UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended March 31, 2017

OR

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

For the transition period from __________ to __________

Commission File Number 0-22462

GIBRALTAR INDUSTRIES, INC.
(Exact name of Registrant as specified in its charter)

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

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

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

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting company ☐
			Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicated by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.). Yes ☐ No x

As of May 3, 2017, the number of common shares outstanding was: 31,581,944.

GIBRALTAR INDUSTRIES, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended March 31,	
	2017	2016
Net Sales	$ 206,605	$ 237,671
Cost of sales	157,350	183,521
Gross profit	49,255	54,150
Selling, general, and administrative expense	39,576	36,389
Income from operations	9,679	17,761
Interest expense	3,576	3,691
Other expense (income)	54	(35)
Income before taxes	6,049	14,105
Provision for income taxes	2,053	5,076
Net income	$ 3,996	$ 9,029
Net earnings per share:		
Basic	$ 0.13	$ 0.29
Diluted	$ 0.12	$ 0.28
Weighted average shares outstanding:		
Basic	31,688	31,423
Diluted	32,254	31,790

See accompanying notes to consolidated financial statements.

GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2017	2016
Net income	$ 3,996	$ 9,029
Other comprehensive income (loss):		
Foreign currency translation adjustment	679	3,078
Adjustment to retirement benefit liability, net of tax	(3)	(1)
Adjustment to post employment health care benefit liability, net of tax	29	38
Other comprehensive income	705	3,115
Total comprehensive income	$ 4,701	$ 12,144

See accompanying notes to consolidated financial statements.

GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

	March 31, 2017	December 31, 2016
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 160,901	$ 170,177
Accounts receivable, net	128,482	124,072
Inventories	86,943	89,612
Other current assets	5,957	7,336
Total current assets	382,283	391,197
Property, plant, and equipment, net	98,691	108,304
Goodwill	320,411	304,032
Acquired intangibles	112,533	110,790
Other assets	4,548	3,922
	$ 918,466	$ 918,245
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 76,894	$ 69,944
Accrued expenses	66,253	70,392
Billings in excess of cost	14,452	11,352
Current maturities of long-term debt	400	400
Total current liabilities	157,999	152,088
Long-term debt	209,433	209,237
Deferred income taxes	38,089	38,002
Other non-current liabilities	46,640	58,038
Shareholders' equity:		
Preferred stock, $0.01 par value; authorized 10,000 shares; none outstanding	—	—
Common stock, $0.01 par value; authorized 50,000 shares; 32,133 shares and 32,085 shares issued and outstanding in 2017 and 2016	321	320
Additional paid-in capital	265,809	264,418
Retained earnings	215,998	211,748
Accumulated other comprehensive loss	(7,016)	(7,721)
Cost of 552 and 530 common shares held in treasury in 2017 and 2016	(8,807)	(7,885)
Total shareholders' equity	466,305	460,880
	$ 918,466	$ 918,245

See accompanying notes to consolidated financial statements.

GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)(unaudited)

	Three Months Ended March 31,	
	2017	2016
Cash Flows from Operating Activities		
Net income	$ 3,996	$ 9,029
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,480	6,054
Stock compensation expense	1,635	1,348
Net loss (gain) on sale of assets	12	(189)
Exit activity (recoveries) costs, non-cash	(917)	910
Other, net	240	(220)
Changes in operating assets and liabilities, excluding the effects of acquisitions:		
Accounts receivable	(4,462)	14,880
Inventories	2,338	117
Other current assets and other assets	410	(254)
Accounts payable	5,672	(5,101)
Accrued expenses and other non-current liabilities	(12,061)	(11,033)
Net cash provided by operating activities	2,343	15,541
Cash Flows from Investing Activities		
Cash paid for acquisitions, net of cash acquired	(18,561)	(2,314)
Net proceeds from sale of property and equipment	9,233	57
Purchases of property, plant, and equipment	(1,453)	(1,501)
Other, net	—	1,118
Net cash used in investing activities	(10,781)	(2,640)
Cash Flows from Financing Activities		
Payment of debt issuance costs	—	(54)
Purchase of treasury stock at market prices	(922)	(414)
Net proceeds from issuance of common stock	11	133
Net cash used in financing activities	(911)	(335)
Effect of exchange rate changes on cash	73	1,203
Net (decrease) increase in cash and cash equivalents	(9,276)	13,769
Cash and cash equivalents at beginning of year	170,177	68,858
Cash and cash equivalents at end of period	$ 160,901	$ 82,627

See accompanying notes to consolidated financial statements.

GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(in thousands)
(unaudited)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock		Total Shareholders' Equity
	Shares	Amount				Shares	Amount	
Balance at December 31, 2016	32,085	$ 320	$ 264,418	$ 211,748	$ (7,721)	530	$ (7,885)	$ 460,880
Net income	—	—	—	3,996	—	—	—	3,996
Foreign currency translation adjustment	—	—	—	—	679	—	—	679
Adjustment to retirement benefit liability, net of taxes of ($2)	—	—	—	—	(3)	—	—	(3)
Adjustment to post employment health care benefit liability, net of taxes of $19	—	—	—	—	29	—	—	29
Stock compensation expense	—	—	1,635	—	—	—	—	1,635
Cumulative effect of accounting change (see Note 2)	—	—	(254)	254	—	—	—	—
Stock options exercised	1	—	11	—	—	—	—	11
Net settlement of restricted stock units	47	1	(1)	—	—	22	(922)	(922)
Balance at March 31, 2017	32,133	$ 321	$ 265,809	$ 215,998	$ (7,016)	552	$ (8,807)	$ 466,305

See accompanying notes to consolidated financial statements.

GIBRALTAR INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited consolidated financial statements have been prepared by management in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments consisting of normal recurring adjustments considered necessary for the fair presentation of results for the interim period have been included. The results of operations for the three month periods ended March 31, 2017 are not necessarily indicative of the results expected for the full year. The Company is subject to reduced activity in the first and fourth quarters as colder, inclement weather reduces order rates from end markets it serves. The accompanying unaudited consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in our annual Form 10-K for the year ended December 31, 2016.

Certain prior year amounts have been reclassified to conform to current year's presentation. Refer to Note 2 for a summary of ASUs we adopted during 2017 and the related financial statement impact.

Immaterial Adjustment to Previously Reported Interim Period

For the quarter ended March 31, 2016, immaterial differences were identified between amounts presented in prior quarterly reports on Form 10-Q and amounts required to be recorded in accordance with U.S. generally accepted accounting principles due to errors in the Company's accounting for estimated total contract costs at completion as it is related to revenue recognition under the percentage of completion accounting method. Refer to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 for a complete description of these differences. The corrected amounts for the quarter ended March 31, 2016, are presented in the accompanying consolidated statements of operations, comprehensive income and cash flows.

2. RECENT ACCOUNTING PRONOUNCEMENTS

Standard	**Description**	**Financial Statement Effect or Other Significant Matters**
ASU No. 2014-09 *Revenue from Contracts with Customers (Topic 606)* *And All Related ASUs*	The standard requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard also requires additional disclosures about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and assets recognized from costs incurred to obtain or fulfill a contract. The provisions of the standard, as well as all subsequently issued clarifications to the standard, are effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years. The standard can be adopted using either a full retrospective or modified retrospective approach.	The Company currently believes the most significant impact of this standard upon adoption relates to the revenue recognition for custom fabricated products within the Company's Industrial and Infrastructure Products segment. Under this standard, the Company expects to recognize revenue on an over time basis on custom fabricated products in the Industrial and Infrastructure Products segment which is a change from our current revenue recognition policy of point-in-time basis. The Company expects revenue recognition related to the remaining Industrial and Infrastructure Products segment, Residential Products segment and Renewable Energy and Conservation segment to remain substantially unchanged upon adoption of this standard. The Company has identified and is in the process of implementing appropriate changes to the Company's business processes, systems and internal controls to support recognition and disclosure under this standard. The transition method to be adopted by the Company is still currently being evaluated. The Company has not yet completed the process of quantifying the effects of any changes that will result from adoption. Date of adoption: Q1 2018

ASU No. 2016-02 *Leases (Topic 842)*	The standard requires lessees to recognize a lease liability and a right-of-use asset on the balance sheet. The provisions of the standard are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted.	The Company is currently evaluating the requirements of this standard and has not yet determined its impact on the Company's consolidated financial statements. Date of adoption: Q1 2019
ASU No. 2016-09 *Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*	The standard simplifies the accounting for share-based payment award transactions including: income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. The provisions of this standard are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption is permitted.	The Company has adopted all amendments included in this standard under each required transition method. The Company concluded there were no material changes to prior periods, except for the following: the Company (a) reclassified its prior interim period excess tax benefit for stock compensation of $187,000 on its consolidated statement of cash flows from a financing activity to an operating activity; and (b) recognized a cumulative-effect adjustment of $254,000 as an increase to retained earnings and decrease to additional paid-in capital on the Company's consolidated statement of shareholders' equity as of January 1, 2017 to reflect the change in value for a restricted stock unit liability award as of December 31, 2016, as if the award had been classified as an equity award since its respective grant date. Date of adoption: Q1 2017
ASU No. 2016-15 *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*	The standard provides guidance on eight specific cash flow issues to reduce diversity in reporting. The provisions of this standard are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted.	The Company is currently evaluating the requirements of this standard and has not yet determined its impact on the Company's consolidated financial statements. Date of adoption: Q1 2018
ASU No. 2016-16 *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*	The standard allows an entity to recognize income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The provisions of this standard are effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within those annual reporting periods. Early adoption is permitted as of the beginning of an annual reporting period for which financial statements (interim or annual) have not been issued or made available for issuance.	The Company is currently evaluating the requirements of this standard and has not yet determined its impact on the Company's consolidated financial statements. Date of adoption: Q1 2018
ASU No. 2017-04 *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*	The standard eliminates the "Step 2" analysis to determine the amount of impairment realized when a reporting unit's carrying amount exceeds its fair value in its "Step 1" analysis of accounting for impairment of goodwill. The impairment charge would be the amount determined in "Step 1." The provisions of this standard are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for annual and interim goodwill impairment testing dates after January 1, 2017.	The Company has adopted this standard and it did not have any impact on the Company's consolidated financial statements. Date of Adoption: Q1 2017

ASU No. 2017-07 *Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*	The standard requires an employer to recognize the service cost component of net periodic pension costs and net periodic postretirement benefit costs in the same line item(s) as other compensation costs from services rendered by pertinent employees during the period. Other components of net benefit cost are required to be presented separately from the service cost component and outside a subtotal of income from operations. The provisions of this standard are effective for annual reporting periods beginning after December 15, 2017, including interim periods within those annual periods. Early adoption is permitted as of the beginning of an annual period for which financial statements (interim or annual) have not been issued or made available for issuance.	The Company has adopted this standard and has applied it retrospectively for the presentation of the service cost component, as well as, other components of net periodic pension cost and net periodic postretirement benefit cost in our statement of operations. The adoption decreased selling, general, and administrative expense by $160,000, and comparably increased other expense in our prior interim period statement of operations by the same amount. This guidance did not have any impact on our balance sheet or our statement of cash flows. Date of Adoption: Q1 2017

3. ACCOUNTS RECEIVABLE, NET
Accounts receivable consists of the following (in thousands):

	March 31, 2017	December 31, 2016
Trade accounts receivable	$ 87,669	$ 81,193
Contract receivables:		
Amounts billed	35,551	41,569
Costs in excess of billings	10,699	6,582
Total contract receivables	46,250	48,151
Total accounts receivable	133,919	129,344
Less allowance for doubtful accounts	(5,437)	(5,272)
Accounts receivable	$ 128,482	$ 124,072

Contract receivables are primarily associated with developers, contractors and customers in connection with the Renewable Energy and Conservation segment. Costs in excess of billings principally represent revenues recognized on contracts that were not billable as of the balance sheet date. These amounts will be billed in accordance with contract terms, generally as certain milestones are reached or upon shipment. All of the costs in excess of billings are expected to be collected within one year. In situations where billings exceed revenues recognized, the excess is included in billings in excess of cost in the Consolidated Balance Sheet.

4. INVENTORIES
Inventories consist of the following (in thousands):

	March 31, 2017	December 31, 2016
Raw material	$ 40,521	$ 41,758
Work-in-process	12,644	12,268
Finished goods	33,778	35,586
Total inventories	$ 86,943	$ 89,612

5. ACQUISITIONS
On February 22, 2017, the Company acquired all of the outstanding stock of Package Concierge. Package Concierge is a leading provider of multifamily electronic package delivery locker systems in the United States.

