ii) a trust or trusts for the exclusive benefit of such Immediate Family Members; (iii) a partnership or limited liability company in which such Immediate Family Members are the only partners or members; or (iv) a private foundation established by the Executive Officer; provided that: (x) there may be no consideration for any such transfer; (y) in the case of Non-Qualified Options which may be granted in the future, the statement, letter or other document or agreement setting forth the terms and conditions of any such Non-Qualified Options must expressly provide for and limit the transferability of such Non-Qualified Options to transfers which are permitted by the foregoing provisions of this Section 9(b); and (z) any subsequent transfer of transferred Non-Qualified Options shall, except for transfers occurring as a result of the death of the transferee as contemplated by Section 10(e), be prohibited. Following the transfer of any Non-Qualified Options as permitted by the foregoing provisions of this Section 9(b), any such transferred Non-Qualified Options shall continue to be subject to the same terms and conditions applicable to such Non-Qualified Options

immediately prior to the transfer; provided that, for purposes of this Plan, the term "Optionee" shall be deemed to refer to the transferee. Notwithstanding the foregoing, the events of termination of employment of Section 10 hereof shall continue to be applied with respect to the original Optionee for the purpose of determining whether or not the Non-Qualified Options shall be exercisable by the transferee and, upon termination of the original Optionee's employment, the Non-Qualified Options shall be exercisable by the transferee only to the extent and for the periods specified in Section 10 below.

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 herein above 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 Optionees' 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 an Optionee, the date the Optionee actually retires from his employment with the Company or, if applicable, the Subsidiary by whom he is employed; provided that such date occurs on or after the date the Optionee is otherwise entitled to retire under the terms of 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 a term 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. The grant of any options pursuant to the terms of this Plan which do not qualify as "incentive stock options" as defined in Section 422 of the Code is hereby approved provided that the maximum number of shares of Common Stock of the Company which can be issued pursuant to the terms of this Plan (as provided for in Section 4 hereof) is not exceeded by the grant of any such options and, to the extent that any options previously granted pursuant to the terms of this Plan were not "incentive stock options" within the meaning of Section 422 of the Code, the grant of such options is hereby ratified, approved and confirmed.

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 (referred to, for purposes of this Plan, as "Non-Qualified Options") shall not be deemed to be incentive stock options as defined in Section 422(b) of the Code. 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 20th day of May, 1997.

GIBRALTAR STEEL CORPORATION

By: /s/ Walter T. Erazmus
Walter T. Erazmus
Executive Vice President

DATE ADOPTED BY BOARD OF DIRECTORS: September 21, 1993
DATE APPROVED BY STOCKHOLDERS: November 5, 1993
TERMINATION DATE: September 21, 2003

First Amendment and Restatement

Recitals:

Effective September 21, 1993, Gibraltar Steel Corporation (the "Company"), a Delaware Corporation with offices at 3556 Lake Shore Road, Buffalo, New York, established the Gibraltar Steel Corporation Restricted Stock Plan ("Plan") for the purpose of providing an equity based incentive compensation plan that would increase the personal interest of executive and managerial employees in the successful and profitable operation of the Company.

The Company desires to amend the Plan to expand the class of individuals that are eligible to participate in the Plan and to provide the Committee that administers the Plan the ability to establish the period of time that the restrictions on transferability of shares of stock granted under the Plan will be in effect.

NOW, THEREFORE, in order to carry into effect the amendment to the Plan described above, the Company hereby adopts the following as the First Amendment and Restatement to the Gibraltar Steel Corporation Restricted Stock Plan effective August 11, 1997:

1. Purposes. The purposes of the Gibraltar Steel Corporation Restricted Stock Plan (the "Plan") are: (a) to enable the Company and its direct and indirect wholly owned subsidiaries to attract, reward and retain highly qualified executive and managerial employees and outside directors through the use of an equity based incentive compensation program; and (b) to increase the personal interest which the executive and managerial employees and outside directors of the Company and its direct and indirect wholly owned subsidiaries have in the successful and profitable operation of the Company by linking a portion of the compensation and fees paid to such employees and outside directors to the value of the Company's common stock, par value \$.01 per share (hereinafter "Common Stock").

2. Stock Subject to Plan. The shares of stock which may be awarded pursuant to this Plan shall be shares of Common Stock. All awards of Common Stock made pursuant to this Plan shall be subject to the restrictions on transferability described in Section 6 hereof and to such other restrictions as may be imposed by the Committee (as defined in Section 3 hereof) in connection

-55-

with its making of an award under this Plan (which other restrictions need not be the same for each Participant). Accordingly, each share of Common Stock awarded pursuant to the terms of this Plan is hereinafter referred to as "Restricted Stock".

The aggregate number of shares of Restricted Stock which may be granted and awarded under this Plan shall not exceed 100,000. Notwithstanding the foregoing, the number of shares of Restricted Stock available for awards under this Plan shall be adjusted proportionately in the event of any change, increase or decrease in the outstanding shares of Common Stock 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; provided, however, that no fractional shares shall be issued in connection with any such capital adjustment. The Restricted Stock which is awarded under this Plan may be either authorized but unissued Common Stock or treasury shares. Shares which are the subject of an award granted under this Plan shall not again become available for future grants unless the recipient of an award fails to pay the purchase price for the shares pursuant to Section 5 hereof.

