

GIBRALTAR INDUSTRIES, INC.
Form 10-K
February 24, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES ACT OF 1934
For The Fiscal Year Ended December 31, 2014
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
(State or other jurisdiction of
incorporation organization) 16-1445150
(I.R.S. Employer
Identification No.)

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

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

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

| | |
|--------------------------------|---|
| Title of each class | Name of each exchange on which registered |
| Common Stock, \$0.01 par value | NASDAQ Global Select Market |

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by checkmark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No .

Indicate by checkmark if the registrant is not required to file report pursuant to Section 13 or Section 15(d) of the Act. Yes No .

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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 No .

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

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer", "accelerated filer", and "small reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the Common Stock outstanding and held by non-affiliates (as defined in Rule 405 under the Securities Act of 1933) of the registrant based upon the closing sale price of the Common Stock on the NASDAQ Global Select Market on June 30, 2014, the last business day of the registrant's most recently completed second quarter, was approximately \$455.3 million.

As of February 20, 2015, the number of common shares outstanding was: 30,948,173

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Definitive Proxy Statement for the Annual Meeting of Shareholders (2014 Proxy Statement) are incorporated by reference into Part III of this report.

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Safe Harbor Statement

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,” “estimates,” “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 Item 1A “Risk Factors.” Those factors should not be construed as exhaustive and should be read with the other cautionary statements in Item 1A “Risk Factors”. 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 document, 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.

PART I

Item 1. Business

The Company

Gibraltar is a leading manufacturer and distributor of products that provide structural and architectural enhancements for residential homes, low-rise retail, other commercial and professional buildings, industrial plants, bridges and a wide-variety of other structures. These products include roof and foundation ventilation products, mail and package storage products, rain dispersion products and roof ventilation accessories, fabricated bar grating for industrial flooring, expanded and perforated metal, plus expansion joints and structural bearings for roadways and bridges. We serve customers primarily throughout North America and Europe, and, to a lesser extent, in Asia, Africa, Australia, and Central and South America. Our customers include major home improvement retailers, wholesalers, and industrial distributors and contractors. As of December 31, 2014, we operated 42 facilities in 22 states, Canada, England, and Germany, which includes 32 manufacturing facilities and eight distribution centers, 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 European market.

The Company operates and reports its results in the following two operating segments, entitled “Residential Products” and “Industrial and Infrastructure Products”.

Our Residential Products segment focuses on the new residential housing construction and residential repair and remodeling activity. Its 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 discrete and process manufacturing, highway and bridge construction markets, energy and power generation. This segment’s products are distributed through industrial, commercial and transportation contractors, industrial distributors and original

equipment manufacturers.

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The following table sets forth the primary products, applications, and end markets for each segment:

Residential Products Segment

| Product | Applications | End Market |
|---|---|---|
| Roof & foundation ventilation products | Ventilation & whole-house air flow | |
| Postal and parcel storage (single and cluster) | Mail and package delivery; secure storage | Residential: new construction and repair and remodeling |
| Rain dispersion, trims and flashings, other accessories | Water protection; sun protection | |

Industrial and Infrastructure Products Segment

| Product | Applications | End Market |
|---|---|--|
| Bar grating | Flooring, walkways, platforms, safety barriers | Discrete and process manufacturing; energy; power generation |
| Expanded metal and perforated metal | Security barriers / fencing; walkways / catwalks; filtration; architectural facades | Low-rise commercial; leisure and hospitality; automotive |
| Structural bearings and expansion joints for bridges and other structures | Preserve functionality under varying weight, wind, heat and seismic conditions | Bridge and elevated highway construction |

We believe that we have established a reputation as an industry leader in both of our operating segments with respect to quality, service and innovation and have achieved strong competitive positions in our markets. We attribute our standing in the markets primarily to the following competitive strengths:

Leading market share. We have a leading market position in many of the products and services we offer, and we estimate that a majority of our net sales for the year ended December 31, 2014 were derived from the sale of products in which we had one of the leading U.S. market shares. We believe we have leading market shares in four distinct product families: roof-related ventilation; postal and parcel storage; bar grating; structural bearings and expansion joints for bridges and other structures.

Provider of value-added products and services. We increasingly focus on value-added products and services, such as mail and package storage solutions, expansion joints and structural bearings for roadways and bridges, and ventilation products, to improve our margins and profitability. We use complex and demanding production and treatment processes that require advanced production equipment, sophisticated technology and exacting quality control measures. We have also targeted our acquisition strategy on manufacturers of value-added products in key growth platforms.

Solid relationships with blue-chip customers. We have strong relationships with our customers which include the largest distributors in the markets we serve. We have gained long-standing relationships, and we maintained and developed those relationships by offering an increasing range of products and providing quality customer support.

Commitment to quality. We place great importance on providing our customers with high quality products for use in critical construction applications. We carefully select our raw material vendors and use inspection and analysis to maintain our quality standards so our products meet critical customer specifications. To meet customer specifications, we use documented procedures utilizing statistical process control systems linked directly to processing equipment to monitor many stages of production. A number of our facilities' quality systems are registered under ISO 9001, an

internationally recognized set of quality-assurance standards, and other industry standards.

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Strong liquidity profile. We had no borrowings under our revolving credit facility during the year ended December 31, 2014, and our liquidity as of December 31, 2014 was \$209 million, including \$111 million of cash and \$98 million of availability under our revolving credit facility. We believe that our low leverage and increased liquidity allows us to successfully manage our business, meet the demands of our customers, weather the cyclicity of certain end markets and take advantage of growth opportunities.

History of growth through acquisitions. Over the last decade, we have grown through acquisitions, such as D.S. Brown (expansion joints and bearing for roads and bridges), Florence Manufacturing (mail storage) and Alabama Metal Industries Corporation (bar grating, expanded and perforated metal products), to help diversify our products and customers while growing our net sales and earnings, and improving our operating characteristics.

Recent developments

Structured succession plan. As part of a multi-year strategy developed by the board, an executive search committee was created to execute the Company's succession plan. The executive search committee consisted of board members who used an outside firm to identify potential candidates to fill the vacated President and Chief Operating Officer role and eventually assume the Chief Executive Office role. After an extensive search process, Frank Heard was hired in May 2014 as President and Chief Operating Officer. Mr. Heard joined our company with extensive experience in the building products industry from his 32 years of employment at Illinois Tool Works, Inc. In December 2014, the board announced the remainder of the succession plan and named Mr. Heard as the President and Chief Executive Officer effective January 1, 2015.

Mr. Heard succeeds Brian Lipke who had been our Chief Executive Officer (CEO) since 1987, the Chairman of our Board since 1992 and a director since the Company's initial public offering. Mr. Lipke announced his retirement as CEO in December 2014 and will continue to serve as Executive Chairman of the Board until May 31, 2015 when he will retire from the Board. At that time, William Montague, the Company's Lead Independent Director will assume the Chairman role.

In conjunction with the succession plan, several transitions were made to the Board of Directors. Two directors retired at the end of 2014 and two other directors, including Mr. Lipke, will retire in May 2015. Three new board members were elected and began service during 2014 in order to facilitate a smooth transition upon the retirement of the seasoned directors. These new board members bring a complement of industry and governmental experience to the board. Mr. Heard was also elected a director of the Company effective January 1, 2015.

Experienced Management Team. Our executive management team is composed of talented and experienced managers possessing broad experience in operational excellence, new product development, and driving profitable growth gained over multiple business cycles. Along with the employment of Mr. Heard in 2014 as President and subsequent appointment as Chief Executive Officer, we made other senior leadership changes, including the hiring and appointment of Kevin Viravec, the Industrial and Infrastructure Products President, along with the hiring of Paul Plourde, in a newly created position as leader of business development. Other developments include changes in leadership in our Residential Products segment for both our postal and parcel products and our ventilation and roofing-related products, where Stephen Duffy and Charles Jerasa assumed new leadership positions, respectively. Operational excellence. Our strategy is to position Gibraltar as a low-cost provider and a market share leader in product areas that offer the opportunity for sales growth and margin enhancement over the long-term. We focus on operational excellence, including lean initiatives throughout the Company to position Gibraltar as our customers' low-cost provider of the products we offer. We continuously seek to improve our on-time delivery, quality and service to position Gibraltar as a preferred supplier to our customers. During recent years, Gibraltar invested in new enterprise resource planning ("ERP") systems which, among other things, have enabled us to more effectively manage our inventory, forecast customer orders, improve supply chain management and respond more timely to volatile raw material costs. At the same time, we have significantly reduced our working capital levels while maintaining a high level of customer service.

Economic Trends

End markets served by our business are subject to economic conditions which include but are not limited to interest rates, commodity costs, demand for residential construction, demand for repair and remodeling, government funding, and the level of industrial construction and transportation infrastructure projects.

During 2014 and 2013, residential construction markets continued to recover with housing starts approaching 1.0 million in 2014. Residential repair and remodel activity also continued to improve over the past two years; however, re-roofing activity, which correlates to demand for our roof-related products, declined from 2013. While very little market lift from the residential

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housing market was experienced during 2014, we generated incremental sales of our centralized mail storage products as postal authorities continue transitioning from door-to-door delivery.

In our Industrial and Infrastructure Products segment, sales declined slightly for 2014. The sales decrease was primarily impacted by continuing uncertainty of government funding for U.S. transportation projects. The current federal appropriation was a nine-month extension ending May 2015. As a result, sales of our bearings and expansion joints for bridges and elevated highways decreased in 2014 compared to 2013.

Commodity raw material prices for materials such as steel, aluminum and resins, have also fluctuated during the past several years. These fluctuations impact the cost of raw materials we purchase and the pricing we offer to our customers. Volatility in commodity prices in combination with pressure to reduce prices to customers over the past few years have led to declining margins on our product sales.

Industry Overview

Our business occupies an intermediate market between the primary steel, aluminum, resin, and other basic material producers and the wholesale, retail building supply, manufacturing, and highway construction markets. The primary material producers typically focus on producing high volumes of their product. We purchase raw materials from these producers and, through various production processes, convert these raw materials into specialized products for use in the construction or repair and remodel of residential and low-rise commercial buildings, and industrial and transportation structures. We primarily distribute our products through wholesale distributors, retailers and contractors.

Products

Residential Products

The Residential Products segment is primarily, but not exclusively, a manufacturer of metal and resin-based products used in residential new construction and for home repair and remodeling. We operate 14 manufacturing facilities and four distribution centers throughout the United States 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.