The acquisition of Package Concierge is expected to enable the Company to expand its position in the fast-growing package delivery solutions market. The results of Package Concierge have been included in the Company's consolidated financial results since the date of acquisition (within the Company's Residential Products segment). The preliminary aggregate purchase consideration for the acquisition of Package Concierge was $18,892,000 as of March 31, 2017, which includes a working capital adjustment and certain other adjustments provided for in the stock purchase agreement. The acquisition was financed through cash on hand.

The preliminary purchase price for the acquisition was allocated to the assets acquired and liabilities assumed based upon their respective fair values. The excess consideration was recorded as goodwill and approximated $16,710,000, which is not deductible for tax purposes. Goodwill represents future economic benefits arising from other assets acquired that could not be individually identified including workforce additions, growth opportunities, and increased presence in the building products markets.

The allocation of the preliminary purchase consideration to the fair value of the assets acquired and liabilities assumed is as follows as of the date of the acquisition (in thousands):

Cash	$	590
Working capital deficiency		(2,071)
Property, plant and equipment		55
Acquired intangible assets		3,600
Other assets		8
Goodwill		16,710
Fair value of purchase consideration	$	18,892

The intangible assets acquired in this acquisition consisted of the following (in thousands):

		Fair Value	Estimated Useful Life
Trademarks	$	600	Indefinite
Technology		1,300	10 years
Customer relationships		1,700	7 years
Total	$	3,600	

On October 11, 2016, the Company acquired all of the outstanding stock of Nexus Corporation ("Nexus"). Nexus is a leading provider of commercial-scale greenhouses to customers in the United States.

The acquisition of Nexus is expected to enable the Company to strengthen its position in the commercial greenhouse market in the United States. The results of Nexus have been included in the Company's consolidated financial results since the date of acquisition (within the Company's Renewable Energy and Conservation segment). The final aggregate purchase consideration for the acquisition of Nexus was $23,762,000, which includes a working capital adjustment and certain other adjustments provided for in the stock purchase agreement. The remaining estimated purchase adjustment accrued as of December 31, 2016 of $1,000,000 was reduced to $168,000 and was paid by the Company during the first quarter of 2017.

The purchase price for the acquisition was allocated to the assets acquired and liabilities assumed based upon their respective fair values. The excess consideration was recorded as goodwill and approximated $11,451,000, of which all is deductible for tax purposes.

The allocation of the purchase consideration to the fair value of the assets acquired and liabilities assumed is as follows as of the date of the acquisition (in thousands):

Cash	$ 2,495
Working capital	(1,109)
Property, plant and equipment	4,702
Acquired intangible assets	6,200
Other assets	23
Goodwill	11,451
Fair value of purchase consideration	$ 23,762

The intangible assets acquired in this acquisition consisted of the following (in thousands):

	Fair Value	Estimated Useful Life
Trademarks	$ 3,200	Indefinite
Technology	1,300	15 years
Customer relationships	800	11 years
Backlog	900	0.25 years
Total	$ 6,200	

The acquisitions of Package Concierge and Nexus were funded from available cash on hand. The Company incurred certain acquisition-related costs of $102,000 and $31,000 during the three months ended March 31, 2017 and 2016, respectively. These costs were composed of legal and consulting fees, and were recognized as a component of selling, general and administrative expenses in the consolidated statements of operations.

6. GOODWILL AND RELATED INTANGIBLE ASSETS

Goodwill

The changes in the carrying amount of goodwill for the three months ended March 31, 2017 are as follows (in thousands):

	Residential Products	Industrial and Infrastructure Products	Renewable Energy & Conservation	Total
Balance at December 31, 2016	$ 181,285	$ 53,884	$ 68,863	$ 304,032
Acquired goodwill	16,710	—	—	16,710
Adjustments to prior year acquisitions	—	—	(832)	(832)
Foreign currency translation	—	46	455	501
Balance at March 31, 2017	$ 197,995	$ 53,930	$ 68,486	$ 320,411

Goodwill is recognized net of accumulated impairment losses of $235,419,000 as of March 31, 2017 and December 31, 2016.

Acquired Intangible Assets

Acquired intangible assets consist of the following (in thousands):

	March 31, 2017		December 31, 2016		
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Estimated Life
Indefinite-lived intangible assets:					
Trademarks	$ 45,352	$ —	$ 44,720	$ —	Indefinite
Finite-lived intangible assets:					
Trademarks	5,815	2,584	5,808	2,427	5 to 15 Years
Unpatented technology	28,020	10,519	26,720	10,041	5 to 20 Years
Customer relationships	80,596	35,096	78,569	33,585	5 to 17 Years
Non-compete agreements	1,649	700	1,649	623	4 to 10 Years
Backlog	900	900	900	900	0.5 to 2 Years
	116,980	49,799	113,646	47,576	
Total acquired intangible assets	$ 162,332	$ 49,799	$ 158,366	$ 47,576	

The following table summarizes the acquired intangible asset amortization expense for the three months ended March 31 (in thousands):

	Three Months Ended March 31,	
	2017	2016
Amortization expense	$ 2,162	$ 2,181

Amortization expense related to acquired intangible assets for the remainder of fiscal 2017 and the next five years thereafter is estimated as follows (in thousands):

2017	$6,581
2018	$8,277
2019	$7,607
2020	$7,094
2021	$6,493
2022	$6,082

7. LONG-TERM DEBT

Long-term debt consists of the following (in thousands):

	March 31, 2017	December 31, 2016
Senior Subordinated 6.25% Notes	$ 210,000	$ 210,000
Other debt	2,800	2,800
Less unamortized debt issuance costs	(2,967)	(3,163)
Total debt	209,833	209,637
Less current maturities	400	400
Total long-term debt	$ 209,433	$ 209,237

The Company's Fifth Amended and Restated Credit Agreement dated December 9, 2015 (the "Senior Credit Agreement") was amended to convert our secured asset based credit facility into a secured cash flow revolver, and terminates on December 9, 2020.

The Senior Credit Agreement provides for a revolving credit facility and letters of credit in an aggregate amount of $300 million. The Company has the option to request additional financing from the banks to either increase the revolving credit facility to $500 million or to provide a term loan of up to $200 million. The Senior Credit Agreement contains financial covenants. As of March 31, 2017, the Company is in compliance with all covenants.

Borrowings under the Senior Credit Agreement are secured by the trade receivables, inventory, personal property, equipment, and certain real property of the Company's significant domestic subsidiaries. Interest rates on the revolving credit facility are based on the LIBOR plus an additional margin that ranges from 1.25% to 2.25% for LIBOR loans based on the Total Leverage Ratio.

In addition, the revolving credit facility is subject to an undrawn commitment fee ranging between 0.20% and 0.30% based on the Total Leverage Ratio and the daily average undrawn balance.

Standby letters of credit of $13,081,000 have been issued under the Senior Credit Agreement on behalf of the Company as of March 31, 2017. These letters of credit reduce the amount otherwise available under the revolving credit facility. As of March 31, 2017, the Company had $286,919,000 of availability under the revolving credit facility. No borrowings were outstanding under the revolving credit facility at March 31, 2017 and December 31, 2016.

On January 31, 2013, the Company issued $210 million of 6.25% Senior Subordinated Notes (6.25% Notes) due February 1, 2021.The provisions of the 6.25% Notes include, without limitation, restrictions on indebtedness, liens, and distributions from restricted subsidiaries, asset sales, affiliate transactions, dividends, and other restricted payments. Dividend payments are subject to annual limits and interest is paid semiannually on February 1 and August 1 of each year.

8. RELATED PARTY TRANSACTIONS

An officer of one of the Company's operating segments is the owner of certain real estate properties leased for manufacturing and distribution purposes by that operating segment. The leases are in effect until June 2018 and June 2020. For the three months ended March 31, 2017 and 2016, the Company incurred the following lease expense for these properties.

	Three Months Ended March 31,	
	2017	2016
Cost of sales	$ 262	$ 217

9. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

The cumulative balance of each component of accumulated other comprehensive loss, net of tax, is as follows (in thousands):

	Foreign Currency Translation Adjustment	Minimum Pension Liability Adjustment	Unamortized Post Retirement Health Care Costs	Total Pre-Tax Amount	Tax (Benefit) Expense	Accumulated Other Comprehensive (Loss) Income
Balance at December 31, 2016	$ (5,848)	$ 197	$ (3,150)	$ (8,801)	$ (1,080)	$ (7,721)
Minimum pension and post retirement health care plan adjustments	—	(5)	48	43	17	26
Foreign currency translation adjustment	679	—	—	679	—	679
Balance at March 31, 2017	$ (5,169)	$ 192	$ (3,102)	$ (8,079)	$ (1,063)	$ (7,016)

The realized adjustments relating to the Company's minimum pension liability and post retirement health care costs were reclassified from accumulated other comprehensive loss and included in other expense in the consolidated statements of operations.

10. EQUITY-BASED COMPENSATION

On May 6, 2016, the shareholders of the Company authorized the Gibraltar Industries, Inc. 2016 Stock Plan for Non-Employee Directors ("Non-Employee Directors Plan"). The Non-Employee Directors Plan is a compensation plan that allows the Company to grant awards of shares of the Company's common stock to non-employee Directors of the Company. In connection with the Non-Employee Directors Plan, the Company adopted a new stock deferral plan, the Gibraltar Industries, Inc. Non-Employee Director Stock Deferral Plan ("Deferral Plan"). The Deferral Plan permits non-employee Directors of the Company to defer receipt of shares of common stock which the non-employee Director is entitled to receive pursuant to the terms of the Non-Employee Directors Plan.

On May 7, 2015, the shareholders of the Company authorized the Gibraltar Industries, Inc. 2015 Equity Incentive Plan (the "Plan") and simultaneously amended the 2005 Equity Incentive Plan (the "Prior Plan") to terminate issuance of further awards from the Prior Plan. The Plan is an incentive compensation plan that allows the Company to grant equity-based incentive compensation awards to eligible participants. Awards under the Plan may be in the form of options, restricted shares, restricted units, performance shares, performance stock units, and rights.

Equity Based Awards - Settled in Stock

The following table provides the number of stock unit awards granted which will convert to shares upon vesting during the three months ended March 31, along with the weighted average grant date fair values:

	2017		2016	
Awards	Number of Awards	Weighted Average Grant Date Fair Value	Number of Awards	Weighted Average Grant Date Fair Value
Performance stock units	98,482	$ 43.05	—	$ —
Restricted stock units	59,112	$ 43.05	94,489	$ 20.43
Options	20,000	$ 43.05	—	$ —

Included in the performance stock units disclosed above are 78,482 units awarded in February 2017 for which the final number of units that will convert to shares will be determined based on the Company’s actual return on invested capital (ROIC) relative to the ROIC targeted for the performance period ended December 31, 2017. The remaining 20,000 units were also awarded in February 2017. The number of shares to be issued to the recipient will be determined based upon the ranking of the Company’s total shareholder return over a three (3) year performance period ended February 1, 2020 compared to the total shareholder return of companies in the S&P Small Cap Industrial Sector over such period.

Performance Stock Units - Settled in Cash

The Company awarded performance stock units ("PSUs") that will convert to cash after three years based upon a one year performance period in 2016, 2015 and 2014. The cost of these awards is recognized over the requisite vesting period. The PSUs earned over the performance period are determined based on the Company’s actual return on invested capital (ROIC) relative to the ROIC targeted for the performance period.

During the 2016 performance period, the participants earned an aggregate of 250,000 PSUs, representing 200% of the targeted 2016 award of 125,000. This award will convert to cash payable in January 2019.

During the 2015 performance period, the participants earned an aggregate of 438,000 PSUs, representing 200% of the targeted 2015 award of 219,000. This award will convert to cash payable in January 2018.

The following table summarizes the compensation expense recognized for the PSUs which will convert to cash for the three months ended March 31, (in thousands):

	Three Months Ended March 31,	
	2017	2016
Performance stock unit compensation expense	$ 1,737	$ 825

Management Stock Purchase Plan

The Management Stock Purchase Plan ("MSPP") provides participants the ability to defer a portion of their compensation, which deferral is converted to restricted stock units, and credited to an account. Under the MSPP, the Company provides a matching award in restricted stock units equal to a percentage of the employees' compensation. Matching awards are not provided to directors. The account represents a share-based liability converted to and settled in cash which is payable to participants upon retirement or a termination of their service to the Company.

The following table provides the number of restricted stock units credited to participant accounts and the payments made with respect to restricted stock units issued under the MSPP during the three months ended March 31,

	2017	2016
Restricted stock units credited	98,770	179,620
Share-based liabilities paid (in $1000s)	$ 2,353	$ 1,984

11. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Depending on the nature of the asset or liability, various techniques and assumptions can be used to estimate fair value. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Observable inputs other than quoted prices in active markets for similar assets and liabilities.
- Level 3 - Inputs that are unobservable inputs for the asset or liability.