3. Committee. For purposes of this Plan, the committee

which shall be responsible for the administration of the Plan (the "Committee") shall be the Board of Directors of the Company. The responsibilities of the Committee shall include, but be not limited to, the determination of whether an award of Restricted Stock should be made, the number of shares of Restricted Stock to be awarded and the establishment of such other terms and conditions of such Restricted Stock awards as the Board of Directors may deem appropriate.

4. Eligibility and Participation. Each employee and each outside director of the Company and each employee and each outside director of the Company's direct and indirect wholly owned subsidiaries shall be eligible to receive an award of Restricted Stock under the terms of this Plan. For the purposes of this Plan, if an award of Restricted Stock is granted to an employee or outside director under the terms of this Plan, such employee or outside director shall be deemed to be a "Participant".

The Committee shall, from time to time, determine which employees or outside directors of the Company or any of its direct or indirect wholly owned subsidiaries should receive an award of Restricted Stock and the number of shares of Restricted Stock to be awarded to such employees or outside directors. In determining which employees or outside directors should receive

an award of Restricted Stock under the terms of this Plan, the Committee shall take into account the past performance of the Company, the employee's or outside director's contributions to past performance, the capacity of the employee or outside director to contribute in a substantial measure to the performance of the Company in the future and such other factors as the Committee may consider relevant.

The Committee shall provide a Participant who is granted an award of Restricted Stock written notice of the number of shares of Restricted Stock contained in the award, the timing and terms for payment by the Participant of the purchase price of the Restricted Stock to be issued pursuant to the award, a statement of any restrictions imposed on the Restricted Stock to be issued pursuant to the award, a statement of the length of time that such restrictions will apply and a statement of the date to be used for determining whether the restrictions imposed by this Plan have lapsed (such date being hereinafter referred to as the "Award Date").

5. Awards of Restricted Stock. Each Participant that receives an award of Restricted Stock under this Plan shall be required to pay for such Restricted Stock. The price per share which shall be paid by a Participant that has been granted an award of Restricted Stock shall be equal to the par value of such share. The Committee shall determine the time and manner in which a Participant shall be required to pay for Restricted Stock which the Participant has been awarded under this Plan. Each share of Restricted Stock awarded to a Participant under the terms of this Plan shall be subject to the restrictions on transferability contained in Section 6 hereof and such other restrictions as the Committee may establish at the time the award is made (which other restrictions need not be the same for each Participant).

The Committee, in its discretion, may require the Participant to execute an agreement at the time of issuance of the Restricted Stock to the Participant which agreement shall contain such terms and conditions as may, from time to time, be established by the Committee.

6. Restrictions. The shares of the Restricted Stock sold to a Participant in connection with this Plan may not be sold, pledged, encumbered or otherwise alienated or hypothecated by the Participant until the time that these restrictions have lapsed as hereinafter provided in this Section 6.

The restrictions described in the preceding sentence shall lapse at the end of a period to be established by the

Committee and described with particularity in each award of Restricted Stock, or shall lapse on the date the Participant attains the age of 65 provided the Participant remains in the employ of, or serves as an outside director of, the Company or any of its direct or indirect subsidiaries during the entire period beginning on the Award Date and ending on the date the restrictions lapse.

The restrictions imposed on shares of Restricted Stock awarded pursuant to the terms of this Plan shall also lapse upon the occurrence of a Change in Control. 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 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 shareholders 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 or all or substantially all the assets of the Company.

7. Stockholder Rights. Subject to the other provisions of this Plan, the Participant shall have all the rights of a stockholder with respect to the shares of Restricted Stock which are subject to this award including, but not limited to, the right to receive all dividends on such shares and the right to vote such shares; provided, however, that non-cash dividends, distributions and adjustments shall be subject to the same restrictions and risk of forfeiture as set forth in Sections 6 and 10 hereof as are applicable to the original shares of Restricted Stock subject to the Participant's award.

8. Other Restrictions. The Committee may impose such other restrictions on any shares of Restricted Stock sold pursuant to this Plan as it may deem advisable, including, without limitation, restrictions under the Securities Act of 1933 as amended (the "Act") restrictions under the requirements of any stock exchange upon which such shares or shares of the same class are then listed, and restrictions under any blue sky or securities laws applicable to such shares.

9. Legend. In order to enforce the restrictions imposed on Restricted Stock granted under this Plan, the Committee shall cause a legend or legends to be placed on any certificate representing shares of Restricted Stock issued pursuant to this Plan, which legend or legends shall make appropriate reference to the restrictions imposed under it.

10. Termination of Employment. Except as hereinafter provided, if a Participant's employment or service as an outside director with the Company or any of its subsidiaries is voluntarily or involuntarily terminated at any time prior to the date that the restrictions imposed by Section 6 hereof have lapsed, any shares of Restricted Stock issued to such Participant with respect to which such restrictions have not lapsed shall be forfeited and the price paid by the Participant therefor shall be returned to the Participant. Notwithstanding the foregoing, the restrictions to which shares of Restricted Stock are subject pursuant to Section 6 hereof shall lapse: (a) upon the Participant's death, total and permanent disability (to the extent and in a manner as shall be determined by the Committee in its sole discretion) or retirement (as determined by the Committee in its sole discretion); or (b) upon the occurrence of such special circumstances or event as in the opinion of the Committee merits special consideration.