We manufacture an extensive variety of products that are sold through a number of sales channels including major retail home centers, building material wholesalers, buying groups, roofing distributors, and residential contractors. Our product offerings include a full line of roof and foundation ventilation products and accessories, including solar powered units; postal and parcel storage products, including single mailboxes, cluster boxes for multi-unit housing and package delivery systems; roof edging and flashing; soffits and trim; drywall corner bead; metal roofing and accessories; and rain dispersion products, including gutters and accessories; and exterior retractable awnings; each of which can be sold separately or as an integral part of a program sale.

We improve our offerings of residential products by introducing new products, enhancing existing products, adjusting product specifications to respond to building code and regulatory changes, and providing additional solutions to homeowners and contractors. New products introduced in recent years include roof top safety kits, chimney caps, heat trace coils and exterior, remote-controlled deck awnings for sun protection, and solar-powered ventilation products.

Our ventilation and roof flashing products afford protection and extend the life of structures while providing a safer, healthier environment for the residents. Our cluster box mail delivery products provide delivery cost savings to the postal service while offering secure storage for delivered mail and packages. Our building products are manufactured primarily from galvanized and painted steel, anodized and painted aluminum, and various resins.

Our production capabilities allow us to process a wide range of metals and plastics necessary for manufacturing residential products. Most of our production is completed using automatic roll forming machines, stamping presses, paint lines, and injection molding equipment. We maintain our equipment with a thorough preventive maintenance program allowing us to meet the demanding quality and delivery requirements of our customers. Gibraltar also sources some products from third-party vendors when cost savings can be generated.

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Industrial and Infrastructure Products

The Industrial and Infrastructure Products segment is primarily, but not exclusively, a manufacturer and distributor of metal products used in a variety of end markets such as discrete and process manufacturing, highway and bridge construction, energy and mining. We operate 16 manufacturing facilities and five distribution centers throughout the United States, Canada, England, and Germany, 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 European market.

We manufacture an extensive variety of products that are sold through a number of sales channels including industrial, commercial and transportation contractors and industrial fabricators.

Our product offerings include a full line of fabricated bar grating and safety plank grating used in industrial flooring, walkways, stairs, platforms, safety barriers, drainage covers, and ventilation grates; expanded and perforated metal used in walkways, catwalks, automotive systems, shelving, fencing, barriers, and other applications where both visibility and security are necessary; fiberglass grating used in areas where high strength, light weight, low maintenance, and corrosion resistance are required; and expansion joint systems, bearing assemblies, and pavement sealing systems used in bridges, elevated highways, airport runways, and rail crossings.

We improve our offerings of industrial and infrastructure products by introducing new products, enhancing existing products, adjusting product specifications to respond to commercial building code and regulatory changes, and providing additional solutions to original equipment manufacturers and contractors. New products introduced in recent years include customized perforated and expanded metal to penetrate a range of new markets such as architectural facades for buildings (museums, sports stadiums and retail outlets); front grilles for a major truck tractor manufacturer; interior ceilings and lighting fixtures; and outdoor railings and balustrades. Our expanded grating fabrication capabilities have been successfully serving new applications such as wind towers and our newly developed manufacturing process of aluminum-swaged grating has extended our sales penetration into the water and wastewater markets. In addition, we have extended our transportation infrastructure products into new markets. For example, long-lasting pavement sealants for roadways are now being installed on airport runways; structural bearings for elevated highways and bridges have been installed on an offshore oil production platform; and corrosion-protection products for cable-suspension bridges are now marketed and sold internationally.

Our production capabilities allow us to process a wide range of metals necessary for manufacturing industrial products. Most of our production is completed using computer numerical control “CNC” machines, shears, slitters, press brakes, milling, welding, and numerous automated assembly machines. We maintain our equipment with a thorough preventive maintenance program, including in-house tool and die shops, allowing us to meet the demanding service requirements of many of our customers.

Overall

Gibraltar focuses on operational excellence by making our production process as efficient as possible without compromising the quality our customers expect from us. Our focus on efficiency relies upon continuous improvement at our plants and distribution centers where we have continued lean manufacturing practices. Additionally, we have implemented ERP systems that allow for just-in-time delivery of materials, efficient production planning, and eliminate manual efforts in the manufacturing process. Improvements in our manufacturing process have enabled Gibraltar to better control manufacturing costs while focusing on new product development and quality. Continued focus on operational excellence will remain a significant initiative as Gibraltar strives to be the low-cost manufacturer of our products.

Quality Assurance

We place great importance on providing our customers with high-quality products for use in critical construction applications. We carefully select our raw material vendors and use inspection and analysis to maintain our quality standards so our products meet critical customer specifications. To meet customer specifications, we use documented procedures utilizing statistical process control systems linked directly to processing equipment to monitor many stages of production. A number of our facilities’ quality systems are registered under ISO 9001, an internationally recognized

set of quality-assurance standards, and other industry standards. Gibraltar believes ISO registration is important as the disciplines it promotes help ensure the high quality products our customers expect.

Technical Services

We employ a staff of engineers and other technical personnel and maintain fully-equipped, modern laboratories to support our operations. These laboratories enable us to verify, analyze, and document the physical, chemical, metallurgical, and mechanical

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properties of our raw materials and products. In addition, our engineering staff employs a range of drafting software to design highly specialized and technically precise products. Technical service personnel also work in conjunction with our sales force to determine the types of products and services required for the particular needs of our customers.

Suppliers and Raw Materials

Our business is required to maintain sufficient quantities of raw material inventory in order to accommodate our customers' short lead times and just-in-time delivery requirements. Accordingly, we plan our purchases to maintain raw materials at sufficient levels to satisfy the anticipated needs of our customers. We have implemented ERP systems to better manage our inventory, forecast customer orders, enable efficient supply chain management, and allow for more timely counter-measures to changing customer demand and market conditions.

The primary raw materials we purchase are flat-rolled and plate steel, aluminum, and resins. We purchase flat-rolled and plate steel and aluminum at regular intervals on an as-needed basis, primarily from the major North American mills, as well as a limited amount from domestic service centers and foreign steel importers. Substantially all of our resins are purchased from domestic vendors, primarily through distributors with a small amount direct from manufacturers. Supply has been adequate from these sources to fulfill our needs. Because of our strategy to develop longstanding relationships in our supply chain, we have been able to adjust our deliveries of raw materials to match our required inventory positions to support our on-time deliveries to customers while allowing us to manage our investment in inventory and working capital.

The cost of our raw material purchases of steel, aluminum, and resins is significantly linked to commodity markets. The markets for commodities are highly cyclical and the costs of purchasing these raw materials can be volatile due to a number of factors including general economic conditions, domestic and worldwide demand, labor costs, competition, import duties, tariffs, and currency exchange rates. Changes in commodity costs not only impact the cost of our raw materials but also influence the prices we offer our customers. We have largely managed fluctuations in the market by maintaining lean inventory levels and increasing the efficiency of our manufacturing processes, however in limited situations, where we have fixed price contracts to supply goods covering multiple quarters, we have used hedge contracts to mitigate the risk of changes in commodity costs.

We purchase natural gas and electricity from suppliers in proximity to our operations.

We have no long-term contractual commitments with our suppliers. Management continually examines and improves our purchasing practices across our geographically dispersed facilities in order to streamline purchasing across similar commodities.

Intellectual Property

We actively protect our proprietary rights throughout North America and Europe by the use of trademark, copyright, and patent registrations and use our intellectual property in the business activities of each business unit. While no individual item of our intellectual property is considered material, we believe our trademarks, copyrights, and patents provide us with a competitive advantage when marketing our products to customers. Our brands are well recognized in the markets we serve and we believe they stand for high-quality manufactured goods at a competitive price. These trademarks and trade names allow us to maintain product leadership positions for the goods we offer.

Sales and Marketing

Our products and services are sold primarily by channel partners who are called on by our sales personnel and outside sales representatives located throughout the United States, Canada, and Europe. We have organized sales teams to focus on specific customers and national accounts through which we provide enhanced supply solutions and improve our ability to increase the number of products that we sell. Our sales staff works with certain retail customers to optimize shelf space for our products which is expected to increase sales at these locations.

We focus on providing our customers with industry leading customer service. Our business units generate numerous publications, catalogs, and other printed materials to facilitate the ordering process. In addition, we provide our retail customers with point-of-sale marketing aids to encourage consumer spending on our products in their stores.

Continual communication with our customers allows us to understand their concerns and provides us with the capability to identify solutions that will meet our customers' needs. We offer our customers prompt service and short lead times because we have the ability to successfully meet short deadlines. Gibraltar is able to meet our customers'

demand requirements due to our efficient manufacturing processes and extensive distribution network.

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Customers and Distribution

Our customers are located primarily throughout North America and Europe, and, to a lesser extent, in Asia, Africa, Australia, Central and South America. Our Residential Products segment operates principally in the residential new construction and repair and remodeling markets. Our Industrial and Infrastructure Products segment serves a variety of commercial construction and industrial markets; bridge and highway construction markets; and a variety of industrial markets. A majority of our products are sold through sales channels. Major customers include home improvement retailers, building product distributors, residential contractors, and postal services for our Residential Products segment. Discrete and process manufacturers, transportation contractors and automotive suppliers are major customers in our Industrial and Infrastructure Products segment. One customer within our Residential Products segment, a home improvement retailer, represented 12% of our consolidated net sales for 2014, 2013, and 2012, respectively. No other customer in either segment accounted for more than 10% of our consolidated net sales.

Our products are distributed to our customers using common carriers and our own fleet of trucks. We maintain distribution centers that complement our manufacturing plants from which we ship products and ensure on-time delivery while maintaining efficiency within our distribution process. In recent years, we have consolidated a number of distribution centers. Increased efficiency within our distribution network allowed us to eliminate costs from our business while continuing to provide excellent service to our customers.

Backlog

While the majority of our products have short lead time order cycles, certain business units have backlog aggregating nearly \$107 million at December 31, 2014. We believe that the majority of our backlog will be shipped during 2015.