The Company had no financial assets or liabilities measure at fair value on a recurring basis at March 31, 2017 and December 31, 2016. The Company's only financial instrument for which the carrying value differs from its fair value is long-term debt. At March 31, 2017 and December 31, 2016, the fair value of outstanding debt net of unamortized debt issuance costs was $219,373,000 and $219,898,000, respectively, compared to its carrying value of $209,833,000 and $209,637,000, respectively. The fair value of the Company's Senior Subordinated 6.25% Notes is classified as Level 2 within the fair value hierarchy and was estimated based on quoted market prices adjusted for unamortized debt issuance costs.

12. EXIT ACTIVITY COSTS AND ASSET IMPAIRMENTS

The Company has entered its third year of a five year planned transformation strategy formulated to transform its operations and improve its financial results over this five year period. This strategy includes an 80/20 simplification initiative which, in part, focuses the Company's internal resources on further increasing the value provided to our customers. A result of this initiative was the identification of low-volume, low margin, internally-produced products which have been or will be outsourced or discontinued. Portfolio management, another key part of the strategy and a natural adjunct to the 80/20 initiative, is another initiative in which management conducts strategic reviews of our current portfolio for future profitable growth and greater shareholder returns. This initiative has resulted in the sale and exiting of less profitable businesses or products lines in order to enable the Company to re-allocate leadership, time, capital and resources to the highest potential platforms and businesses. Exit activity costs and asset impairment charges were incurred as a result of these initiatives.

Exit activity costs were incurred during the three months ended March 31, 2017 which relate to contract termination costs, severance costs, and other moving and closing costs. These costs were the result of the closing and consolidation of facilities, relocation of inventory and equipment at those facilities and the reduction of workforce associated with the discontinued products and closed facilities. During the three months ended March 31, 2017, asset impairment charges incurred were more than offset by a gain on sale of assets previously impaired in 2016 as a result of businesses and product lines discontinued. Specifically, the exit of both the Company's small European residential solar racking business and the exit of the Company's U.S. bar grating product line, which commenced during the fourth quarter of 2016, transacted sales of assets during the three months ended March 31, 2017 which resulted in a net gain. These exits are expected to be completed in the first half of 2017. During the three months ended March 31, 2017, asset impairment charges were incurred related to the write-down of inventory and impairment of machinery and equipment associated with either discontinued product lines or the reduction of manufactured goods offered within a product line. These assets were written down to their sale or scrap value, and were subsequently sold or disposed of. During the three months ended March 31, 2017, the company closed three facilities as a result of these initiatives.

During the three months ended March 31, 2016, the Company incurred asset impairment charges and exit activity costs resulting from the above initiatives as well.

The following tables set forth the asset impairment charges and exit activity costs in conjunction with these efforts, incurred by segment during the three months ended March 31, related to the restructuring activities described above (in thousands):

	2017			2016		
	Inventory write-downs &/or asset impairment recoveries	Exit activity costs	Total	Inventory write-downs &/or asset impairment charges	Exit activity costs	Total
Residential Products	$ (21)	$ 185	$ 164	$ 688	$ 330	$ 1,018
Industrial & Infrastructure Products	(896)	2,656	1,760	222	458	680
Renewable Energy & Conservation	—	1,050	1,050	—	—	—
Corporate	—	28	28	—	—	—
Total exit activity costs & asset impairments	$ (917)	$ 3,919	$ 3,002	$ 910	$ 788	$ 1,698

The following table provides a summary of where the asset impairments and exit activity costs were recorded in the statement of operations for the three months ended March 31, (in thousands):

	Three Months Ended March 31,	
	2017	2016
Cost of sales	$ 994	$ 1,118
Selling, general, and administrative expense	2,008	580
Net asset impairment and exit activity charges	$ 3,002	$ 1,698

The following table reconciles the beginning and ending liability for exit activity costs relating to the Company's facility consolidation efforts (in thousands):

	2017	2016
Balance at January 1	$ 3,744	$ 603
Exit activity costs recognized	3,919	788
Cash payments	(4,617)	(430)
Balance at March 31	$ 3,046	$ 961

13. INCOME TAXES

The following table summarizes the provision for income taxes for continuing operations (in thousands) for the three months ended March 31, and the applicable effective tax rates:

	Three Months Ended March 31,	
	2017	2016
Provision for income taxes	$ 2,053	$ 5,076
Effective tax rate	33.9%	36.0%

The effective tax rate for the three months ended March 31, 2017 was less than the U.S. federal statutory rate of 35% due to net deductible permanent differences and favorable discrete items partially offset by state taxes and $0.9 million of pretax losses generated by the European residential solar racking business for which no tax benefit has been recorded as such benefit is not expected to be realizable. The effective tax rate for the three months ended March 31, 2016 exceeded the U.S. federal statutory rate of 35% due to state taxes partially offset by deductible permanent differences and favorable discrete items.

14. EARNINGS PER SHARE

Basic earnings and diluted weighted-average shares outstanding are as follows for the three months ended March 31, (in thousands):

	Three Months Ended March 31,	
	2017	2016
Numerator:		
Net income available to common shareholders	$ 3,996	$ 9,029
Denominator for basic earnings per share:		
Weighted average shares outstanding	31,688	31,423
Denominator for diluted earnings per share:		
Weighted average shares outstanding	31,688	31,423
Common stock options and restricted stock	566	367
Weighted average shares and conversions	$ 32,254	$ 31,790

The weighted average number of diluted shares does not include potential anti-dilutive common shares aggregating 526,000 and 723,000 for the three months ended March 31, 2017 and 2016, respectively.

15. SEGMENT INFORMATION

The Company is organized into three reportable segments on the basis of the production process and products and services provided by each segment, identified as follows:

(i) Residential Products, which primarily includes roof and foundation ventilation products, mail and package storage products, rain dispersion products and roofing accessories;

(ii) Industrial and Infrastructure Products, which primarily includes expanded and perforated metal, expansion joints and structural bearings; and

(iii) Renewable Energy and Conservation, which primarily includes designing, engineering, manufacturing and installation of solar racking systems and greenhouse structures.

When determining the reportable segments, the Company aggregated operating segments based on their similar economic and operating characteristics.

The following table illustrates certain measurements used by management to assess performance of the segments described above for the three months ended March 31, (in thousands):

	Three Months Ended March 31,	
	2017	2016
Net sales:		
Residential Products	$ 104,551	$ 100,147
Industrial and Infrastructure Products	50,718	80,017
Less: Intersegment sales	(456)	(367)
	50,262	79,650
Renewable Energy and Conservation	51,792	57,874
Total consolidated net sales	$ 206,605	$ 237,671
Income from operations:		
Residential Products	$ 15,641	$ 12,231
Industrial and Infrastructure Products	(37)	3,326
Renewable Energy and Conservation	3,340	8,307
Unallocated Corporate Expenses	(9,265)	(6,103)
Total income from operations	$ 9,679	$ 17,761

16. SUPPLEMENTAL FINANCIAL INFORMATION

The following information sets forth the consolidating summary financial statements of the issuer (Gibraltar Industries, Inc.) and guarantors, which guarantee the Senior Subordinated 6.25% Notes due February 1, 2021, and the non-guarantors. The guarantors are 100% owned domestic subsidiaries of the issuer and the guarantees are full, unconditional, joint and several.

Investments in subsidiaries are accounted for by the parent using the equity method of accounting. The guarantor subsidiaries and non-guarantor subsidiaries are presented on a combined basis. The principal elimination entries eliminate investments in subsidiaries and intercompany balances and transactions.

GIBRALTAR INDUSTRIES, INC.
CONSOLIDATING STATEMENTS OF OPERATIONS
THREE MONTHS ENDED MARCH 31, 2017
(in thousands)

	Gibraltar Industries, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net sales	$ —	$ 197,748	$ 11,242	$ (2,385)	$ 206,605
Cost of sales	—	150,507	8,982	(2,139)	157,350
Gross profit	—	47,241	2,260	(246)	49,255
Selling, general, and administrative expense	43	36,506	3,027	—	39,576
(Loss) income from operations	(43)	10,735	(767)	(246)	9,679
Interest expense (income)	3,402	192	(18)	—	3,576
Other expense (income)	—	130	(76)	—	54
(Loss) income before taxes	(3,445)	10,413	(673)	(246)	6,049
(Benefit of) provision for income taxes	(1,344)	3,378	19	—	2,053
Equity in earnings from subsidiaries	6,343	(692)	—	(5,651)	—
Net income (loss)	$ 4,242	$ 6,343	$ (692)	$ (5,897)	$ 3,996

GIBRALTAR INDUSTRIES, INC.
CONSOLIDATING STATEMENTS OF OPERATIONS
THREE MONTHS ENDED MARCH 31, 2016
(in thousands)

	Gibraltar Industries, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net sales	$ —	$ 215,213	$ 27,293	$ (4,835)	$ 237,671
Cost of sales	—	165,439	22,640	(4,558)	183,521
Gross profit	—	49,774	4,653	(277)	54,150
Selling, general, and administrative expense	40	31,911	4,438	—	36,389
(Loss) income from operations	(40)	17,863	215	(277)	17,761
Interest expense (income)	3,403	310	(22)	—	3,691
Other (income) expense	(46)	216	(205)	—	(35)
(Loss) income before taxes	(3,397)	17,337	442	(277)	14,105
(Benefit of) provision for income taxes	(1,207)	6,092	191	—	5,076
Equity in earnings from subsidiaries	11,496	251	—	(11,747)	—
Net income	$ 9,306	$ 11,496	$ 251	$ (12,024)	$ 9,029

GIBRALTAR INDUSTRIES, INC.
CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2017
(in thousands)

	Gibraltar Industries, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net income (loss)	$ 4,242	$ 6,343	$ (692)	$ (5,897)	$ 3,996
Other comprehensive income (loss):					
Foreign currency translation adjustment	—	—	679	—	679
Adjustment to retirement benefit liability, net of tax	—	(3)	—	—	(3)
Adjustment to post employment health care benefit liability, net of tax	—	29	—	—	29
Other comprehensive income	—	26	679	—	705
Total comprehensive income (loss)	$ 4,242	$ 6,369	$ (13)	$ (5,897)	$ 4,701

GIBRALTAR INDUSTRIES, INC.
CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2016
(in thousands)

	Gibraltar Industries, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net income	$ 9,306	$ 11,496	$ 251	$ (12,024)	$ 9,029
Other comprehensive income (loss):					
Foreign currency translation adjustment	—	—	3,078	—	3,078
Adjustment to retirement benefit liability, net of tax	—	(1)	—	—	(1)
Adjustment to post employment health care benefit liability, net of tax	—	38	—	—	38
Other comprehensive income	—	37	3,078	—	3,115
Total comprehensive income (loss)	$ 9,306	$ 11,533	$ 3,329	$ (12,024)	$ 12,144

GIBRALTAR INDUSTRIES, INC.
CONSOLIDATING BALANCE SHEETS
MARCH 31, 2017
(in thousands)

	Gibraltar Industries, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Assets					
Current assets:					
Cash and cash equivalents	$ —	$ 138,763	$ 22,138	$ —	$ 160,901
Accounts receivable, net	—	121,615	6,867	—	128,482
Intercompany balances	(11,508)	15,414	(3,906)	—	—
Inventories	—	82,288	4,655	—	86,943
Other current assets	1,424	1,262	3,271	—	5,957
Total current assets	(10,084)	359,342	33,025	—	382,283
Property, plant, and equipment, net	—	95,183	3,508	—	98,691
Goodwill	—	298,179	22,232	—	320,411
Acquired intangibles	—	103,223	9,310	—	112,533
Other assets	—	4,548	—	—	4,548
Investment in subsidiaries	688,635	58,481	—	(747,116)	—
	$ 678,551	$ 918,956	$ 68,075	$ (747,116)	$ 918,466
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts payable	$ —	$ 73,838	$ 3,056	$ —	$ 76,894
Accrued expenses	4,088	60,307	1,858	—	66,253
Billings in excess of cost	—	12,491	1,961		14,452
Current maturities of long-term debt	—	400	—	—	400
Total current liabilities	4,088	147,036	6,875	—	157,999
Long-term debt	208,158	1,275	—	—	209,433
Deferred income taxes	—	35,370	2,719	—	38,089
Other non-current liabilities	—	46,640	—	—	46,640
Shareholders' equity	466,305	688,635	58,481	(747,116)	466,305
	$ 678,551	$ 918,956	$ 68,075	$ (747,116)	$ 918,466

GIBRALTAR INDUSTRIES, INC.
CONSOLIDATING BALANCE SHEETS
DECEMBER 31, 2016
(in thousands)