11. Non-Transferability of Awards. Awards granted under

this Plan shall not be transferable by the Participant otherwise than by will or the laws of descent and distribution and the right to purchase shares of Restricted Stock pursuant to an award under this Plan may be exercised or surrendered during a Participant's lifetime only by the Participant.

12. Tax Withholding. The Company or subsidiary shall deduct and withhold, from any cash or other payments to be made to the Participant, such amounts under federal, state or local tax rules or regulations as it deems appropriate with respect to an award under the Plan. In any event, the Participant shall make available to the Company or subsidiary, promptly when required, sufficient funds to meet the requirements of such withholding, and the Committee shall be entitled to take and authorize such steps as it may deem advisable in order to have such funds available to the Company or subsidiary when required.

13. Issuance of Shares and Compliance with the Act. The Company may postpone the issuance and delivery of shares of Restricted Stock until: (a) the admission of such shares to listing on any stock exchange on which shares of Common Stock are then listed; and (b) the completion of such registration or other qualification of such shares of Restricted Stock under any state or federal law, rule or regulation as the Company shall determine to be necessary or advisable. As a condition precedent to the issuance of shares of Restricted Stock pursuant to the grant of an award under the Plan, the Company may require the recipient thereof to make such representations and furnish such information as may, in the opinion of counsel for the Company, be appropriate to permit the Company, in the light of the then existence or non-existence with respect to such shares of an effective Registration Statement under the Act to issue the shares in compliance with the provisions of that or any comparable act.

14. Administration. The Committee shall have full authority to manage and control the operation and administration of the Plan. Any interpretation of the Plan by the Committee and any decision made by the Committee of any matter within its discretion is final and binding on all persons.

15. Participant Rights. No employee or outside director shall have any claim or right to be granted an award of Restricted Stock under the Plan except as the Committee shall have conferred in its discretion in the administration of the Plan. Participation in the Plan by an employee shall not confer upon the employee any right with respect to continuation of employment by the Company or its subsidiaries, nor interfere with the right of the Company to terminate at any time the employment of the employee. Participation in the Plan by an outside

director will not confer upon the outside director any right with respect to continuation of service as an outside director of the Company or its subsidiaries, nor interfere with the provisions otherwise existing for the election and removal of directors of the Company or its subsidiaries.

16. Amendment and Termination. The Board of Directors of the Company may amend, suspend or terminate the Plan or any portion thereof at any time; provided that no amendment, suspension or termination shall impair the rights of any Participant, without the Participant's consent, in any Restricted Stock previously awarded under this Plan. The Committee may amend the Plan to the extent necessary for the efficient administration of the Plan, or to make it practically workable or to confirm it to the provisions of any federal or state law or regulation.

17. Non-Exclusivity of Plan. Neither the adoption of this Plan by the Company's Board of Directors nor the submission of this Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Company's Board of Directors to adopt any other incentive compensation arrangements it may deem desirable, including, without limitation, the awarding of Common Stock to employees otherwise than under the terms of this Plan and such other arrangements as may be either generally applicable or applicable only in specific cases.

18. Governing Law. Except as otherwise required by the General Corporation Law of the State of Delaware, this Plan shall be governed by and construed in accordance with the laws of the State of New York without regard to its conflicts of law principles.

19. Effective Date of Plan; Stockholder Approval. On September 21, 1993, the Board of Directors of the Company adopted and approved the Plan subject to ratification and approval by the stockholders of the Company. On November 8, 1993, the stockholders of the Company ratified and approved the Plan. The effective date of the Plan is September 21, 1993.

IN WITNESS WHEREOF, the undersigned has executed this First Amendment and Restatement of the Plan by and on behalf of the Company on and as of 19th day of August, 1997.

GIBRALTAR STEEL CORPORATION

By: /s/ Walter T. Erazmus
Walter T. Erazmus
Executive Vice President

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
Southeastern Metals Manufacturing Company, Inc.	Florida
Gibraltar Steel Corporation Flight Services Corp.	New York
Gibraltar Strip Steel, Inc.	Delaware
Integrated Technologies International, Ltd.	Delaware
Cleveland Pickling, Inc.	Delaware
GIT Limited	New York
Gibraltar Steel Corporation of Tennessee	Tennessee

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

1000
US DOLLARS

12-MOS		
	DEC-31-1997	
	JAN-01-1997	
	DEC-31-1997	
	1	2,437
	0	
	50,141	
	990	
	76,701	
	130,746	151,644
	36,242	
	281,336	
43,101		81,800
0		0
		124
		139,920
281,336		449,700
	449,700	
		375,537
	375,537	
	41,560	
	0	
	5,115	
	27,488	
	11,072	
16,416		0
	0	
	0	
		0
	16,416	
	1.33	
	1.30	