Competition

Gibraltar operates in highly competitive markets. We compete against several competitors in our Residential Products segment and Industrial and Infrastructure Products segment, and, are different in each major product category. A few of our competitors may be larger, have greater financial resources, or have less financial leverage than we do. As a result, these competitors may be better positioned to respond to any downward pricing pressure or other adverse economic or industry conditions or to identify and acquire companies or product lines compatible with their business. We compete with competitors based on the range of products offered, quality, price, and delivery. Although some of our competitors are large companies, the majority are small to medium-sized and do not offer the large range of building products we do.

The prices paid for raw materials used in our operations, primarily steel, aluminum, and resins, are volatile due to a number of factors beyond our control, including but not limited to supply shortages, general industry and economic conditions, labor costs, import duties, tariffs, and currency exchange rates. Although we have strategies to help mitigate the volatility in raw material costs, such as reducing inventory levels, our competitors who chose not to maintain inventories as large as ours may be better able to mitigate the effects of this volatility and, thereby, compete effectively against us on product price.

We believe our broad range of products, high quality, and sustained ability to meet exacting customer delivery requirements gives us a competitive advantage over many of our competitors.

Employees

At December 31, 2014 and 2013, we employed 2,416 and 2,274 employees, respectively. Approximately 12% of our workforce was represented by unions through various collective bargaining agreements (CBAs) as of December 31, 2014. Three of our CBAs will expire and will be renegotiated in 2015. We historically have had good relationships with our unions and we expect future negotiations with our unions to result in contracts that provide benefits that are consistent with those provided in our current agreements.

Seasonality

Our net sales and income are generally lower in the first and fourth quarters compared to the second and third quarters primarily due to the seasonality of construction activity. Our sales volume is driven by residential renovation and other industrial construction activities which typically peak during warmer weather and decline due to inclement weather in the winter months. Operating margins are impacted by this seasonality because Gibraltar's operating costs have fixed cost components.

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Governmental Regulation

Our manufacturing facilities and distribution centers are subject to many federal, state, and local requirements relating to the protection of the environment. Our production processes use some environmentally sensitive materials. For example, we lubricate our machines with oil and use oil baths to treat some of our products. While we cannot guarantee that we will not incur material expenses to comply with environmental requirements, we believe that we operate our business in material compliance with all environmental laws and regulations, do not anticipate any material expenditures to continue to meet environmental requirements, and do not believe that future compliance with such laws and regulations will have a material adverse effect on our financial condition or results of operations. However, we could incur operating costs or capital expenditures in complying with new or more stringent environmental requirements in the future or with current requirements if they are applied to our facilities in a way we do not anticipate. In addition, new or more stringent regulation of our energy suppliers could cause them to increase the price of energy they supply us.

Our operations are also governed by many other laws and regulations covering our labor relationships, the zoning of our facilities, our general business practices, and other matters. We believe that we are in material compliance with these laws and regulations and do not believe that future compliance with such laws and regulations will have a material adverse effect on our financial condition or results of operations.

Internet Information

Copies of the Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge through the Company's website (www.gibraltar1.com) as soon as reasonably practicable after the Company electronically files the material with, or furnishes it to, the Securities and Exchange Commission.

Item 1A. Risk Factors

Future results and the market price for Gibraltar's common shares are subject to numerous risks, many which are driven by factors that cannot be controlled or predicted. The following discussion, as well as other sections of this Annual Report on Form 10-K, including "PART II — Item 7. — Management's Discussion and Analysis of Financial Condition and Results of Operations," describe certain business risks. Consideration should be given to the risk factors described below as well as those in the Safe Harbor Statement at the beginning of this Annual Report on Form 10-K, in conjunction with reviewing the forward-looking statements and other information contained in this Annual Report on Form 10-K. These risks are not the only risks we face. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial in our operations.

Macroeconomic factors outside of our control may adversely affect our business, our industry, and the businesses and industries of many of our customer and suppliers

Macroeconomic factors may have a significant impact on our business, including our ability to generate profitable margins, customer demand and the availability of credit and other capital. The impacts of future economic conditions and government measures to aid economic growth, as well as the growing debt levels of the United States and other countries, especially in Europe, continue to be unknown. The changing costs of energy, in particular oil, could negatively impact demand for our bar grating and expanded metal products. In addition, the strengthening of the U.S. dollar impacts the prices we charge and costs we incur to export and import products. We are unable to predict the strength, pace or sustainability of economic changes or the effects of government intervention or debt levels. The construction market has shown signs of stabilizing. However, global economic conditions remain fragile, and the possibility remains that the domestic or global economies, or certain industry sectors of those economies that are key to our sales, may continue to be slow or could further deteriorate, which could result in a corresponding decrease in demand for our products and negatively impact our results of operations and financial condition.

Our amount of indebtedness could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, and prevent us from meeting our obligations.

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We had total indebtedness of \$214 million as of December 31, 2014. The following chart shows our level of indebtedness and certain other information as of December 31, 2014 (dollars in thousands):

| | |
|--|-----------|
| Senior subordinated notes | \$210,000 |
| Other debt | 3,600 |
| Total debt | \$213,600 |
| Shareholders' equity | \$387,229 |
| Ratio of earnings to fixed charges (1) | 2.38x |

For purposes of calculating the ratio of earnings to fixed charges, earnings consist of income before taxes minus capitalized interest plus intangible asset impairment charges plus fixed charges. Fixed charges include interest expense (including amortization of debt issuance costs), capitalized interest, the portion of operating rental expense that management believes is representative of the interest component of rent expense, and the interest on uncertain tax positions.

We may not be able to generate sufficient cash flow from operating results and other sources to service all of our indebtedness, including the 6.25% Senior Subordinated Notes (6.25% Notes), and may be forced to take other actions to satisfy our obligations under our debt agreements, which may not be successful.

Our ability to make scheduled debt service payments or to refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures, or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to affect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. The credit agreement governing the revolving credit facility and the indenture that governs the 6.25% Notes restricts our ability to dispose of assets and use the proceeds from those dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due. If we cannot make scheduled payments on our debt, we will be in default and, as a result:

- our debt holders could declare all outstanding principal and interest to be due and payable;
- the lenders under the revolving credit facility could terminate their commitments to loan money, and foreclose against the assets securing their borrowings; and
- we could be forced into bankruptcy or liquidation.

Relative to current indebtedness levels, we may still be able to incur substantially more debt, including debt under our revolving credit facility. This could further exacerbate the risks described above.

We have a Senior Credit Agreement that provides the Company with a revolving credit facility commitment up to \$200 million with borrowings limited to the lesser of (i) \$200 million or (ii) a borrowing base determined by reference to the trade receivables, inventories, and property, plant, and equipment of our significant domestic subsidiaries. We had no borrowings during 2014, and as of December 31, 2014, we had \$98 million of availability under our revolving credit facility. Under the terms of our Senior Credit Agreement, we are required to repay all amounts outstanding under the revolving credit facility by October 10, 2016. Our principal operating subsidiary, Gibraltar Steel Corporation of New York, is also a borrower under the Senior Credit Agreement and the full amount of our commitments under the revolving credit facility may be borrowed by that subsidiary.

We also have \$210.0 million of 6.25% Notes that are due February 1, 2021.

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Our substantial degree of indebtedness could have other important consequences, including the following:

- it may limit our ability to obtain additional debt or equity financing for working capital, capital expenditures, product development, debt service requirements, acquisitions, and general corporate or other purposes;
- a substantial portion of our cash flows from operations have been and are expected to be dedicated to the payment of interest on our indebtedness and may not be available for other purposes, including our operations, capital expenditures, and future business opportunities;
- certain of our borrowings, including borrowings under the Senior Credit Agreement, are at variable rates of interest, exposing us to the risk of increased interest rates; and
- it may limit our ability to adjust to changing market conditions and place us at a competitive disadvantage compared to our competitors which have less debt.

Restrictive covenants may adversely affect our operations.

The Senior Credit Agreement and the indenture governing our 6.25% Notes contain various covenants that limit our ability to, among other things:

- incur additional debt or provide guarantees in respect of obligations of other persons;
- pay dividends or distributions or redeem or repurchase capital stock;
- prepay, redeem, or repurchase debt;
- make loans, investments including acquisitions, and capital expenditures;
- incur debt that is senior to our 6.25% Notes but junior to our indebtedness under the Senior Credit Agreement and other senior indebtedness;
- incur liens;
- receive distributions from our subsidiaries;
- sell assets and capital stock of our subsidiaries;
- consolidate or merge with or into, or sell substantially all of our assets to, another person; and
- enter into new lines of business.

In addition, the restrictive covenants in the Senior Credit Agreement include a single financial covenant that requires the Company to maintain a minimum fixed charge coverage ratio of 1.25 to 1.00. Our ability to meet the restrictive covenants in the future can be affected by events beyond our control and we cannot assure you that we will meet this financial ratio. A breach of any of these covenants would result in a default under the Senior Credit Agreement. Upon the occurrence of an event of default under the Senior Credit Agreement, we would attempt to receive a waiver from our lenders, which could result in us incurring additional financing fees that would be costly and adversely affect our profitability and cash flows. If a waiver was not provided, the lenders could elect to declare all amounts outstanding under such facility to be immediately due and payable and terminate all commitments to extend further credit. If such event of default and election occurs, the lenders under the Senior Credit Agreement would be entitled to be paid before current 6.25% Note holders receive any payment under our notes. In addition, if we were unable to repay those amounts, the lenders under the Senior Credit Agreement could proceed against the collateral granted to them to secure that indebtedness. We have pledged substantially all our assets as collateral under the Senior Credit Agreement. If the lenders under the Senior Credit Agreement accelerate the repayment of borrowings, we cannot assure you that we will have sufficient assets to repay debt outstanding under the Senior Credit Agreement and our other indebtedness, including our 6.25% Notes, or borrow sufficient funds to refinance such indebtedness. An acceleration of the amounts outstanding under the Senior Credit Agreement would result in an event of default under the 6.25% Notes which would then entitle the holders thereof to accelerate and demand repayment of the 6.25% Notes as well. Even if we are able to obtain new financing to pay the amounts due under the Senior Credit Agreement and 6.25% Notes, it may not be on commercially reasonable terms, or terms that are acceptable to us. A breach of any of our covenants would have an adverse effect on our business, results of operations, and cash flow.

Variable rate indebtedness subjects us to interest rate risk which could cause our debt service obligations to increase significantly.