	Gibraltar Industries, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Assets					
Current assets:					
Cash and cash equivalents	$ —	$ 143,826	$ 26,351	$ —	$ 170,177
Accounts receivable, net	—	117,526	6,546	—	124,072
Intercompany balances	(615)	6,152	(5,537)	—	—
Inventories	—	85,483	4,129	—	89,612
Other current assets	13,783	(10,070)	3,623	—	7,336
Total current assets	13,168	342,917	35,112	—	391,197
Property, plant, and equipment, net	—	104,642	3,662	—	108,304
Goodwill	—	282,300	21,732	—	304,032
Acquired intangibles	—	101,520	9,270	—	110,790
Other assets	—	3,922	—	—	3,922
Investment in subsidiaries	663,118	58,477	—	(721,595)	—
	$ 676,286	$ 893,778	$ 69,776	$ (721,595)	$ 918,245
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts payable	$ —	$ 66,363	$ 3,581	$ —	$ 69,944
Accrued expenses	7,369	60,004	3,019	—	70,392
Billings in excess of cost	—	9,301	2,051	—	11,352
Current maturities of long-term debt	—	400	—	—	400
Total current liabilities	7,369	136,068	8,651	—	152,088
Long-term debt	208,037	1,200	—	—	209,237
Deferred income taxes	—	35,354	2,648	—	38,002
Other non-current liabilities	—	58,038	—	—	58,038
Shareholders' equity	460,880	663,118	58,477	(721,595)	460,880
	$ 676,286	$ 893,778	$ 69,776	$ (721,595)	$ 918,245

GIBRALTAR INDUSTRIES, INC.
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2017
(in thousands)

	Gibraltar Industries, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Cash Flows from Operating Activities					
Net cash (used in) provided by operating activities	$ (6,605)	$ 12,141	$ (3,193)	$ —	$ 2,343
Cash Flows from Investing Activities					
Cash paid for acquisitions	—	(18,561)	—	—	(18,561)
Net proceeds from sale of property and equipment	—	9,081	152	—	9,233
Purchases of property, plant, and equipment	—	(1,326)	(127)	—	(1,453)
Net cash (used in) provided by investing activities	—	(10,806)	25	—	(10,781)
Cash Flows from Financing Activities					
Purchase of treasury stock at market prices	(922)	—	—	—	(922)
Net proceeds from issuance of common stock	11	—	—	—	11
Intercompany financing	7,516	(6,398)	(1,118)	—	—
Net cash provided by (used in) financing activities	6,605	(6,398)	(1,118)	—	(911)
Effect of exchange rate changes on cash	—	—	73	—	73
Net decrease in cash and cash equivalents	—	(5,063)	(4,213)	—	(9,276)
Cash and cash equivalents at beginning of year	—	143,826	26,351	—	170,177
Cash and cash equivalents at end of period	$ —	$ 138,763	$ 22,138	$ —	$ 160,901

GIBRALTAR INDUSTRIES, INC.
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2016
(in thousands)

	Gibraltar Industries, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Cash Flows from Operating Activities					
Net cash (used in) provided by operating activities	$ (6,371)	$ 23,251	$ (1,339)	$ —	$ 15,541
Cash Flows from Investing Activities					
Cash paid for acquisitions	—	(2,314)	—	—	(2,314)
Net proceeds from sale of property and equipment	—	57	—	—	57
Purchases of property, plant, and equipment	—	(1,356)	(145)	—	(1,501)
Other, net	—	1,118	—	—	1,118
Net cash used in investing activities	—	(2,495)	(145)	—	(2,640)
Cash Flows from Financing Activities					
Payment of debt issuance costs	—	(54)	—	—	(54)
Purchase of treasury stock at market prices	(414)	—	—	—	(414)
Net proceeds from issuance of common stock	133	—	—	—	133
Intercompany financing	6,652	(7,144)	492	—	—
Net cash provided by (used in) financing activities	6,371	(7,198)	492	—	(335)
Effect of exchange rate changes on cash	—	—	1,203	—	1,203
Net increase in cash and cash equivalents	—	13,558	211	—	13,769
Cash and cash equivalents at beginning of year	—	39,597	29,261	—	68,858
Cash and cash equivalents at end of period	$ —	$ 53,155	$ 29,472	$ —	$ 82,627

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

Certain information set forth herein includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and, therefore, are or may be deemed to be, “forward-looking statements.” These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms “believes,” “anticipates,” “expects,” “estimates,” “seeks,” “projects,” “intends,” “plans,” “may,” “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, competition, strategies and the industry in which we operate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, those described in the “Risk Factors” disclosed in our Annual Report on Form 10-K. Although we base these forward-looking statements on assumptions that we believe are reasonable when made, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity and the development of the industries in which we operate may differ materially from those made in or suggested by the forward-looking statements contained herein. In addition, even if our results of operations, financial condition and liquidity and the development of the industries in which we operate are consistent with the forward-looking statements contained in this quarterly report, those results or developments may not be indicative of results or developments in subsequent periods. Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statements that we make herein speak only as of the date of those statements, and we undertake no obligation to update those statements or to publicly announce the results of any revisions to any of those statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

Overview

Gibraltar Industries, Inc. (the "Company") is a leading manufacturer and distributor of building products for industrial, transportation infrastructure, residential housing, renewable energy and resource conservation markets. Our business strategy focuses on significantly elevating and accelerating the growth and financial returns of the Company. We strive to deliver best-in-class, sustainable value creation for our shareholders for the long-term. We believe this can be achieved from a transformational change in the Company’s portfolio and its financial results. Our business strategy has four key elements, or "pillars," which are: operational excellence, product innovation, portfolio management, and acquisitions as a strategic accelerator.

Operational excellence is our first pillar in this strategy. 80/20 simplification ("80/20") is a core part of the operational excellence pillar and is based on the analysis that 25% of the customers typically generate 89% of the revenue in a business, and 150% of the profitability. Through the application of data analysis generated by 80/20 practice, we are focusing on our largest and best opportunities (the “80”) and eliminating complexity associated with less profitable opportunities (the “20”) in order to generate more earnings year over year, at a higher rate of return with a more efficient use of capital.

We have recently completed the second year of our multi-year simplification initiative. Since initiation of 80/20 in 2015, we have achieved nearly 250 basis points of operating margin improvement from 80/20 simplification initiatives and exceeded our initial five-year target ending 2019 of $25 million of pre-tax savings. We currently sit at the start of the "middle innings" of this 80/20 initiative, which means that there is both more work and more opportunity ahead. We are targeting greater structural changes affecting the balance sheet. We are just starting the follow-on management tools of in-lining our manufacturing processes linked with market-rate-of-demand replenishment tools. These follow-on tools are focused on process manufacturing the highest-volume products for our largest customers, and on a much higher level of capacity utilization. We expect these methods will yield additional benefits including lower manufacturing costs, lower inventories and fixed assets, and an even higher level of service to customers. Additionally, we are focused on driving top line growth with new and innovative products. Our initiatives will be tailored toward reallocating sales and marketing talent to target specific end user groups in order to better understand their needs and the various market opportunities that may be available. This effort is expected to produce ideas and opportunities that generate profitable growth.

The second pillar of our strategy is portfolio management, which is a natural adjunct to the 80/20 initiative. Using the 80/20 process, we conduct strategic reviews of our customers and end markets, and allocate leadership time, capital and resources to the highest-potential platforms and businesses. Following the sale of our European industrial manufacturing business to a third party in April 2016, we next decided in December 2016 to exit our small European residential solar racking business and U.S. bar grating product line, which are proceeding as planned. These portfolio changes have helped contribute to the Company's

realization of a higher rate of return on invested capital in 2016. We have now acted on all near-term portfolio assessments and expect no additional changes in 2017 while we continue to position our resources on more attractive projects and markets.

Product innovation is our third strategic pillar. Innovation is centered on the allocation of new and existing resources to opportunities that drive sustainable returns. We are focused on those products and technologies that have relevance to the end-user and can be differentiated from our competition. Our focus on innovation is centered on four markets: postal and parcel products, residential air management, infrastructure and renewable energy. These respective markets are expected to grow based on demand for: centralized mail and parcel delivery systems; zero carbon footprint homes; the need for repairs to elevated bridges that are structurally deficient or functionally obsolete; and energy sources not dependent on fossil fuels.

The fourth pillar of our strategy is acquisitions. We are focused on making strategic acquisitions in five key markets, four of which are served by existing platforms within the Company. The existing platforms include the same areas in which we are targeting the development of innovative products: postal and parcel solutions, infrastructure, residential air management and renewable energy. The remaining new platform is water management and conservation. These platforms are all large markets in which the underlying trends for customer convenience and safety, energy-savings and resource conservation are of increasing importance and are expected to drive long-term demand. We believe these markets also offer the opportunity for higher returns on our investments than those we have generated in the past. The acquisitions of Rough Brothers Manufacturing, Inc., RBI Solar, Inc., and affiliates, collectively known as "RBI" in June 2015 and more recently, Nexus Corporation ("Nexus") in October 2016 and Package Concierge in February 2017, were the direct result of this fourth pillar strategy.

On February 22, 2017, the Company acquired all of the outstanding stock of Package Concierge for approximately $19 million subject to a working capital adjustment and certain other adjustments provided for in the stock purchase agreement. The acquisition was financed through cash on hand. Package Concierge is a leading provider of multifamily electronic package delivery locker systems in the United States. The results of operations of Package Concierge have been included within the Residential Products segment of the Company's consolidated financial statements from the date of acquisition.

On February 6, 2017, the Company completed the sale of substantially all of its U.S. bar grating product line assets to a third party. The Company had previously announced, on December 2, 2016, its intentions to exit its U.S. bar grating product line as part of its portfolio management initiative. These assets were a part of our Industrial and Infrastructure Products segment.

On December 2, 2016, the Company announced its decision to exit its European residential solar racking business and U.S. bar grating product line as part of its portfolio management and 80/20 strategic initiatives. These businesses contributed a combined $75 million in revenue and pre-tax operating losses of $6 million in 2016. This action resulted in the sale and closing of 3 facilities in early 2017.

On October 11, 2016, the Company acquired all of the outstanding stock of Nexus for approximately $24 million. The acquisition was financed through cash on hand. Nexus is a leading provider of commercial-scale greenhouses to customers in the United States. The results of operations of Nexus have been included within the Renewable Energy and Conservation segment of the Company's consolidated financial statements from the date of acquisition.

On April 15, 2016, the Company sold its European industrial manufacturing business to a third party for net of cash proceeds of $8.3 million. This business, which supplied expanded metal products for filtration and other applications, contributed $36 million in revenue to the Company's Industrial and Infrastructure Products segment in 2015 and had nearly break-even operating results. The divestiture of this business is in alignment with the Company's portfolio management assessments.

The Company serves customers primarily throughout North America and, to a lesser extent, Asia. Our customers include major home improvement retailers, wholesalers, industrial distributors, contractors, solar developers and institutional and commercial growers of plants. As of March 31, 2017, we operated 42 facilities in 18 states, Canada, China, and Japan giving us a base of operations to provide customer support, delivery, service and quality to a number of regional and national customers and providing us with manufacturing and distribution efficiencies in North America, as well as a presence in the Asian markets.

The Company operates and reports its results in the following three reporting segments, entitled:

- Residential Products;
- Industrial and Infrastructure Products; and
- Renewable Energy and Conservation.

Our Residential Products segment services new residential housing construction and residential repair and remodeling activity with products including roof and foundation ventilation products, mail and package storage products, rain dispersion products

and roof ventilation accessories. This segment's products are sold through major retail home centers, building material wholesalers, buying groups, roofing distributors, and residential contractors.

Our Industrial and Infrastructure Products segment focuses on a variety of markets including industrial and commercial construction, highway and bridge construction, automotive, airports and energy and power generation markets with products including perimeter security, expanded and perforated metal, plank grating, as well as, expansion joints and structural bearings for roadways and bridges. This segment sells its products through steel fabricators and distributors, commercial and transportation contractors, and original equipment manufacturers.

Our Renewable Energy and Conservation segment focuses on the design, engineering, manufacturing and installation of solar racking systems and commercial, institutional, and retail greenhouse structures. This segment's services and products are provided directly to developers, select distribution channels, and end users/owners.

The end markets our businesses serve include residential housing, industrial manufacturing, transportation infrastructure, and renewable energy and conservation. These end markets are subject to economic conditions that are influenced by various factors. These factors include but are not limited to changes in general economic conditions, interest rates, exchange rates, commodity costs, demand for residential construction, governmental policies and funding, tax policies and the level of non-residential construction and infrastructure projects. We believe the key elements of our strategy will allow us to respond timely to changes in these factors. We have and expect to continue to restructure our operations, including consolidation of facilities, reducing overhead costs, curtailing investments in inventory, and managing our business to generate incremental cash. Additionally, we believe our current strategy has enabled us to better react to fluctuations in commodity costs and customer demand, and has helped in improving margins. We have used the improved cash flows generated by these initiatives to maintain low levels of debt, improve our liquidity position, and invest in growth initiatives. Overall, we are striving to achieve stronger financial results, make more efficient use of capital, and deliver higher shareholder returns.