Any future borrowings under the Senior Credit Agreement, are expected to be at variable rates of interest and would expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase on any amounts outstanding under the Senior Credit Agreement, and our net income would decrease. Assuming all revolving loans

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were fully drawn or funded on December 31, 2014, as applicable, each 25 basis point change in interest rates would result in a \$0.4 million change in annual interest expense on debt outstanding under the Senior Credit Agreement. New construction and home repair and remodeling markets account for a significant portion of our sales, and any substantial reduction in demand from these activities is likely to adversely affect our profitability and cash flow. The recent downturn in the economy, the disruption in capital and credit markets, declining real estate values, high unemployment rates, and reduced consumer confidence and spending have caused significant reductions in demand from our end markets in general and, in particular, the construction and home repair and remodeling markets. The construction industry and home repair and remodeling markets in North America have shown signs of stabilizing from further erosion. However, these markets are still depressed compared to historic norms, and we cannot predict the strength, pace or sustainability of recovery in these markets.

Our largest customers are retail home improvement centers and wholesale distributors who largely sell into the residential housing market. Our largest customer accounted for approximately 12% of our consolidated net sales during 2014, 2013, and 2012, respectively.

A loss of sales due to decreased demand from the construction market, the home repair and remodel market, any significant customer in these markets, or a decrease in the prices that we can realize from sales of our products to customers in these markets could adversely affect our profitability and cash flows. The end markets we serve have been and are expected to continue to be cyclical, with product demand based on numerous factors such as seasonal weather, availability of credit, interest rates, general economic conditions, consumer confidence, unemployment levels, and other factors beyond our control. The economic conditions experienced in the earlier years of the recession negatively affected all of these factors. If demand for the products we sell to these markets were to decline further, this could negatively affect our sales, financial results, and cash flows in the future.

We rely on a few customers for a significant portion of our net sales. The loss of those customers would adversely affect our business.

Some of our customers are material to our business and results of operations. Our ten largest customers accounted for approximately 31%, 29%, and 30% of our net sales during 2014, 2013, and 2012, respectively. Our percentage of net sales to our major customers may increase if we are successful in executing our strategy of broadening the range of products we sell to existing customers. In such an event, or in the event of any consolidation of our customers, our net sales may be increasingly sensitive to deterioration in the financial condition of, or other adverse developments with, one or more of our largest customers. Similarly, many of our customers have also experienced and continue to experience challenging financial conditions. The financial difficulties of certain customers and/or their failure to obtain credit or otherwise improve their overall financial condition could result in numerous changes within the markets we serve, reduced demand, decreased production, changes in product mix, unfavorable changes in the prices, terms or conditions we are able to obtain and other changes that may result in decreased purchases from us and otherwise negatively impact our business. These customers are also able to exert pricing and other influences on us, requiring us to market, deliver, and promote our products in a manner that may be more costly to us. Moreover, we generally do not have long-term contracts with our customers. As a result, although our customers periodically provide indications of their product needs and purchases, they generally purchase our products on an order-by-order basis, and the relationship, as well as particular orders, can be terminated at any time. The loss, bankruptcy, or significant decrease in business from any of our major customers would have a material adverse effect on our business, results of operations, and cash flow. While we have taken and will continue to take steps intended to mitigate the impact of financial difficulties and potential bankruptcy filings by our customers, these matters could have a negative impact on our business.

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

The principal markets that we serve are highly competitive. Competition is based primarily on quality, price, raw material and inventory availability, and the ability to meet delivery schedules dictated by customers. We compete in our principal markets with companies of various sizes, some of which have greater financial and other resources than we do and some of which have better established brand names in the markets we serve. Increased competition could

force us to lower our prices or to offer additional services or enhanced products at a higher cost to us, which could reduce our gross profit, net income, and cash flow and cause us to lose market share.

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

Our principal raw materials are commodity products consisting of steel, aluminum, and resins, which we purchase from multiple primary suppliers. The commodity market as a whole is cyclical, and at times availability and pricing can be volatile due to a number of factors beyond our control, including general economic conditions, domestic and worldwide demand, labor costs, competition, import duties, tariffs, and currency exchange rates. This volatility can significantly affect our raw material costs.

Global consolidation of the primary steel producers and increased demand from other nations such as China and India continue to put pressure on market prices for steel and other commodities. Additionally, we maintain moderate to high levels of inventories to accommodate the short lead times and just-in-time delivery requirements of our customers. Accordingly, we purchase raw materials on a regular basis in an effort to maintain our inventory at levels that we believe are sufficient to satisfy the anticipated needs of our customers based upon expected buying practices and market conditions. In an environment of increasing raw material prices, competitive conditions will impact how much of the steel price increases we can pass on to our customers. To the extent we are unable to pass on price increases in our raw materials to our customers, the profitability of our business and resulting cash flows would be adversely affected. In the event of rapidly decreasing raw material prices, we may be left to absorb the cost of higher cost inventory as customers receive reduced pricing related to decreases in raw material costs. To the extent we are unable to match our costs to purchase raw materials to prices given to our customers, the profitability of our business and resulting cash flows could be adversely affected.

Lead time and the cost of our products could increase if we were to suddenly lose a few of our primary suppliers. If, for any reason, our primary suppliers of steel, aluminum, resins, or other materials should curtail or discontinue deliveries to us in quantities we need and at prices that are competitive, our business could suffer. Our top ten suppliers accounted for 29% of our purchases during 2014. We could be significantly and adversely affected if delivery were disrupted from a major supplier or several suppliers. In addition, we do not have long-term contracts with any of our suppliers. If, in the future, we were unable to obtain sufficient amounts of the necessary metals at competitive prices and on a timely basis from our traditional suppliers, we may not be able to obtain such metals from alternative sources at competitive prices to meet our delivery schedules, which would have a material adverse effect on our results, profitability, and cash flow.

Increases in energy and freight prices would increase our operating costs and we may be unable to pass all these increases on to our customers in the form of higher prices for our products. We use energy to manufacture and transport our products. In particular, our plants use considerable amounts of electricity and our freight expenses include the cost of fuel to operate trucks. Our operating costs increase if energy costs rise. Although we do not believe we have experienced materially higher energy costs as a result of new or more stringent environmental regulations of our energy suppliers, such regulations could increase the cost of generating energy that is passed on to us. We do not hedge our exposure to higher prices via energy futures contracts. During periods of higher freight and energy costs, we may not be able to recover our operating cost increases through customer price increases without reducing demand for our products. Increases in energy prices may reduce our profitability and cash flows if we are unable to pass all the increases on to our customers through higher selling prices.

We may not be able to identify, manage, and integrate future acquisitions successfully and, if we are unable to do so, we are unlikely to sustain growth in net sales or profitability and our ability to repay our outstanding indebtedness may decline.

Historically, we have grown through a combination of internal growth plus external expansion through acquisitions such as the acquisitions made during the last three years. Although we intend to actively pursue our growth strategy in the future, we cannot provide any assurance that we will be able to identify appropriate acquisition candidates or, if we do, that we will be able to negotiate successfully the terms of an acquisition, finance the acquisition, or integrate the acquired business profitably into our existing operations. Integration of an acquired business could disrupt our business by diverting management away from other day-to-day operations and could result in liabilities that were not anticipated. Further, failure to integrate any acquisition successfully may cause significant operating inefficiencies and

could adversely affect our profitability and our ability to repay our outstanding indebtedness. Consummating an acquisition could require us to raise additional funds through additional equity or debt financing. Additional debt financing would increase our interest expense and reduce our cash flow otherwise available to reinvest in our business and neither debt nor equity financing may be available on satisfactory terms when required.

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We are subject to information system security risks and systems integration issues could disrupt our internal operations.

We are dependent upon information technology and networks in connection with a variety of business activities, including the distribution of information internally and also to our customers and suppliers. In addition, we collect and store significant amounts of confidential data and information. This information technology and data is subject to theft, damage, or interruption from a variety of sources, including but not limited to natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, malicious computer code, such as worms, viruses and Trojan horses, security breaches, and defects in design. The implementation of new information technology solutions could lead to interruptions of information flow internally and to our customers and suppliers while the implementation project is being completed. We implemented new systems during the past three years at several business units. Various measures have been taken to manage our risks related to information system and network disruptions and to prevent attempts to gain unauthorized access through the internet to our information systems. Nevertheless, such measures cannot provide absolute security due to employee error, malfeasance, faulty password management, or other irregularities. A security breach, system failure, or failure to integrate legacy systems of acquisitions or to implement new systems properly could negatively impact our operations and financial results. In addition, cyber attacks could threaten, or even impair, the integrity and value of our trade secrets and other sensitive intellectual property, as well as reveal personally identifiable information of our employees and customers. Our principal stockholders have the ability to exert significant influence in matters requiring a stockholder vote and could delay, deter, or prevent a change in control of the Company.

Approximately 5% of our outstanding common stock, including shares of common stock issuable under options and similar compensatory instruments granted which are exercisable, or which vested or will vest within 60 days, are owned by Brian J. Lipke, the Chairman of the Board of the Company, Eric R. Lipke, Neil E. Lipke, Meredith A. Lipke, and the estate of Curtis W. Lipke, all of whom are siblings, and certain trusts for the benefit of each of them and their families. As a result, the Lipke family has influence over all actions requiring stockholder approval, including the election of our board of directors. In deciding how to vote on such matters, the Lipke family may be influenced by interests that conflict with the interests of other shareholders.

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

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

We could incur substantial costs in order to comply with, or to address any violations of, environmental laws. Our operations and facilities are subject to a variety of federal, state, local, and foreign laws and regulations relating to the protection of the environment and human health and safety. Compliance with these laws and regulations sometimes involves substantial operating costs and capital expenditures, and any failure to maintain or achieve compliance with these laws and regulations or with the permits required for our operations could result in fines and civil or criminal sanctions, third-party claims for property damage or personal injury, cleanup costs or temporary or permanent discontinuance of operations including claims arising from the businesses and facilities that we have sold. We sometimes use hazardous and regulated substances such as petroleum products, hydraulic fluids, and solvents in our operations and are responsible for the proper handling, storage and disposal of hazardous materials and wastes. For certain businesses we have divested, we have provided limited indemnifications for environmental contamination to the successor owners. We have also acquired and continue to acquire businesses and facilities to add to our operations. While we sometimes receive indemnification for pre-existing environmental contamination, the party providing the indemnification may not have sufficient resources to cover the cost of any required measures. Certain facilities of ours have been in operation for many years and we may be liable for remediation of any contamination at

our current or former facilities; or at off-site locations where wastes have been sent for disposal, regardless of fault or whether we, our predecessors or others are responsible for such contamination. We have been responsible for remediation of contamination at some of our locations and, while such costs have not been material to date, the cost of remediation of any newly-discovered contamination cannot be quantified, and we cannot assure you that it will not materially affect our profits or cash flows. Changes in environmental laws, regulations or enforcement policies, including without limitation new or more stringent regulations affecting greenhouse gas emissions or use of fossil fuels, could have a material adverse effect on our business, financial condition, or results of operations.