Results of Operations

Three Months Ended March 31, 2017 Compared to the Three Months Ended March 31, 2016

The following table sets forth selected data from our statements of operations and the related percentage of net sales for the three months ended March 31, (in thousands):

	2017		2016	
Net sales	$ 206,605	100.0%	$ 237,671	100.0 %
Cost of sales	157,350	76.2%	183,521	77.2 %
Gross profit	49,255	23.8%	54,150	22.8 %
Selling, general, and administrative expense	39,576	19.1%	36,389	15.3 %
Income from operations	9,679	4.7%	17,761	7.5 %
Interest expense	3,576	1.8%	3,691	1.6 %
Other expense (income)	54	0.0%	(35)	0.0 %
Income before taxes	6,049	2.9%	14,105	5.9 %
Provision for income taxes	2,053	1.0%	5,076	2.1 %
Net income	$ 3,996	1.9%	$ 9,029	3.8 %

The following table sets forth the Company’s net sales by reportable segment for the three months ended March 31, (in thousands):

	2017	2016	Total Change	Change due to Divestitures	Acquisitions	Operations
Net sales:						
Residential Products	$ 104,551	$ 100,147	$ 4,404	$ —	$ 576	$ 3,828
Industrial and Infrastructure Products	50,718	80,017	(29,299)	(27,104)	—	(2,195)
Less: Intersegment sales	(456)	(367)	(89)	—	—	(89)
	50,262	79,650	(29,388)	(27,104)	—	(2,284)
Renewable Energy and Conservation	51,792	57,874	(6,082)	(1,400)	4,308	(8,990)
Consolidated	$ 206,605	$ 237,671	$ (31,066)	$ (28,504)	$ 4,884	$ (7,446)

Consolidated net sales decreased by $31.1 million, or 13.1%, to $206.6 million for the three months ended March 31, 2017 compared to the three months ended March 31, 2016. The decrease in sales was primarily the result of divestitures related to the Company’s portfolio management activities during 2016. The Company sold its European industrial manufacturing business in April 2016 to a third party and exited both the Company's small European residential solar racking business and the Company's U.S. bar grating product line, both of which commenced during the fourth quarter of 2016. These divestitures resulted in a decrease in revenues of $28.5 million from the prior year quarter. Along with the divestitures, volumes in comparable revenue streams quarter over quarter decreased 5.0%. Slightly offsetting these declines were net sales contributions from our recent acquisitions in our Renewable Energy and Conservation and Residential Products Segments, Nexus in October 2016 and Package Concierge in February 2017, along with a modest 1.3% increase in pricing to customers.

Net sales in our Residential Products segment increased 4.4%, or $4.4 million to $104.6 million for the three months ended March 31, 2017 compared to $100.1 million in the three months ended March 31, 2016. The increase was the result of sales generated from the acquisition of Package Concierge, a 2.0% increase in pricing to customers, and a 0.8% net increase in volume. The net sales volume increase was primarily due to an increase in demand for our postal and parcel storage products.

Net sales in our Industrial and Infrastructure Products segment decreased 36.9%, or $29.4 million to $50.3 million for the three months ended March 31, 2017 compared to $79.7 million for the three months ended March 31, 2016. The decrease in net sales was the combined result of the Company's exit from its U.S. bar grating product line and the divestiture of our European industrial manufacturing business, along with a 4.7% decrease in volume as compared to the same period in the prior year. A decrease in demand for our infrastructure products, which include components for bridges and elevated highways, contributed to the decline in volume due to continued delay in infrastructure projects. We expect this decline to be temporary due to pending federal and state funding availability and as evidenced by an increase in infrastructure backlog for the quarter.

Net sales in our Renewable Energy and Conservation segment decreased 10.5%, or $6.1 million to $51.8 million for the three months ended March 31, 2017 compared to $57.9 million for the three months ended March 31, 2016. The decrease was the result of a 13.8% decrease in volume along with the effects of the exit of the Company's small European residential solar racking business, partially offset by sales generated from the acquisition of Nexus. The decline in volume from the comparable quarter was largely due to carryover benefit realized in the first quarter of 2016 from the increased sales activity near the end of 2015 as developers pushed to complete new solar installations to qualify for the then expected expiration of the federal investment tax credit at the end of 2015. In addition, we were more selective with the projects pursued during 2016 to ensure that we provided expected levels of service to our key customers as we moved production of major components of our new racking system in-house. We became satisfied with the results of our progress with this design change and in-sourcing project during the fourth quarter of 2016 and then we began to more aggressively pursue projects.

As a result, we entered 2017 with lower backlogs as compared to the beginning of 2016.

Our consolidated gross margin increased to 23.8% for the three months ended March 31, 2017 compared to 22.8% for the three months ended March 31, 2016. The Company largely benefited from portfolio management actions during 2016 in which less profitable businesses or products lines were sold or exited in order to enable the Company to re-allocate leadership, time, capital and resources to the highest potential platforms and businesses. In addition, other restructuring actions taken resulting from our 80/20 initiatives in 2016 reduced costs and contributed to the increased margin as well.

Selling, general, and administrative (SG&A) expenses increased by $3.2 million, or 8.8%, to $39.6 million for the three months ended March 31, 2017 from $36.4 million for the three months ended March 31, 2016. The $3.2 million increase was primarily

due to a $1.8 million increase in restructuring costs related to our portfolio management and 80/20 initiatives, as well as senior leadership transition and acquisition-related costs. Also contributing to the increase was $1.4 million of higher performance-based compensation expense, the result of the higher price of the Company's shares which increased as compared to the first quarter of 2016. SG&A expenses as a percentage of net sales increased to 19.1% in the three months ended March 31, 2017 compared to 15.3% in the three months ended March 31, 2016.

The following table sets forth the Company’s income from operations and income from operations as a percentage of net sales by reportable segment for the three months ended March 31, (in thousands):

	2017		2016		Total Change
Income (loss) from operations:					
Residential Products	$ 15,641	15.0 %	$ 12,231	12.2 %	$ 3,410
Industrial and Infrastructure Products	(37)	(0.1)%	3,326	4.2 %	(3,363)
Renewable Energy and Conservation	3,340	6.4 %	8,307	14.4 %	(4,967)
Unallocated Corporate Expenses	(9,265)	(4.5)%	(6,103)	(2.6)%	(3,162)
Consolidated income from operations	$ 9,679	4.7 %	$ 17,761	7.5 %	$ (8,082)

Our Residential Products segment generated an operating margin of 15.0% during the three months ended March 31, 2017 compared to 12.2% during the three months ended March 31, 2016. The increase of $3.4 million of operating profit is due to the benefits of improved operational efficiencies and contributions from the 80/20 simplification initiative.

Our Industrial and Infrastructure Products segment generated an operating margin of (0.1)% during the three months ended March 31, 2017 compared to 4.2% during the three months ended March 31, 2016. The decrease was largely the result of lower volumes resulting from the divestitures of our U.S. bar grating product line and our European industrial manufacturing business not fully offset by the effects of manufacturing efficiencies resulting from the 80/20 simplification.

The Renewable Energy and Conservation segment generated an operating margin of 6.4% in the current year quarter compared to 14.4% in the prior year quarter. The decrease was primarily due to lower volume along with an unfavorable alignment of material costs to customer selling prices, partially offset by results from the execution of operational efficiencies in the segment, including rising synergies from raw material sourcing, freight management, and strategic make-versus-buy decisions.

Unallocated corporate expenses increased $3.2 million from $6.1 million during the three months ended March 31, 2016 to $9.3 million during the three months ended March 31, 2017. The largest contributor to the higher expenses quarter over quarter was the $1.4 million increase in performance-based compensation expense, resulting from the higher price of the Company's shares as compared to the first quarter of 2016. Senior leadership transition and acquisition costs recorded during the first quarter of 2017 also contributed to the increased expenses over the comparable period for 2016.

The Company recorded other expense of $0.1 million for the three months ended March 31, 2017. Other income, net of other expense for the three months ended March 31, 2016 was negligible.

Interest expense modestly decreased by $0.1 million to $3.6 million for the three months ended March 31, 2017 compared to $3.7 million for the three months ended March 31, 2016. During the three months ended March 31, 2017 and 2016, no amounts were outstanding under our revolving credit facility.

We recognized a provision for income taxes of $2.1 million and $5.1 million, with effective tax rates of 33.9% and 36.0% for the three months ended March 31, 2017, and 2016, respectively. The effective tax rate for the first quarter of 2017 was less than the U.S. federal statutory rate of 35% due to net deductible permanent differences and favorable discrete items partially offset by state taxes and $0.9 million of pretax losses generated by the European residential solar racking business for which no tax benefit has been recorded as such benefit is not expected to be realizable. The effective tax rate for the first quarter of 2016 exceeded the U.S. federal statutory rate of 35% due to state taxes partially offset by deductible permanent differences and favorable discrete items.

Outlook

For 2017, we expect strong top-line and bottom-line growth in the third and fourth quarters, following short-term challenges to the second quarter. These challenges include a difficult year-over-year comparison due to portfolio management actions to drive higher profitability and returns, a one-quarter delay in the recovery of our Renewable Energy and Conservation segment,

as it is not rebounding at the pace anticipated when full year guidance was provided in mid-February, continued difficult market conditions in the industrial and infrastructure markets, and higher raw material pricing. At the same time, we expect generally favorable market conditions at our Residential Products segment in the second quarter and to continue throughout the year.

As a result of the delay in the rebound in the Renewable Energy and Conservation market and headwinds in the Industrial markets, we are reducing guidance for full-year 2017. The markets are rebounding, with backlog in the Renewable Energy and Conservation market exceeding prior-year levels at the end of the first quarter. In addition, in the second half of the year, we expect to capitalize on the benefits of our recent portfolio management and product innovation actions; and the lessening effect of higher raw material costs.

As we proceed in 2017, we will advance our four-pillar strategy with a particular focus on strategic acquisitions, product innovation, and the next set of management tools for our 80/20 initiative. Our strategy remains effective and we are confident in achieving another year of higher profitability and returns.

The Company is revising its full-year revenue guidance to be approximately 3% below 2016 revenues. 2017 revenues will be impacted from our 2016 portfolio management actions, resulting in a year over year decline of approximately 8%, that will be partially offset by recent acquisitions which add nearly 2% to revenues. We believe that revenue streams occurring in both annual periods will contribute growth of 3% to 2017. The Company also expects EPS to be between $1.37 and $1.50 per diluted share, comparing favorably to $1.05 in 2016.

Liquidity and Capital Resources

General

Our principal capital requirements are to fund our operations' working capital and capital improvements and to fund acquisitions. We will continue to invest in growth opportunities as appropriate while focusing on working capital efficiency and profit improvement opportunities to minimize the cash invested to operate our business. We have successfully generated positive cash flows from operating activities which have funded our capital requirements and recent acquisitions as noted below in “Cash Flows.”

On December 9, 2015, we entered into the Company's Fifth Amended and Restated Credit Agreement (the "Senior Credit Agreement") which includes a 5-year, $300 million revolving credit facility and provides the Company with access to capital and improved financial flexibility. As of March 31, 2017, our liquidity of $447.8 million consisted of $160.9 million of cash plus $286.9 million of availability under our revolving credit facility. We believe this liquidity, together with the cash expected to be generated from operations, should be sufficient to fund working capital needs and simplification initiatives that likely will need cash to fund transitions and future growth. We continue to search for strategic acquisitions and larger acquisitions may require additional borrowings and/or the issuance of our common stock.

Our Senior Credit Agreement provides the Company with liquidity and capital resources for use by our U.S. operations. Historically, our foreign operations have generated cash flow from operations sufficient to invest in working capital and fund their capital improvements. As of March 31, 2017, our foreign subsidiaries held $22.1 million of cash in U.S. dollars. We believe cash held by our foreign subsidiaries provides our foreign operations with the necessary liquidity to meet future obligations and allows the foreign business units to reinvest in their operations. These cash resources could eventually be used to grow our business internationally. Repatriation of this cash for domestic purposes could result in significant tax consequences.

Over the long-term, we expect that future obligations, including strategic business opportunities such as acquisitions, may be financed through a number of sources, including internally available cash, availability under our revolving credit facility, new debt financing, the issuance of equity securities, or any combination of the above. Any potential acquisitions are evaluated based on our acquisition strategy, which includes the enhancement of our existing products, operations, or capabilities, expanding our access to new products, markets, and customers, and the improvement of shareholder value. The recent acquisitions of Nexus Corporation and Package Concierge on October 11, 2016 and February 22, 2017, respectively, were financed through cash on hand.

These expectations are forward-looking statements based upon currently available information and may change if conditions in the credit and equity markets deteriorate or other circumstances change. To the extent that operating cash flows are lower than current levels, or sources of financing are not available or not available at acceptable terms, our future liquidity may be adversely affected.

Cash Flows

The following table sets forth selected cash flow data for the three months ended March 31, (in thousands):

	2017	2016
Cash provided by (used in):		
Operating activities of continuing operations	$ 2,343	$ 15,541
Investing activities of continuing operations	(10,781)	(2,640)
Financing activities of continuing operations	(911)	(335)
Effect of exchange rate changes	73	1,203
Net (decrease) increase in cash and cash equivalents	$ (9,276)	$ 13,769

During the three months ended March 31, 2017, we generated net cash from operating activities totaling $2.3 million, composed of net income of $4.0 million plus $6.4 million from non-cash charges including depreciation, amortization, stock compensation, and exit activities, partially offset by an investment in working capital and other net assets of $8.1 million. Net cash provided by operating activities for the three months ended March 31, 2016 totaled $15.5 million, primarily composed of net income from continuing operations of $9.0 million plus non-cash charges including depreciation, amortization and stock compensation of $7.9 million, partially offset by a $1.4 million investment in working capital.

During the three months ended March 31, 2017, the cash invested in working capital and other net assets of $8.1 million included $2.3 million and $0.4 million decreases in inventory and other current assets and other assets, respectively, a $5.7 million increase in accounts payable, offset by a $4.4 million increase in accounts receivable and a $12.1 decrease in accrued expenses and other non-current liabilities. The decrease in inventory is due to the Company's continued 80/20 simplification process efforts, which has resulted in the discontinuation of less profitable product lines and the corresponding disposal of inventory associated with those product lines. The decrease in other current assets and other assets is primarily due to the timing of prepaid expenses. Accounts payable increased due to the seasonal increase in manufacturing activity. The increase in accounts receivable, which includes costs in excess of billings on contracts, is a direct result of the seasonality of customer contracts and related payments received that impact our business. The decrease in accrued expenses and other non-current liabilities of $12.1 million was largely due to the decrease in liabilities for equity based incentive plans and the timing of interest payments made on long-term debt as well as annual customer rebate payments made during the first quarter, offset by billings in excess of cost related to the timing of customer contracts.

Net cash used in investing activities for the three months ended March 31, 2017 of $10.8 million primarily consisted of $18.4 million of net cash paid for the acquisition of Package Concierge, capital expenditures of $1.4 million and a payment of $0.2 million related to the final purchase adjustment for the acquisition of Nexus. These payments were partially offset by net proceeds of $9.2 million from the sale of property and equipment. Net cash used in investing activities for the three months ended March 31, 2016 of $2.6 million was primarily due to $2.3 million related to the final purchase adjustment for the acquisition of RBI.

Net cash used in financing activities for the three months ended March 31, 2017 of $0.9 million primarily consisted of the purchase of treasury stock. Net cash used in financing activities for the three months ended March 31, 2016 of $0.3 million was primarily the result of the purchase of treasury stock.

Senior Credit Agreement and Senior Subordinated Notes

Our Senior Credit Agreement is committed through December 9, 2020. Borrowings under the Senior Credit Agreement are secured by the trade receivables, inventory, personal property, equipment, and certain real property of the Company’s significant domestic subsidiaries. The Senior Credit Agreement provides for a revolving credit facility and letters of credit in an aggregate amount of $300 million. The Company can request additional financing from the banks to increase the revolving credit facility to $500 million or to provide a term loan of up to $200 million subject to conditions set forth in the Senior Credit Agreement. The Senior Credit Agreement contains three financial covenants. As of March 31, 2017, the Company is in compliance with all three covenants.

Interest rates on the revolving credit facility are based on the LIBOR plus an additional margin that ranges from 1.25% to 2.25% for LIBOR loans based on the Total Leverage Ratio. In addition, the revolving credit facility is subject to an undrawn commitment fee ranging between 0.20% and 0.30% based on the Total Leverage Ratio and the daily average undrawn balance.

As of March 31, 2017, we had $286.9 million of availability under the Senior Credit Agreement net of outstanding letters of credit of $13.1 million. No amounts were outstanding under our revolving credit facility as of either March 31, 2017 or December 31, 2016.

In addition to our Senior Credit Agreement, the Company issued $210.0 million of 6.25% Notes in January 2013 which are due February 1, 2021. Provisions of the 6.25% Notes include, without limitation, restrictions on indebtedness, liens, and distributions from restricted subsidiaries, asset sales, affiliate transactions, dividends, and other restricted payments. Dividend payments are subject to annual limits and interest is paid semiannually on February 1 and August 1 of each year.

Off Balance Sheet Financing Arrangements

We have no off-balance sheet arrangements, other than operating leases, that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to investors.

Contractual Obligations

Our contractual obligations have not changed materially from the disclosures included in Item 7 of the Company’s Annual Report on Form 10-K for the year ended December 31, 2016.

Critical Accounting Policies

In the current year, there have been no changes to our critical accounting policies and estimates from those disclosed in the consolidated financial statements and accompanying notes contained in Company's Annual Report on Form 10-K for the year ended December 31, 2016.

Recent Accounting Pronouncements

See Note 2 to the Company's consolidated financial statements in Part I, Item 1 of this Form 10-Q for further information on recent accounting pronouncements.

Item 3. Qualitative and Quantitative Disclosures About Market Risk

In the ordinary course of business, the Company is exposed to various market risk factors, including changes in general economic conditions, competition, foreign exchange rates, and raw materials pricing and availability. In addition, the Company is exposed to other financial market risks, primarily related to its long-term debt and foreign operations. There have been no material changes to the Company's exposure to market risk since December 31, 2016.

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Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The Company maintains a system of disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). The Company's Chief Executive Officer and the Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls as of the end of the period covered in this report. Based upon that evaluation and the definition of disclosure controls and procedures contained in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, the Company's Chief Executive Officer and Chief Financial Officer have concluded that as of the end of such period the Company's disclosure controls and procedures were effective.

(b) Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as defined by Rule 13a-15(f) or 15d-15(f)) that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Not applicable.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risks discussed in "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016. These risks and uncertainties have the potential to materially affect our business, financial condition, results of operation, cash flows, and future prospects. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may materially adversely impact our business, financial condition, or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Consulting Agreement with Kenneth W. Smith

On May 4, 2017, Kenneth W. Smith entered into a Consulting Agreement ("Agreement") with Gibraltar Industries, Inc. (“Company”). Mr. Smith relinquished his position as Senior Vice President, Chief Financial Officer of the Company effective April 1, 2017 in connection with his desire to retire from his employment with the Company effective May 3, 2017. Under the Agreement, he will serve as a Consultant to the Company through October 31, 2017 for a monetary fee of $83,333 per month. Payment of the monthly consulting fees will be made in one lump sum payable on January 10, 2018.

The above description is qualified in its entirety by reference to the Consulting Agreement, a copy of which has been respectively attached as Exhibit 10.1 and is incorporated herein by this reference.

Change in Control Agreement with Timothy F. Murphy

In connection with the previously announced appointment of Timothy F. Murphy as Senior Vice President and Chief Financial Officer of the Company effective April 1, 2017, pursuant to an authorization by the Company’s Compensation Committee on May 4, 2017, the Company and Mr. Murphy have entered into a change in control agreement, effective as of May 4, 2017.

Mr. Murphy's change in control agreement provides that, if a change in control of the Company occurs, Mr. Murphy's existing equity awards will vest and be paid either in shares or cash, and all amounts held in deferred compensation plans would vest. In addition, if Mr. Murphy's employment is terminated without “Cause” or he resigns for “Good Reason” (each, defined in the change in control agreement) within one year following the change in control he would receive a lump sum payment equal to two (2) times his Annual Compensation (as defined in the change in control agreement).

The foregoing description of Mr. Murphy's change in control agreement does not purport to be complete and is qualified in its entirety by reference to the terms and conditions of the Change in Control Agreement, a copy of which is filed as Exhibit 10.2 hereto and incorporated herein by reference.

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Item 6. Exhibits

(a) Exhibits

a.	10.1	Consulting Agreement, dated May 4, 2017, between Gibraltar Industries, Inc. and Kenneth W. Smith
b.	10.2	Change in Control Agreement, dated May 4, 2017, between Gibraltar Industries, Inc. and Timothy F. Murphy
c.	31.1	Certification of President and Chief Executive Officer pursuant to Section 302 of the Sarbanes–Oxley Act of 2002.
d.	31.2	Certification of Senior Vice President and Chief Financial Officer pursuant to Section 302 of the Sarbanes–Oxley Act of 2002.
e.	32.1	Certification of the President and Chief Executive Officer pursuant to Title 18, United States Code, Section 1350, as adopted pursuant to Section 906 of the Sarbanes–Oxley Act of 2002.
f.	32.2	Certification of the Senior Vice President and Chief Financial Officer pursuant to Title 18, United States Code, Section 1350, as adopted pursuant to Section 906 of the Sarbanes–Oxley Act of 2002.
g.	101.INS	XBRL Instance Document *
h.	101.SCH	XBRL Taxonomy Extension Schema Document *
i.	101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document *
j.	101.LAB	XBRL Taxonomy Extension Label Linkbase Document *
k.	101.PRA	XBRL Taxonomy Extension Presentation Linkbase Document *
l.	101.DEF	XBRL Taxonomy Extension Definition Linkbase Document *

* Submitted electronically with this Quarterly Report on Form 10-Q.

SIGNATURES

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

GIBRALTAR INDUSTRIES, INC.
(Registrant)

/s/ Frank G. Heard

Frank G. Heard
President and Chief Executive Officer

/s/ Timothy F. Murphy

Timothy F. Murphy
Senior Vice President and
Chief Financial Officer

Date: May 5, 2017

CONSULTING AGREEMENT

THIS AGREEMENT, made as of this __4th___ day of May, 2017, by and between Gibraltar Industries, Inc., a corporation with offices at 3556 Lake Shore Road, Buffalo, New York 14219 (the "Company") and Kenneth W. Smith, an individual having an address at 5 Lucinda Pl, Massachusetts 01886, (hereinafter referred to as the “Consultant”).

RECITALS:

The Consultant relinquished his position as Senior Vice President, Chief Financial Officer of the Company effective April 1, 2017 in connection with his desire to retire from his employment with the Company effective May 3, 2017.

The Company desires to retain the services of the Consultant for a limited period of time to provide assistance, as requested, in connection with evaluation of potential acquisition candidates and in connection with other issues that may arise with respect to the operations of the Company’s business units.

The Company and the Consultant desire to set forth in writing the terms and conditions upon which the Consultant will provide consulting services to the Company.

CONSIDERATION:

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, the parties hereto agree and contract as follows:

1. Engagement of Consultant. Effective as of May 4, 2017, the Company hereby engages the Consultant to perform consulting services for the Company as described in this Agreement and the Consultant hereby agrees to perform consulting services for the Company, all in accordance with the terms and conditions of this Agreement.

2. Term. The period during which the Consultant shall be obligated to provide the consulting services required to be provided by this Agreement (the "Term") shall begin on May 4, 2017 and shall end on October 31, 2017.

3. Consulting Services. Subject to the provisions of Section 4 below, during the Term of this Agreement, the Consultant hereby agrees to perform such consulting services (“Consulting Services”) as the Company’s Chief Executive Officer may require during the term of this Agreement. The scope of such Consulting Services shall include activities related to: (a) providing consultation and advice as requested by the Company’s Chief Executive Officer with respect to issues that may arise in connection with the evaluation of potential acquisition candidates and associated terms and structure for such potential acquisitions; (b) providing consultation and advice as requested by the Company’s Chief Executive Officer with respect to issues that may arise in connection with the operation of the Company’s business units; and (c) any other activities or projects mutually agreeable to the Consultant and the Company’s Chief Executive Officer.

4. Availability. The Consultant hereby agrees that during the Term of this Agreement he shall be available to perform the Consulting Services for the Company during the Company's normal business hours and during such other times as are reasonably requested by the Company’s Chief Executive Officer and reasonably necessary for the proper performance of his

responsibilities hereunder. Notwithstanding the foregoing, the Consultant shall not be obligated to provide the Company Consulting Services at the Company's corporate offices nor for more than thirty (30) hours in any calendar month during the Term of this Agreement, excluding time spent on necessary travel.