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Labor disruptions at any of our major customers or at our own manufacturing facilities could adversely affect our results of operations and cash flow.

Many of our customers have unionized workforces and could experience labor disruptions such as work stoppages, slow-downs, and strikes. A labor disruption at one or more of our customers could interrupt production or sales by that customer and cause the customer to halt or limit orders for our products and services. Any such reduction in the demand for our products and services would adversely affect our net sales, results of operations, and cash flow.

In addition, approximately 12% of our own employees are represented by unions through various collective bargaining agreements. Three of our CBAs expire and will be renegotiated in 2015. It is likely that our unionized employees will seek an increase in wages and benefits at the expiration of these agreements, and we may be unable to negotiate new agreements without labor disruption or on terms favorable to us. In addition, labor organizing activities could occur at any of our facilities. If any labor disruption were to occur at our facilities, we could lose sales due to interruptions in production and could incur additional costs, which would adversely affect our net sales, results of operations, and cash flow.

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

Our net sales are generally lower in the first and fourth quarters primarily due to reduced activity in the building industry due to inclement weather. In addition, quarterly results may be affected by the timing of shipments of large customer orders. Therefore, our cash flow from operations may vary from quarter to quarter. If, as a result of any such fluctuation, our quarterly cash flows were significantly reduced, we may not be able to service our indebtedness or maintain covenant compliance. A default under any of our indebtedness could prevent us from borrowing additional funds, limit our ability to pay interest or principal and allow our senior secured lenders to enforce their liens against our assets securing our indebtedness to these senior secured lenders.

Economic, political, and other risks associated with foreign operations could adversely affect our financial results. Although the large majority of our business activity takes place in the United States, we derive a portion of our revenues and earnings from operations in other countries, and are subject to risks associated with doing business internationally. Our sales originating outside the United States represented approximately 10% of our consolidated net sales during the year ended December 31, 2014. We have facilities in Canada, England, and Germany. We believe that our business activities outside of the United States involve a higher degree of risk than our domestic activities. The risks of doing business in foreign countries include deterioration of foreign economic conditions, uncertainty over the stability of the Eurozone, the potential for adverse changes in the local political climate, in diplomatic relations between foreign countries and the United States or in governmental policies, laws or regulations, terrorist activity that may cause social disruption, logistical and communications challenges, costs of complying with a variety of laws and regulations, difficulty in staffing and managing geographically diverse operations, deterioration of foreign economic conditions, currency rate fluctuations, foreign exchange restrictions, differing local business practices and cultural considerations, restrictions on imports and exports or sources of supply, and changes in duties or taxes. Adverse changes in any of these risks could adversely affect our net sales, results of operations, and cash flows.

Disruptions to our business or the business of our customers or suppliers could adversely impact our operations and financial results.

Business disruptions, including increased costs for interruptions in the supply of energy or raw materials, resulting from severe weather events such as hurricanes, floods, blizzards, and from casualty events, such as fires or material equipment breakdown, from acts of terrorism, from epidemic or pandemic disease, or from other events such as required maintenance shutdowns, could cause interruptions to our businesses as well as the operations of our customers and suppliers. Such interruptions could have an adverse effect on our operations and financial results. The nature of our business exposes us to product liability, product warranty and other claims and other legal proceedings.

We are involved in product liability, product warranty and other claims relating to the products we manufacture and distribute that, if adversely determined, could adversely affect our financial condition, operating results, and cash flows. In addition, we are exposed to potential claims arising from parties, such as customers, for which we may be contractually liable. Although we currently maintain what we believe to be suitable and adequate insurance in excess

of our self-insured amounts, there can be no assurance that we will be able to maintain such insurance on acceptable terms or that such insurance will provide adequate protection against potential liabilities. Product liability claims can be expensive to defend and can divert the attention of management and other personnel for significant periods, regardless of the ultimate outcome. Claims of this nature could also

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have a negative impact on customer confidence in our products and our Company. We cannot assure you that any current or future claims will not adversely affect our financial condition, operating results, and cash flows.

If we are required to take additional non-cash impairment charges to earnings, such charges could be significant and have a material impact on our results of operations.

We review the carrying value of long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. We also test goodwill in each of our reporting units and intangible assets with indefinite lives for impairment annually in the fourth quarter or sooner at interim dates if events or changes in circumstances indicate that the carrying value of the asset may exceed fair value. In recent years, we have recorded significant non-cash impairment charges for goodwill and other intangible assets as a result of reductions in the estimated fair values of certain businesses. Should the markets for our products deteriorate or should we decide to invest capital differently than as expected, or should other cash flow assumptions change, it is possible that we will be required to record additional noncash impairment charges to our earnings in the future, which could be significant and have a material impact on our results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our principal executive office and headquarters is located in Buffalo, New York, in a leased facility. As of December 31, 2014, we operated 35 facilities in the U.S., five in Canada, and two in Europe of which 27 were leased and 15 were owned. We believe the facilities we operate and their equipment are effectively utilized, well maintained, in good condition, and will be able to accommodate our capacity needs to meet current levels of demand. Our broad North American and European network is well maintained and our sites are located to optimize customer service, market requirements, distribution capability and freight costs. We continuously review our anticipated requirements for facilities and, on the basis of that review, may from time to time acquire additional facilities and/or dispose of existing facilities.

Item 3. Legal Proceedings

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

Item 4. Mine Safety Disclosures

Not applicable.

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PART II

Item 5. Market for Common Equity and Related Stockholder Matters

As of December 31, 2014 there were 114 shareholders of record of the Company's common stock. However, the Company believes that it has a significantly higher number of shareholders because of the number of shares that are held by nominees.

The Company's common stock is traded in the over-the-counter market and quoted on the NASDAQ Global Select Market ("NASDAQ") under the symbol "ROCK." The following table sets forth the high and low sale prices per share for the Company's common stock for each quarter of 2014 and 2013 as reported on the NASDAQ Stock Exchange.

| | 2014 | | 2013 | |
|----------------|---------|---------|---------|---------|
| | High | Low | High | Low |
| Fourth Quarter | \$16.26 | \$12.96 | \$18.59 | \$13.73 |
| Third Quarter | \$16.32 | \$13.69 | \$16.55 | \$12.85 |
| Second Quarter | \$18.96 | \$15.25 | \$19.05 | \$14.47 |
| First Quarter | \$18.90 | \$17.43 | \$18.70 | \$15.05 |

The Company did not declare cash dividends during the years ended December 31, 2014 and 2013. Cash dividends are declared at the discretion of the Company's Board of Directors. The Board of Directors determines to pay dividends based upon such factors as the Company's cash flow, financial condition, capital requirements, debt covenant requirements, and other relevant conditions.

Equity Compensation Plan Information

The following table summarizes information as of December 31, 2014 concerning securities authorized for issuance under the Company's stock option plans:

| Plan Category | Number of Securities to be Issued Upon Exercise of Outstanding Options | Weighted-Average Exercise Price of Outstanding Options | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (1) |
|--|--|--|--|
| Equity Compensation Plans Approved by Security Holders | 569,319 | \$15.88 | 376,162 |
| Total | 569,319 | \$15.88 | 376,162 |

Consists of the Gibraltar Industries, Inc. 2005 Equity Incentive Plan (the Plan). Note 11 of the Company's audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K provides additional information regarding the Plan and securities issuable upon exercise of options. All currently effective equity compensation plans have been approved by the Company's shareholders.

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Performance Graph

The following information in this Item of the Annual Report on Form 10-K is not deemed to be “soliciting material” or to be “filed” with the Securities and Exchange Commission or subject to Regulation 14A or 14C under the Securities Exchange Act of 1934, as amended (the Exchange Act), or to the liabilities of Section 18 of the Exchange Act, and will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that we specifically incorporate such information into such a filing.

The performance graph shown below compares the cumulative total shareholder return on the Company’s common stock, based on the market price of the common stock, with the total return of the S&P SmallCap 600 Index and the S&P SmallCap 600 Industrials Index for the five-year period ended December 31, 2014. The comparison of total return assumes that a fixed investment of \$100 was invested on December 31, 2009 in common stock and in each of the foregoing indices and further assumes the reinvestment of dividends. The stock price performance shown on the graph is not necessarily indicative of future price performance.

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Item 6. Selected Financial Data

(in thousands, except per share data)

The following selected historical consolidated financial data for each of the five years in the period ended December 31, 2014 are derived from the Company's audited financial statements as reclassified for discontinued operations. The selected historical consolidated financial data should be read in conjunction with the Company's audited consolidated financial statements and notes thereto contained in Item 8 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in Item 7 of this Annual Report on Form 10-K.

| | Year Ended December 31, | | | | |
|--|-------------------------|------------|-----------|-----------|-------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| Net sales | \$862,087 | \$827,567 | \$790,058 | \$766,607 | \$637,454 |
| Intangible asset impairment | \$107,970 | \$23,160 | \$4,628 | \$— | \$76,964 |
| (Loss) income from operations | \$(70,417) | \$21,480 | \$40,261 | \$36,158 | \$(72,642) |
| Interest expense | \$14,421 | \$22,489 | \$18,582 | \$19,363 | \$19,714 |
| (Loss) income before taxes | \$(84,750) | \$(832) | \$22,167 | \$16,885 | \$(92,279) |
| (Benefit of) provision for income taxes | \$(2,958) | \$4,797 | \$9,517 | \$7,669 | \$(16,923) |
| (Loss) income from continuing operations | \$(81,792) | \$(5,629) | \$12,650 | \$9,216 | \$(75,356) |
| (Loss) income from continuing operations per share – Basic | \$(2.63) | \$(0.18) | \$0.41 | \$0.30 | \$(2.49) |
| Weighted average shares outstanding – Basic | 31,066 | 30,930 | 30,752 | 30,507 | 30,303 |
| (Loss) income from continuing operations per share – Diluted | \$(2.63) | \$(0.18) | \$0.41 | \$0.30 | \$(2.49) |
| Weighted average shares outstanding – Diluted | 31,066 | 30,930 | 30,857 | 30,650 | 30,303 |
| Current assets | \$360,431 | \$322,400 | \$267,238 | \$268,854 | \$242,377 |
| Current liabilities | \$134,085 | \$119,913 | \$117,585 | \$128,424 | \$100,118 |
| Total assets | \$814,160 | \$894,162 | \$883,674 | \$872,055 | \$810,890 |
| Total debt | \$213,600 | \$214,007 | \$207,803 | \$207,163 | \$207,197 |
| Shareholders' equity | \$387,229 | \$471,749 | \$476,822 | \$459,936 | \$440,853 |
| Capital expenditures | \$23,291 | \$14,940 | \$11,351 | \$11,552 | \$8,362 |
| Depreciation | \$19,712 | \$20,478 | \$19,673 | \$19,872 | \$18,797 |
| Amortization | \$5,720 | \$6,572 | \$6,671 | \$6,309 | \$5,167 |

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

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Company’s risk factors and its consolidated financial statements and notes thereto included in Item 1A and Item 8, respectively, of this Annual Report on Form 10-K. Certain information set forth herein Item 7 constitutes “forward-looking statements” as that term is used in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based, in whole or in part, on management’s beliefs, estimates, assumptions, and currently available information. For a more detailed discussion of what constitutes a forward-looking statement and of some of the factors that could cause actual results to differ materially from such forward-looking statements, please refer to the “Safe Harbor Statement” on page 2 of this Annual Report on Form 10-K.

Company Overview

Gibraltar is a leading manufacturer and distributor of products that provide structural, functional and architectural enhancements for residential homes, low-rise retail, other commercial and professional buildings, industrial plants, bridges and a wide-variety of other structures. These products include roof and foundation ventilation products for industrial flooring, mail and package storage products, rain dispersion products and roof ventilation accessories, fabricated bar grating, expanded and perforated metal, plus expansion joints and structural bearings for roadways and bridges.

We serve customers primarily throughout North America and Europe, and, to a lesser extent, in Asia, Africa, Australia, and Central and South America. Our customers include major home improvement retailers, wholesalers, and industrial distributors and contractors. As of December 31, 2014, we operated 42 facilities in 22 states, Canada, England, and Germany, which includes 32 manufacturing facilities and eight distribution centers, 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 European market.

The Company operates and reports its results in the following two operating segments, entitled “Residential Products” and “Industrial and Infrastructure Products”.

Our Residential Products segment focuses on the new residential housing construction and residential repair and remodeling activity. Its 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 discrete and process manufacturing, highway and bridge construction, energy and power generation. This segment’s products are distributed through industrial, commercial and transportation contractors, industrial distributors and original equipment manufacturers.

Our strategy is to position Gibraltar as a low-cost provider and market share leader in product areas that offer the opportunity for sales growth and margin enhancement over the long-term. We focus on operational excellence including lean initiatives throughout the Company to position Gibraltar as our customers’ low-cost provider of the products we offer. We continuously seek to improve our on-time delivery, quality, and service to position Gibraltar as a preferred supplier to our customers. We also strive to develop new products, enter new markets, expand market share in the residential markets, and further penetrate domestic and international industrial and infrastructure markets to strengthen our product leadership positions.

The end markets served by our business are subject to economic conditions that are influenced by but are not limited to interest rates, commodity costs, demand for residential construction, and the level of non-residential construction and infrastructure projects and demand for related repair and remodeling. End market conditions in 2014 overall were equivalent to those in 2013, as the Company was still impacted by historically lower levels of activity in its core markets. Although unevenly improving over the past few years, many economic indicators, such as residential housing starts, non-residential construction starts, industrial shipments and home repair and remodeling activity, continue to remain at levels well below long-term averages.

In response to these market conditions, we have restructured our operations, including the closing and consolidation of facilities, resulting in reductions in employees and overhead costs, and managed the business to generate cash.

Investments in ERP systems have enabled us to react better to fluctuations in commodity costs and customer demand,

along with curtailing our investments in inventory. We have used these positive cash flows to maintain lower levels of debt and improve our liquidity position.

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Results of Operations

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

The following table sets forth selected results of operations data (in thousands) and its percentages of net sales for the years ended December 31:

| | 2014 | | 2013 | | |
|--|-------------|--------|---------------|--------|----|
| Net sales | \$862,087 | 100.0 | % \$827,567 | 100.0 | % |
| Cost of sales | 722,042 | 83.8 | % 669,470 | 80.9 | % |
| Gross profit | 140,045 | 16.2 | % 158,097 | 19.1 | % |
| Selling, general, and administrative expense | 102,492 | 11.9 | % 113,457 | 13.7 | % |
| Intangible asset impairment | 107,970 | 12.5 | % 23,160 | 2.8 | % |
| (Loss) income from operations | (70,417) | (8.2) |)% 21,480 | 2.6 |)% |
| Interest expense | 14,421 | 1.6 | % 22,489 | 2.7 | % |
| Other income | (88) | — | % (177) | — | % |
| Loss before taxes | (84,750) | (9.8) |)% (832) | (0.1) |)% |
| (Benefit of) provision for income taxes | (2,958) | (0.3) |)% 4,797 | 0.6 | % |
| Loss from continuing operations | (81,792) | (9.5) |)% (5,629) | (0.7) |)% |
| Loss from discontinued operations | (32) | — | % (4) | — | % |
| Net loss | \$(81,824) | (9.5) |)% \$(5,633) | (0.7) |)% |

The following table sets forth the Company's net sales by reportable segment for the years ended December 31 (in thousands):

| | 2014 | 2013 | Total Change |
|--|-----------|-----------|--------------|
| Net sales: | | | |
| Residential Products | \$431,915 | \$394,071 | \$37,844 |
| Industrial and Infrastructure Products | 431,432 | 435,168 | (3,736) |
| Less Inter-Segment Sales | (1,260) | (1,672) | 412 |
| | 430,172 | 433,496 | (3,324) |
| Consolidated | \$862,087 | \$827,567 | \$34,520 |

Net sales increased by \$34.5 million, or 4.2%, to \$862.1 million for 2014 from net sales of \$827.6 million for 2013. The increase was the result of a 3.2% increase in volume, a 0.7% increase in pricing to customers, and 0.3% increase due to sales generated by an acquisition completed in September 2013.

Net sales in our Residential Products segment increased 9.6% or \$37.8 million to \$431.9 million in 2014 compared to \$394.1 million in 2013. The increase from prior year was primarily the result of a 9.5% increase in volume along with a 0.7% increase due to sales generated by an acquisition completed in 2013, slightly offset by a 0.5% decrease in pricing to customers. The most significant contributor to the increased sales was higher demand for our centralized postal and parcel storage products. As postal authorities strive to convert door-to-door deliveries to centralized deliveries, sales of our cluster unit mail boxes have benefited. This segment also benefited from modestly higher sales of our roofing-related ventilation and rain dispersion products. The lower selling prices were primarily the result of meeting selective competitive situations.

Net sales in our Industrial and Infrastructure Products segment decreased 0.8% or \$3.3 million to \$430.2 million in 2014 compared to \$433.5 million in 2013. The decrease was the result of a 2.5% decrease in volume partially offset by a 1.7% increase in pricing to customers. Lower demand for our transportation infrastructure products including components for bridges and elevated highways accounted for the volume decrease. Demand in this market is highly dependent on governmental funding and transportation projects continue to be negatively impacted by the uncertainty in government funding. The modest increase in pricing offered to customers was the result of covering raw material inflation.

Despite the increase in consolidated net sales, our gross margin decreased to 16.2% for 2014 compared to 19.1% for 2013. Contributing to the lower gross margin were competitive pressures on pricing and increasing raw material costs. We also incurred additional costs to increase our manufacturing capacity this year in our Residential Products segment, and initial

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inefficiencies contributed to the margin compression. An unfavorable mix of products with lower margins as compared to the prior year further contributed to the margin compression in our Industrial and Infrastructure Products segment. These factors contributed to the overall margin decline, but were partially offset by cost reductions resulting from staffing reductions in support functions implemented during the year.

Selling, general, and administrative (SG&A) expenses decreased by \$11.0 million, or 9.7%, to \$102.5 million for 2014 from \$113.5 million for 2013. The \$11.0 million decrease was largely the result of a \$8.1 million decrease in variable performance based compensation as compared to 2013, plus a \$1.4 million reduction in contingent consideration (or "earn-out") payable to the seller of a business acquired by the Company in 2013. The payable is adjusted on a quarterly basis through the Company's Statement of Operations based on the acquired business's projected EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) through September 30, 2015. SG&A expenses as a percentage of net sales decreased to 11.9% for 2014 compared to 13.7% for 2013.

During 2014, we recognized intangible asset impairment charges of \$108.0 million. The charges stemmed from lower estimated fair values of certain reporting units. The largest portion of the impairment was \$92.5 million related to intangibles in our Industrial and Infrastructure Products segment. In 2013, we recognized intangible asset impairment charges of \$23.2 million due to a reduction in the estimated fair value primarily in our European-based business in our Industrial and Infrastructure Products segment.