5. Consulting Fees. In consideration of the performance by Consultant of the Consulting Services and for other good and valuable consideration, the Company hereby agrees to pay the Consultant the sum of Eighty Three Thousand, Three Hundred Thirty Three and 33/100 Dollars ($83,333.33) per calendar month (the "Monthly Consulting Fee") for each calendar month during the Term. Payment of the Monthly Consulting Fees shall be made in one lump sum, the sum of the six Monthly Consulting Fees, and payable on January 10, 2018. The Monthly Consulting Fee shall be payable to the Consultant as provided above, whether or not the Consultant is requested to perform Consulting Services (including, if applicable, the inability of the Consultant to perform the Consulting Services due to his disability) and, in the event of the death of the Consultant prior to the end of the Term, the Monthly Consulting Fee shall be payable to the Consultant's beneficiary or, if none, to the personal representative of the Consultant's estate.

6. Expenses. The Company shall reimburse the Consultant for reasonable and necessary business expenses incurred in connection with his performance of this Agreement, all in accordance with the Company's policies and procedures then in effect (including, but not limited to, those relating to documentation and receipts).

7. Independent Contractor. The Consultant will at all times be an independent contractor and not an employee of the Company. The Company and the Consultant agree that Consultant's retirement from his employment with the Company on May 3, 2017 is intended to constitute a "separation of service" within the meaning of Treasury Regulation §1.409A-1(h) and a "termination of employment" within the meaning of the Company's Management Stock Purchase Plan. The manner in which the Consultant renders the Consulting Services to the Company will be within his sole control and absolute discretion, although he agrees to cooperate with the Company's personnel and use his best efforts on behalf of the Company within the broad scope of his services. In connection with his status as an independent contractor, the Consultant shall be responsible for payment of all taxes payable with respect to the Monthly Consulting Fees payable hereunder. The Consultant recognizes and agrees that he is not subject or entitled to any benefits, wages, or other terms and conditions of employment or otherwise under the policies, practices and procedures of the Company, its employees, agents and successors in interest as they may apply to employees of the Company or any of its direct or indirect subsidiaries or affiliates.

8. No Third Party Obligation. The Consultant hereby represents to the Company that he does not have and will not undertake any express or implied obligation to any third party which in any way conflicts with any of his obligations to the Company. The Consultant agrees not to perform or agree to perform any services for any third party which are in the field of this Agreement which would in any way conflict with any of his obligations to the Company hereunder.

9. Governing Law. The interpretation and performance of this Agreement shall be governed by the laws of the State of New York, without giving effect to its conflicts of law provisions. Each party hereby agrees that any claims, demands, lawsuits, proceedings and controversies arising from or relating to this Agreement shall be brought and heard in federal or state courts of general jurisdiction located in the State of New York, and each party hereby consents to the subject matter and personal jurisdiction of such courts in respect thereof.

10. Entire Agreement. The terms and conditions of this Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all previous communications or agreements, either oral or written, between the parties. There are no understandings, representations or warranties of any kind whatsoever, except as expressly set forth herein.

11. Assignment. This Agreement is personal in nature. Neither party may assign this Agreement or any of its rights hereunder nor delegate or otherwise transfer any of its obligations in connection herewith without the, prior written consent of the other party hereto. This Agreement shall inure to the benefit of and be binding on the parties hereto and their respective successors, legal representatives, heirs, administrators, executors and permitted assigns.

12. Amendment. No amendment or modification of this Agreement or waiver of the terms or conditions thereof shall be binding upon any party unless approved in writing by an authorized representative of such party.

13. Headings and Captions. All captions or titles used in this Agreement are for convenience or reference only and shall not affect the construction or interpretation.

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

GIBRALTAR INDUSTRIES, INC.

By: _________________________
Timothy F. Murphy
Chief Financial Officer

____
KENNETH W. SMITH

CHANGE IN CONTROL AGREEMENT

This Agreement is made as of May ___, 2015, by and between Gibraltar Industries, Inc., a Delaware corporation with offices at 3556 Lake Shore Road, Buffalo New York (the "Company") and Timothy F. Murphy (the "Executive").

RECITALS:

The Executive is the Senior Vice President and Chief Financial Officer of the Company. The Company and the Executive desire to enter into this Agreement to set forth the terms and conditions upon which the Executive will be entitled to receive certain payments from the Company upon the occurrence of a change in control of the Company.

CONSIDERATION:

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

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

(a) "Act" means the Securities and Exchange Act of 1934, as amended.

(b) "Affiliate" means, with respect to any person or entity, any other person or entity controlling, controlled by or under common control with such person or entity where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a person or entity, whether through the ownership of voting securities, contract or otherwise.

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

(d) "Annual Compensation" means the sum of: (i) the amount of the annual base salary of the Executive which is in effect during the calendar year preceding the calendar year in which a Change in Control (as hereinafter defined) occurs; and (ii) the highest annual bonus paid to the Executive by the Company during the three (3) calendar year period preceding the calendar year in which a Change in Control occurs. The amount of any compensation which the Executive has affirmatively elected to defer his receipt of, including without limitation, compensation deferred pursuant to any applicable 40l(k) plan, any Section 125 plan, any cafeteria plan or any other deferred compensation plan maintained by the Company, including but not limited to, the Company's Management Stock Purchase Plan, shall be

included when calculating Annual Compensation. Annual Compensation shall not include the value of any of stock options, restricted stock, restricted stock units, performance shares, performance units and rights or other equity or equity based grants.

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

(f) "Board" means the Board of Directors of Gibraltar Industries, Inc.

(g) "Cause" means that the Compensation Committee has determined (and provided the Executive a written statement of its determination) that the Executive has engaged in egregious acts or omissions which have resulted in material injury to the Company and its business.

(h) "Change in Control" shall be deemed to have occurred if:

(i) during any consecutive twelve-month period, (A) any "person" or group of persons (within the meaning of Section 13(d) of the Act, other than the Company, an Affiliate of the Company, an employee benefit plan sponsored by the Company or any of its Affiliates) becomes the "beneficial owner" (as defined in Section 13(d) of the Act) of thirty five percent (35%) or more of the then outstanding voting stock of the Company through a transaction or series of transactions, including, but not limited to, a sale of shares of the Company’s voting common stock, a merger or a consolidation; and (B) the transaction or series of transactions by which such person or group acquires thirty five percent (35%) or more of the Company’s outstanding voting common stock has not been arranged by or consummated with the prior approval of the Board of Directors;

(ii) a majority of the members of the Board are replaced during any consecutive twelve-month period by individuals whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of their appointment or election; or

(iii) the consummation of a Merger Sale.

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

(j) “Disability” means a physical or mental impairment which has been suffered by the Executive, which impairment can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months.

(k) “Deferred Compensation” means any amount of compensation that is non-qualified deferred compensation within the meaning of Section 409A of the Internal Revenue Code and the authority and guidance thereunder.

(l) "Double Trigger Event" means: (i) the termination of the Executive's employment by the Company and all of its Affiliates, either by the Company without Cause or by the Executive for a Good Reason, if any such termination of the Executive's employment with the Company and its Affiliates occurs at any time after the entry by the Company into a Merger Sale Agreement and prior to the consummation of a Merger Sale or, if earlier, the termination of the Merger Sale Agreement; or (ii) the

termination of the Executive's employment by the Company and all of its Affiliates, either by the Company without Cause or by the Executive for a Good Reason, if any such termination of the Executive's employment with the Company and its Affiliates occurs at any time during the one (1) year period beginning on the date on which a Change in Control occurs;

(m) "Good Reason" the Executive will have Good Reason to terminate his employment with the Company if, after notice to the Company and a reasonable period to cure:

(i) the Executive's annual base salary and/or annual or long term cash or equity based bonus opportunity as a percentage of his base salary is reduced or any other material compensation or benefit arrangement for the Executive is reduced (and such reduction is unrelated to the Company's performance);

(ii) the Executive's duties or responsibilities are changed in a manner with the result that the Executive's new duties and responsibilities have: (A) been materially increased without the Executive's consent and without a mutually agreeable compensating increase in compensation, including base salary and annual and long term cash and equity incentive compensation opportunities; or (B) been decreased or otherwise limited so as to be inconsistent with the Executive's position (including status, offices, title and reporting requirements) following the Change in Control;

(iii) the Executive's authority is: (A) materially increased, without the Executive's consent and without a mutually agreeable compensating increase in compensation, including base salary and annual and long-term cash and equity incentive compensation opportunities, of the Executive; or (B) reduced or otherwise limited, in each case so as to be inconsistent with the authority which accompanied the Executive's position immediately prior to the occurrence of a Change in Control (including status, offices, titles, and reporting requirements);

(iv) the Company or its successor changes the location of the principal office at which the Executive is required to perform his duties to a location which is more than fifty (50) miles from the Company's offices at 3556 Lake Shore Road, Buffalo, New York; or

(v) during the period beginning on the date the Company executes a Merger Sale Agreement and ending on the date the Merger Sale transaction is consummated, the Company or its successor fails to offer the Executive a position after the Change in Control which, in the determination of the Executive is substantially the same as the position held by the Executive immediately prior to the Change in Control.

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

(o) "Merger Sale" means either: (i) any consolidation, sale of shares, merger, or other reorganization of the Company, through one transaction or a series of related transactions which has or have been approved by the Board, as a result of which, the person or group of persons (within the meaning of Section 13(d) of the Act other than the Company, an Affiliate of the Company, an employee benefit plan sponsored by the Company or any of its Affiliates) with whom such transaction or series of related transactions has or have been consummated, becomes the "beneficial owner" (as defined in Section 13(d) of the Act) of fifty percent (50%) or more of the outstanding voting common stock of the Company or (ii)(A) any consolidation, sale of shares, merger, or other reorganization of the Company, through one transaction or a series of related transactions which has or have been approved by the Board , as a result of which, the person or group of persons (within the meaning of Section 13(d) of the Act (other than the Company, an Affiliate of the Company, an employee benefit plan sponsored by the Company or any of its Affiliates)) with whom such transaction or series of related transactions has or have been

consummated, becomes the "beneficial owner" (as defined in Section 13(d) of the Act) of less than fifty percent (50%) of the outstanding voting common stock of the Company; but only if (B) the Board, in its approval of such transaction or series of related transactions, has expressly provided that the consummation of such transaction or series of related transactions constitutes a Change in Control for purposes of this Agreement.

(p) "Merger Sale Agreement" means an agreement between the Company and any other person, corporation, limited liability company or other entity which, if the transactions contemplated by such agreement are consummated, would constitute a Merger Sale.

(q) “Retirement” means a termination of the Executive’s employment with the Company which occurs after the Executive has attained at least age sixty (60) and been employed by the Company for a period of at least five (5) years (including, for this purpose, the period of time the Executive has been employed by any Affiliate of the Company); provided that the Executive provides the Company at least thirty (30) days advance written notice of the date that he will retire from his employment with the Company.

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

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

2. Term of Agreement. This Agreement shall begin on the date first set forth above and, subject to the provisions of Section 9 below, shall remain in effect until the earlier of: (a) the end of the sixty (60) day period beginning on the first day following the end of the one (1) year period beginning on the date on which a Change in Control occurs; (b) the termination of the Executive's employment with the Company due to his death, his Retirement or his suffering of a Disability; or (c) except for a termination of the Executive's employment in connection with a Double Trigger Event, the termination of the Executive’s employment prior to the occurrence of a Change in Control.