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 years ended December 31 (in thousands):

| | 2014 | | 2013 | | Total Change | Change Due To Intangible Impairment | Operations |
|---|------------------------------|--|--|------------------------------|--|--|------------|
| Income (loss) from operations: | | | | | | | |
| Residential Products | \$16,416 | 3.8 % | \$34,965 | 8.9 % | \$(18,549) | \$(14,435) | \$(4,114) |
| Industrial and Infrastructure Products | (74,634) | (17.3)% | 7,169 | 1.6 % | (81,803) | (70,375) | (11,428) |
| Unallocated Corporate Expenses | (12,199) | (1.4)% | (20,654) | (2.5)% | 8,455 | — | 8,455 |
| Consolidated (loss) income | \$(70,417) | (8.2)% | \$21,480 | 2.6 % | \$(91,897) | \$(84,810) | \$(7,087) |
| | 2014 | | 2013 | | | | |
| | Income from Operations | Goodwill and Intangible Asset Impairment | Income from Operations before Impairment | Income from Operations | Goodwill and Intangible Asset Impairment | Income from Operations before Impairment | |
| Income (loss) from operations without impairment charges: | | | | | | | |
| Residential Products | \$16,416 | \$15,435 | \$31,851 | \$34,965 | \$1,000 | \$35,965 | |
| Industrial and Infrastructure Products | (74,634) | 92,535 | 17,901 | 7,169 | 22,160 | 29,329 | |
| Unallocated Corporate Expenses | (12,199) | — | (12,199) | (20,654) | — | (20,654) | |
| Consolidated (loss) income | \$(70,417) | \$107,970 | \$37,553 | \$21,480 | \$23,160 | \$44,640 | |

Our Residential Products segment generated an operating margin of 3.8% in 2014 compared to an operating margin of 8.9% in 2013. Excluding the impairment charges of \$15.4 million for 2014 and \$1.0 million for 2013, the Residential Products segment generated operating income of \$31.9 million or 7.4% of sales in 2014 compared to \$36.0 million or 9.1% of sales for 2013, a decrease of \$4.1 million, or 11.4%. The decreased profitability was the result of additional costs incurred to increase our manufacturing capacity this year which were not fully recovered by higher sales. This segment also incurred higher raw material costs and a less favorable alignment of material costs to customer selling

prices as compared to 2013.

Our Industrial and Infrastructure Products segment generated an operating margin of -17.3% during 2014 compared to an operating margin of 1.6% during 2013. Excluding the 2014 and 2013 impairment charges of \$92.5 million and \$22.2 million, respectively, the Industrial and Infrastructure segment generated operating income of \$17.9 million or 4.2% of sales in 2014 compared to operating income of \$29.3 million or 6.8% of sales in 2013. The \$11.4 million decrease was due to a less

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favorable product mix of lower shipments to the transportation infrastructure market as compared to 2013, plus a less favorable alignment of material costs to customer selling prices and raw material cost inflation.

Corporate expenses decreased \$8.5 million, or 40.9% for 2014 from \$20.7 million for 2013 to \$12.2 million for 2014

The decrease was primarily the result of a decrease in variable performance based compensation expense of \$6.7 million from prior year along with a \$1.4 million reduction in contingent consideration payable to the seller of assets acquired by the Company in 2013.

Interest expense decreased \$8.1 million to \$14.4 million for 2014 from \$22.5 million for 2013. The significant decrease in expense resulted from the redemption of the \$204.0 million of the 8% Notes in the first quarter of 2013. In connection with this transaction, the Company recorded a charge of approximately \$7.2 million, which included \$3.7 million for the prepayment premium paid to holders of the 8% Notes, \$2.2 million to write-off deferred financing fees and \$1.3 million for the unamortized original issue discount related to the 8% Notes. The \$7.2 million charge was partially offset by lower interest expense of approximately \$0.4 million resulting from the lower coupon rate on the \$210.0 million 6.25% Notes issued in the first quarter of 2013 as compared to the 8% Notes. During 2014 and 2013, no amounts were outstanding under our revolving credit facility.

We recognized a benefit from income taxes of \$3.0 million for 2014, an effective tax rate of 3.5%, compared with a provision for income taxes of \$4.8 million, an effective rate of -576.6% for 2013. The difference between the Company's recorded benefit for 2014 and the benefit that would result from applying the U.S. statutory rate of 35% is primarily attributable to the tax impact of the non-deductible goodwill and intangible asset impairments recognized in 2014. The effective tax rate for 2013 was primarily attributable to the tax impact of the non-deductible goodwill impairment, state taxes, and the reversal of \$2.3 million valuation allowance for certain state deferred tax assets.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

The following table sets forth selected results of operations data (in thousands) and its percentages of net sales for the years ended December 31:

| | 2013 | | 2012 | | |
|--|-----------|---------|-------------|---------|----|
| Net sales | \$827,567 | 100.0 | % \$790,058 | 100.0 | % |
| Cost of sales | 669,470 | 80.9 | % 640,498 | 81.1 | % |
| Gross profit | 158,097 | 19.1 | % 149,560 | 18.9 | % |
| Selling, general, and administrative expense | 113,457 | 13.7 | % 104,671 | 13.2 | % |
| Intangible asset impairment | 23,160 | 2.8 | % 4,628 | 0.6 | % |
| Income from operations | 21,480 | 2.6 | % 40,261 | 5.1 | % |
| Interest expense | 22,489 | 2.7 | % 18,582 | 2.4 | % |
| Other income | (177) |) — | % (488) |) (0.1) |)% |
| (Loss) income before taxes | (832) |) (0.1) |)% 22,167 | 2.8 | % |
| Provision for income taxes | 4,797 | 0.6 | % 9,517 | 1.2 | % |
| (Loss) income from continuing operations | (5,629) |) (0.7) |)% 12,650 | 1.6 | % |
| Loss from discontinued operations | (4) |) — | % (5) |) — | % |
| Net (loss) income | \$(5,633) |) (0.7) |)% \$12,645 | 1.6 | % |

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The following table sets forth the Company's net sales by reportable segment for the years ended December 31 (in thousands):

| | 2013 | 2012 | Total Change | Change Due To | |
|--|-----------|-----------|-----------------|---------------|-------------|
| | | | | Acquisitions | Operations |
| Net sales: | | | | | |
| Residential Products | \$394,071 | \$375,105 | \$18,966 | \$10,514 | \$8,452 |
| Industrial and Infrastructure Products | 435,168 | 416,289 | 18,879 | 41,923 | (23,044) |
| Less Inter-Segment Sales | (1,672) | (1,336) | (336) | — | (336) |
| | 433,496 | 414,953 | 18,543 | 41,923 | (23,380) |
| Consolidated | \$827,567 | \$790,058 | \$37,509 | \$52,437 | \$(14,928) |

Net sales increased by \$37.5 million, or 4.7%, to \$827.6 million for 2013 from net sales of \$790.1 million for 2012.

The increase from the prior year was primarily the result of \$52.4 million or 6.6% of incremental sales generated by four acquisitions, three of which were completed in the latter part of the fourth quarter of 2012 and one completed in September 2013. Net sales from businesses operating in both periods decreased 1.9% or \$14.9 million, the result of a 2.8% decrease in pricing to customers offset by a 0.9% increase in volume. The lower selling prices were primarily the result of a decline in commodity costs for steel and meeting selective competitive situations.

Net sales in our Residential Products segment increased 5.1%, or \$19.0 million to \$394.1 million in 2013 compared to \$375.1 million in 2012. The increase from prior year was primarily the result of \$10.5 million, or 2.8% of incremental sales generated by two acquisitions, one completed in the latter part of the fourth quarter of 2012 and one completed in September 2013. Net sales from businesses operating in both periods increased 2.3% or \$8.5 million, the result of a 2.9% increase in volume partially offset by 0.7% decrease in pricing to customers. The increase was largely due to the growing demand for our centralized mail and parcel storage solutions, designed for apartments and condominiums. Net sales in our Industrial and Infrastructure Products segment increased 4.5% or \$18.5 million to \$433.5 million in 2013 compared to \$415.0 million in 2012. The increase from prior year was primarily the result of \$41.9 million or 10.1% of incremental sales generated by two acquisitions which were completed in the latter part of the fourth quarter of 2012. Net sales from businesses operating in both periods decreased 5.6% or \$23.4 million, the result of a 4.6% decrease in pricing to customers and a 0.9% decrease in volume. The lower selling prices were primarily the result of a decline in commodity costs for steel and meeting selective competitive situations. While volumes increased in our domestic industrial products, the increase was more than offset by declines in volume in our European markets, the continued result of weak economic conditions in that region.

The increase in net sales was the principal factor that contributed to the increase in our gross margin to 19.1% for 2013 compared to 18.9% for 2012. Also contributing to the gross margin in 2013 was a lower amount of restructuring and inventory charges in 2013 compared to 2012 of \$1.2 million and \$2.2 million, respectively. The 2012 gross margin was impacted by costs to consolidate certain of our West Coast locations with similar products and market characteristics and was largely completed by early 2013. Partially offsetting the favorable comparison on restructuring costs was a less favorable alignment of material costs to customer selling prices for our industrial products in 2013, the result of declining raw material costs in 2013 compared to 2012 and competitive pressures on pricing.

Selling, general, and administrative (SG&A) expenses increased by \$8.8 million, or 8.4%, to \$113.5 million for 2013 from \$104.7 million for 2012. The \$8.8 million increase included \$6.2 million of SG&A expense from acquired businesses and an increase in variable performance based compensation of \$2.0 million. SG&A expenses as a percentage of net sales increased to 13.7% for 2013 compared for 13.2% for 2012.

During the third quarter of 2013, we recognized intangible asset impairment charges of \$23.2 million. The largest portion of the impairment was \$21.3 million related to intangibles in our European-based business for which estimated fair values declined on lower projected cash flows. In 2012, due to changes in the estimated fair value of a certain reporting unit resulting from a decrease in sales projections, along with continued under-performance in the operations of that reporting unit, we recognized intangible asset impairment charges of \$4.6 million.

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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 years ended December 31 (in thousands):

| | 2013 | | 2012 | | Total Change | Change Due To Intangible Impairment | | Operations |
|--|-----------|---------|-----------|---------|-----------------|---|--|------------|
| Income (loss) from operations: | | | | | | | | |
| Residential Products | \$34,965 | 8.9 % | \$23,902 | 6.4 % | \$11,063 | \$3,628 | | \$7,435 |
| Industrial and Infrastructure Products | 7,169 | 1.6 % | 34,634 | 8.3 % | (27,465) | (22,160) | | (5,305) |
| Unallocated Corporate Expenses | (20,654) | (2.5)% | (18,275) | (2.3)% | (2,379) | — | | (2,379) |
| Consolidated income | \$21,480 | 2.6 % | \$40,261 | 5.1 % | \$(18,781) | \$(18,532) | | \$(249) |

| | 2013 | | 2012 | | 2012 | | 2012 | |
|---|------------------------------|--|--|--|------------------------------|--|--|--|
| | Income from Operations | Goodwill and Intangible Asset Impairment | Income from Operations before Impairment | Income from Operations before Impairment | Income from Operations | Goodwill and Intangible Asset Impairment | Income from Operations before Impairment | Income from Operations before Impairment |
| Income (loss) from operations without impairment charges: | | | | | | | | |
| Residential Products | \$34,965 | \$1,000 | \$35,965 | \$23,902 | \$4,628 | \$28,530 | | |
| Industrial and Infrastructure Products | 7,169 | 22,160 | 29,329 | 34,634 | — | 34,634 | | |
| Unallocated Corporate Expenses | (20,654) | — | (20,654) | (18,275) | — | (18,275) | | |
| Consolidated income | \$21,480 | \$23,160 | \$44,640 | \$40,261 | \$4,628 | \$44,889 | | |

Our Residential Products segment generated an operating margin of 8.9% during 2013 compared to a operating margin of 6.4% during 2012. Excluding the impairment charges of \$1.0 million for 2013 and \$4.6 million for 2012, the Residential Products segment generated operating income of \$36.0 million or 9.1% of sales in 2013 compared to \$28.5 million or 7.6% of sales for 2012, an increase of \$7.5 million, or 26.3%. While the segment had a modest increase resulting from acquisitions, the majority of the increase resulted from improved performance from our West Coast operations leading to lower restructuring and inventory charges in the 2013 period compared to the prior year. The 2012 period included costs to consolidate certain of our West Coast locations with similar products and market characteristics and was largely completed by early 2013.