3. Treatment of Equity Upon a Change in Control.

Upon the occurrence, prior to the termination of this Agreement as provided for by Section 2 above, of a Change in Control, the Executive shall be entitled to receive the following payments and benefits from the Company:

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

(b) if, following the occurrence of a Change in Control, the Company's legal existence continues and the proportionate number of the issued and outstanding shares of common stock of the Company (on a fully diluted basis) which may be purchased by the Executive after the occurrence of the Change in Control pursuant to the exercise of his options and for a price equal to the Aggregate Exercise Price of the Executive's options (determined immediately prior to the occurrence of the Change in Control), is at least equal to the proportionate number of the issued and outstanding shares of common stock of the Company which could have been purchased by the Executive pursuant to the exercise by the Executive of all of his options, immediately prior to the Change in Control (including any shares of the Company's common stock which may be acquired by the Executive as a result of adjustments made after the occurrence of a Change in Control to the terms of the options which the Executive held prior to the occurrence of the Change in Control, which adjustments provide the Executive the right to acquire more shares of the Company's common stock for the same Aggregate Exercise Price and shares of the Company's common stock which may be acquired by the Executive pursuant to the exercise of additional options granted to the Executive immediately following the Change in Control which are immediately

exercisable in full), then, all options to purchase the Company's common stock which were granted to the Executive prior to the occurrence of the Change in Control shall immediately become fully exercisable by the Executive;

(c) if, following the occurrence of a Change in Control: (i) the Company's legal existence continues but the number of shares of common stock of the Company which the Executive is entitled to purchase pursuant to the exercise of all options to purchase the Company's common stock which are owned by the Executive immediately following the Change in Control for a price which is not more than the Aggregate Exercise Price of his unexercised options immediately prior to the occurrence of the Change in Control, is not, on a fully diluted basis, at least equal to the same proportion, on a fully diluted basis, of the issued and outstanding shares of common stock of the Company which could have been purchased by the Executive pursuant to the exercise of all of his options immediately prior to the occurrence of the Change in Control; or (ii) the common stock of the Company is no longer listed for trading on an established securities market and the Successor has not, effective as of the date the Change in Control occurs, offered to grant Conversion Options to the Executive in lieu of the options of the Executive to purchase common stock of the Company; or (iii) the common stock of the Company is no longer listed for trading on an established securities market and the Successor has offered to grant Conversion Options to the Executive effective as of the date the Change in Control occurs (in lieu of the Executive's options to purchase common stock of the Company) but the Executive has elected not to accept such grant of Conversion Options; then (iv) the the options shall be deemed to be exercised upon the date of Change in Control and the following "put" right shall be automatically exercised, without any further action required by the Executive. In consideration of the sale of the shares resulting from such exercise, or in a "net exercise" procedure, the Executive shall be paid, in one lump sum payment not later than 30 days following the occurrence of the Change in Control, the amount of the Built In Gain on the options to purchase common stock of the Company which were issued to the Executive and outstanding and unexercised (whether or not then vested and exercisable) on the date the Change in Control occurs and, thereafter, all such options shall be deemed to have been exercised and shall for all purposes be deemed and construed to be null and void; and

(d) to the extent not otherwise provided above, any equity based incentive compensation award, including but not limited to options, stock appreciation rights, restricted stock units and performance stock units, shall vest and: (i) in the case of options and stock appreciation rights, become fully exercisable; and (ii) in the case of restricted stock units and performance stock units, subject to Section 17 below, shall be issued as shares of common stock of the Company or paid in cash or immediately available funds, whichever form of payment is contemplated by such award, in each case with the amount of the shares of common stock of the Company to be issued or the amount of cash or immediately available funds to be paid being determined, if applicable, at the targeted level of performance.

4. Obligations of the Company Upon a Double Trigger Event. If a Double Trigger Event occurs, then, in addition to the payments and benefits which the Executive is entitled to pursuant to Section 3(a) above, except as otherwise provided by Section 17 hereof:

(a) the Company shall pay to the Executive in one lump sum payment, within ten (10) days following the date the Double Trigger Event occurs, any bonuses accrued for but not yet paid to the Executive for the fiscal year of the Company ending immediately prior to the date a Double Trigger Event occurs and, the Executive shall be paid the amount, if any, of the regularly scheduled installments of his annual base salary which were due to be paid for the period ending with the date the termination of the Executive's employment is effective, to the extent that such payments are unpaid as of the end of such ten (10) day period;

(b) the Company shall pay to the Executive, in one lump sum payment no later than ten (10) days following the occurrence of the Double Trigger Event, an amount equal to the sum of: (i) the Executive's accrued and unpaid vacation pay determined as of the date the termination of the Executive's

employment is effective; and (ii) an amount equal to: (A) the Executive's Annual Compensation determined as of the date of the Executive's employment is terminated; multiplied by (B) two (2) (together, the "Severance Payment").

(c) If the Executive's options to purchase common stock of the Company have not been cancelled as provided for in Section 3(a)(iii) above, to the extent that the Executive has any unexercised options to purchase common stock of the Company, which options are exercisable at the time the Executive's employment with the Company is terminated, the options shall be deemed to be exercised upon the date of termination and the following "put" right shall be automatically exercised, without any further action required by the Executive. In consideration of the sale of the shares resulting from such exercise, or in a "net exercise" procedure, the Company shall pay to the Executive in one lump sum payment within thirty (30) days following the date the Executive's employment with the Company is terminated, an amount equal to: (i) the Highest Sale Price of the common stock of the Company determined as of the date the Executive's employment with the Company is terminated; multiplied by (ii) the aggregate number of shares of Common Stock of the Company which the Executive is entitled to purchase (or was deemed to purchase) pursuant to the terms of all options to purchase any common stock of the Company which are owned by the Executive and exercisable on the date the Executive's employment with the Company is terminated; minus (iii) the Aggregate Exercise Price of the issued and outstanding unexercised options to purchase common stock of the Company which are owned by the Executive as of the date the Executive's employment with the Company is terminated to the extent that such options are exercisable as of such date.

(d) If the Executive has elected to accept a grant of Conversion Options from the Successor and, at the time that the Executive's employment with the Company is terminated, the Executive owns Conversion Options or any other options to acquire any Successor Equity which are exercisable at the time the Executive's employment with the Company is terminated, but any such Conversion Options and other options to purchase Successor Equity have not been exercised by the Executive, the options shall be deemed to be exercised upon the date of termination and the following "put" right shall be automatically exercised, without any further action required by the Executive. In consideration of the sale of the shares resulting from such exercise, or in a "net exercise" procedure, the Successor shall pay to the Executive in one lump sum payment within thirty (30) days following the date the Executive's employment with the Company is terminated, an amount equal to: (i) the Highest Sale Price, determined as of the date the Executive's employment with the Company is terminated, of each unit of Successor Equity which could be acquired by the Executive upon the exercise of all outstanding Conversion Options and other options to purchase Successor Equity on the date the Executive's employment with the Company is terminated; multiplied by (ii) the aggregate number of units of Successor Equity which the Executive is entitled to purchase pursuant to the terms of all options to purchase Successor Equity which are owned by the Executive and exercisable on the date the Double Trigger Event occurs; minus (iii) the Aggregate Exercise Price of all issued and outstanding unexercised Conversion Options and other options to purchase Successor Equity which were owned by the Executive and exercisable as of the date the Executive's employment with the Company is terminated.

(e) With respect to any equity based incentive compensation awards received by the Executive from the Company or a Successor after the occurrence of a Change in Control and prior to the occurrence of a Double Trigger Event which the Executive may become entitled to receive from the Company or a Successor for the period of time after the occurrence of a Change in Control and prior to the occurrence of a Double Trigger Event:

(i) if and to the extent that the Executive receives any equity based incentive compensation awards which are settled in common stock of the Company or a Successor after the occurrence of a Change in Control, upon the occurrence of the Double Trigger Event, the Executive's rights to receive any such common stock pursuant to any such equity based incentive compensation shall be fully vested and, in the case of equity based incentive compensation awards other than options, the

shares of common stock which the Executive would be entitled to receive if the performance required for payment of any such equity based incentive compensation was at the targeted level shall be issued to the Executive; and

(ii) if and to the extent that the Executive receives any equity based incentive compensation awards which are settled by the payment of cash or cash equivalents to the Executive after the occurrence of a Change in Control, upon the occurrence of the Double Trigger Event, such equity based incentive compensation shall be deemed to be fully vested and the Company shall pay to the Executive, in one lump sum payment within ten (10) days of the occurrence of the Double Trigger Event, the full amount of the cash or cash equivalents which the Executive would be entitled to receive in connection with such equity based incentive compensation awards if the performance required for payment of any such equity based incentive compensation was at the targeted level.

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

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

7. Settlement of Disputes; Arbitration. If there has been a Change in Control and any dispute arises between the Executive and the Company as to the validity, enforceability, and/or interpretation of any right or benefit afforded by this Agreement such dispute shall be resolved by binding arbitration proceedings in accordance with the rules of the American Arbitration Association. The arbitrators shall presume that the rights and/or benefits afforded by this Agreement that are in dispute are valid and enforceable and that the Executive is entitled to such rights and/or benefits. The Company shall be precluded from asserting that such rights and/or benefits are not valid, binding, and enforceable and shall stipulate before such arbitrators that the Company is bound by all the provisions of this Agreement. The burden of overcoming by clear and convincing evidence the presumption that the Executive is entitled to such rights and/or benefits shall be on the Company. Punitive damages shall not be awarded. The results of any arbitration shall be conclusive on both parties and shall not be subject to judicial interference or review on any ground whatsoever, including without limitation any claim that the Company was wrongfully induced to enter into this Agreement to arbitrate such a dispute. The Company shall pay or reimburse the Executive for legal fees and expenses incurred as a result of any dispute resolution process entered into by the Executive to enforce this Agreement.

8. Litigation Expenses. In the event that any dispute shall arise under this Agreement between the Executive and the Company, the Company shall be responsible for the payment of all reasonable

expenses of all parties to such dispute, including reasonable attorney fees, regardless of the outcome thereof.

9. Survival of Certain Obligations. Notwithstanding anything to the contrary contained in Section 2 above, if a Change in Control occurs and, prior to the first anniversary of the Change in Control, the Executive becomes entitled to payment of any amount or provision of any benefits provided for by Sections 3, 4, 7 or 8 above, the Company's obligation to pay the Executive any such amounts or provide the Executive any such benefits shall survive until all such amounts and benefits have been paid or provided to the Executive.

10. Entire Agreement. This Agreement contains the entire understanding between the Company and the Executive with respect to the subject matter hereof and supersedes any and all prior agreements or understandings, written or oral, relating to the subject matter hereof. No provisions of this Agreement may be amended or modified orally, and no provision hereof may be waived, except in writing signed by both the parties hereto.

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

12. Successors, Binding Effect.

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

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

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

14. Notices. All notices and other communications given pursuant to this Agreement shall be deemed to have been properly given or delivered if hand-delivered, or if mailed, by certified mail or registered mail postage prepaid, addressed to the Executive at his residence address as maintained by the Company’s Human Resources Department or if to the Company, at its address set forth above, with a copy to the attention of Lippes Mathias Wexler Friedman LLP, 50 Fountain Plaza, Suite 1700, Buffalo, NY 14202. From time to time, any party hereto may designate by written notice any other address or party to which such notice or communication or copies thereof shall be sent.

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

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

17. 409A Savings Clause.

(a) (a) If and to the extent that any provision of this Agreement would result in the payment or deferral of compensation in a manner which does not comply with the provisions of Section 409A of the Code and the Treasury regulations promulgated thereunder, such provisions shall, to the maximum extent possible, be construed and interpreted in a manner which will cause such provisions to be implemented in a manner which complies with the applicable requirements of Section 409A and the Treasury regulations promulgated thereunder so as to avoid subjecting the Executive to taxation under Section 409A(a)(i)(A) of the Code. In connection with the foregoing, for purposes of this Agreement, a termination of the Executive's employment shall not be deemed to occur unless such termination constitutes a separation from service within the meaning of the Treasury regulations promulgated under Section 409A of the Code. If any payment provided for by this Agreement could, as a result of the period of time within which such payment is required to be made, be paid to the Executive in one of two consecutive taxable years of the Executive, the Executive shall have no right to determine the taxable year in which such payment is made.

(b) No amount of "deferred compensation" within the meaning of Section 409A shall be payable solely pursuant to a Change in Control event defined in this Agreement which event does not also qualify as a "change in ownership" or "change in control" within the meaning of Section 409A, provided however, it being understood that such amounts shall vest without immediate payment.

(c) In addition, if at the time a Double Trigger Event occurs, the common stock of the Company or, if applicable, the Successor is publicly traded on an established securities market, the amounts required to be paid to the Executive that are "deferred compensation" within the meaning of Section 409A shall be paid to the Executive (or in the case of the Executive's death, to the personal representative of the Executive's estate) on the first business day following the earlier of: (a) the date of the Executive's death; and (b) the end of the six (6) month period which begins on the first day following: the date the Double Trigger Event occurs.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

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

____

Timothy F. Murphy

GIBRALTAR INDUSTRIES, INC.

By: _________________________

EXHIBIT 31.1

CERTIFICATIONS

I, Frank G. Heard, certify that:

1. I have reviewed this report on Form 10-Q of Gibraltar Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) or 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) or 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2017

/s/ Frank G. Heard

Frank G. Heard
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, Timothy F. Murphy, certify that:

1. I have reviewed this report on Form 10-Q of Gibraltar Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) or 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) or 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2017

/s/ Timothy F. Murphy

Timothy F. Murphy

Senior Vice President and
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF PRESIDENT AND CHIEF EXECUTIVE OFFICER
PURSUANT TO TITLE 18, UNITED STATES CODE, SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Frank G. Heard, President and Chief Executive Officer, of Gibraltar Industries, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

The Quarterly Report on Form 10-Q of the Company for the year ended March 31, 2017 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Frank G. Heard
Frank G. Heard
President and Chief Executive Officer

May 5, 2017

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION OF SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
PURSUANT TO TITLE 18, UNITED STATES CODE, SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Timothy F. Murphy, Senior Vice President and Chief Financial Officer, of Gibraltar Industries, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

The Quarterly Report on Form 10-Q of the Company for the year ended March 31, 2017 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Timothy F. Murphy
Timothy F. Murphy
Senior Vice President and Chief Financial Officer

May 5, 2017

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.