Our Industrial and Infrastructure Products segment generated an operating margin of 1.6% during 2013 compared to an operating margin of 8.3% during 2012. Excluding the impairment charges of \$22.2 million, the Industrial and Infrastructure segment generated operating income of \$29.3 million or 6.8% of sales in 2013 compared to operating income of \$34.6 million or 8.3% of sales for 2012, a decrease of \$5.3 million, or 15.3%. Despite an increase in operating income due to acquisitions, this increase was more than offset by a less favorable alignment of material costs to customer selling prices.

Corporate expenses increased \$2.4 million, or 13.0% for 2013 from \$18.3 million for 2012 to \$20.7 million for 2013. The increase was primarily the result of an increase in variable performance based compensation of \$2.6 million due to stronger performance of the Company's stock price which increased the value of deferred salary and previously earned bonuses.

Interest expense increased \$3.9 million, or 21.0%, to \$22.5 million for 2013 from \$18.6 million for 2012. The significant increase in expense resulted from the redemption of the \$204.0 million of the 8% Notes in the first quarter of 2013. In connection with this transaction, the Company recorded a charge of approximately \$7.2 million, which included \$3.7 million for the prepayment premium paid to holders of the 8% Notes, \$2.2 million to write-off deferred financing fees and \$1.3 million for the unamortized original issue discount related to the 8% Notes. The \$7.2 million charge was partially offset by lower interest expense of approximately \$3.4 million resulting from the lower coupon

rate on the \$210.0 million 6.25% Notes issued in the first quarter of 2013 as compared to the 8% Notes. During 2013 and 2012, no amounts were outstanding under our revolving credit facility.

We recognized a provision for income taxes of \$4.8 million for 2013, an effective tax rate of -576.6%, compared with a provision for income taxes of \$9.5 million, an effective tax rate of 42.9% for 2012. The difference between the Company's recorded charge for 2013 and the benefit that would result from applying the U.S. statutory rate of 35% is primarily attributable to the tax impact of the non-deductible goodwill impairment recognized during the year and state taxes. This impact is partially

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offset by the reversal of a \$2.3 million valuation allowance for certain state deferred tax assets. The valuation reversal includes operating losses that were no longer needed based on three years of cumulative profit and can be applied toward current and future earnings. The effective tax rate for 2012 exceeded the U.S. federal statutory rate due to state taxes and non-deductible permanent differences, including the effect of a non-deductible intangible asset impairment charge.

Outlook

During 2014, our modest revenue growth was primarily the result of demand for postal products that supported centralized mail delivery initiatives, partially offset set by lower sales of transportation infrastructure products.

We anticipate overall sales growth of low single digits in 2015 over 2014. We expect market conditions to improve modestly for residential housing with industrial and transportation infrastructure markets being equivalent to 2014. Headwinds for 2015 revenue growth are expected from: the effects of lower commodity costs on the selling prices of certain industrial products as well as affecting order rates for new projects in oil and gas markets; a continuing weak environment for broad-based price increases by which to offset inflationary costs; and the continuing uncertainty of federal government funding beyond May 31, 2015 for U.S. transportation projects.

We anticipate increased profitability in 2015 compared to the prior year. Aided by modest revenue growth, 2015 profit increases are expected from the incremental benefit of cost reduction actions completed in 2014 in overhead staffing, sales channel adjustments, and a facility closure along with 2015 productivity initiatives and other actions.

With modest margin expansion on full year consolidated sales growth, we expect earnings per share for 2015 in the range of \$0.53 to \$0.63. This compares to loss of \$2.63 per share for 2014, or an adjusted earnings per share of \$0.47, which excludes the 2014 impairment loss of \$3.09 per share.

Liquidity and Capital Resources

General

Our principal capital requirements are to fund our operations with working capital, the purchase of capital improvements for our business and facilities, and to fund acquisitions. We will continue to invest in growth opportunities as appropriate while continuing to focus 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 during the past three years which have funded our capital requirements and assisted in the funding of our recent acquisitions as noted below in the "Cash Flows" section of Item 7 of this Annual Report on Form 10-K. We generated positive operating cash flows during these periods despite the continued challenging economic conditions our business faced. In the future, we expect to continue profitable growth and sustain strong working capital management which will generate positive operating cash flow.

On October 11, 2011, we entered into the Senior Credit Agreement which includes a \$200 million revolving credit facility and provides Gibraltar with access to capital and improved financial flexibility. As of December 31, 2014, our liquidity of \$209.0 million consisted of \$110.6 million of cash and \$98.4 million of availability under our revolving credit facility as compared to liquidity of \$199.8 million as of December 31, 2013. We believe that availability of funds under our Senior Credit Agreement together with the cash generated from operations should be sufficient to provide the Company with the liquidity and capital resources necessary to support our principal capital requirements during the next twelve months.

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 December 31, 2014, our foreign subsidiaries held \$19.1 million of cash. 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 through transactions similar to our 2012

acquisition of the Western Canadian bar grating business. 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. Potential acquisitions are evaluated on the basis of our ability to enhance our existing products, operations, or capabilities, as well as provide access to new products, markets, and customers and improve shareholder value. Our 2012 and 2013 acquisitions were funded by cash on hand.

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Cash Flows

The following table sets forth selected cash flow data for the years ended December 31 (in thousands):

| | 2014 | 2013 |
|---|----------|----------|
| Cash provided by (used in): | | |
| Operating activities of continuing operations | \$32,583 | \$60,304 |
| Investing activities of continuing operations | (17,022) | (7,866) |
| Financing activities of continuing operations | (322) | (2,689) |
| Discontinued operations | (41) | (9) |
| Effect of exchange rate changes | (1,627) | (729) |
| Net increase in cash and cash equivalents | \$13,571 | \$49,011 |

During the year ended December 31, 2014, net cash provided by continuing operations totaled \$32.6 million, primarily driven by non-cash net charges totaling \$129.6 million that included depreciation, amortization, deferred income taxes, stock compensation, and an intangible asset impairment, partially offset by loss from continuing operations of \$81.8 million. Net cash provided by continuing operations for 2013 was \$60.3 million and was primarily driven by non-cash net charges totaling \$63.5 million that included depreciation, amortization, deferred income taxes, stock compensation, and an intangible asset impairment, partially offset by loss from continuing operations of \$5.6 million.

During the year ended December 31, 2014, the Company increased its investment in working capital and other net assets from December 31, 2013 resulting in \$15.2 million of cash outflow. Cash flow invested in working capital and other net assets included \$14.3 million and \$8.6 million increases in accounts receivable and inventory, respectively, partially offset by a \$11.2 million increase in accounts payable. The increase in accounts receivable was a result of increased sales volume. Inventory and accounts payable increased due to increased manufacturing activity. The increase in other current assets and other assets of \$2.5 million was largely due to the timing of prepaid payments and purchase of foreign currency options. During the year ended December 31, 2013, cash flow invested in working capital and other net assets included \$8.4 million increase in accrued liabilities partially offset by a \$5.0 million increase in inventory and \$1.0 million increase in accounts receivable.

Net cash used in investing activities of continuing operations for 2014 of \$17.0 million was primarily due to capital expenditures of \$23.3 million partially offset by \$6.0 million received from the sale of two properties. Net cash used in investing activities of continuing operations for 2013 of \$7.9 million primarily consisted of \$5.5 million for the 2013 acquisition of solar-powered ventilation assets and \$14.9 million of capital expenditures, partially offset by the sale of a property.

Net cash used in financing activities for 2014 of \$0.3 million was the result of the purchase of treasury stock of \$0.6 million and \$0.4 million in long term debt payments, partially offset by the proceeds from the issuance of common stock of \$0.6 million. Net cash used in financing activities for 2013 of \$2.7 million was primarily the result of redemption of the \$204.0 million 8% Notes along with the \$3.7 million payment of the note redemption fees and \$3.9 million in payments of deferred financing fees. These cash outflows were offset by proceeds from the issuance of the \$210.0 million 6.25% Notes.

Senior Credit Agreement and Senior Subordinated Notes

Borrowings under the Senior Credit Agreement are secured by the trade receivables, inventory, personal property and 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 that does not exceed the lesser of (i) \$200 million or (ii) a borrowing base determined by reference to the trade receivables, inventories, and property, plant, and equipment of the Company's significant domestic subsidiaries. The Senior Credit Agreement provides Gibraltar with flexibility by allowing us to request additional financing from the lenders to increase the revolving credit facility to \$250 million. The Senior Credit Agreement also provided Gibraltar with a commitment to enter into a term loan subject to conditions that subsequently the Company decided not to satisfy. The Senior Credit Agreement is committed through October 10, 2016.

Borrowings under the Senior Credit Agreement bear interest at a variable interest rate based upon the London Interbank Offered Rate (LIBOR) plus an additional margin of 2.0% to 2.5%, based on the amount of borrowings available to Gibraltar. The Senior Credit Agreement also carries an annual facility fee of 0.375% on the undrawn portion of the facility and fees on outstanding letters of credit which are payable quarterly.

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As of December 31, 2014, we had \$98.4 million of availability under the Senior Credit Agreement and outstanding letters of credit of \$20.4 million. Only one financial covenant is contained within the Senior Credit Agreement, which requires us to maintain a fixed charge ratio (as defined in the agreement) of 1.25 to 1.00 or higher on a trailing four-quarter basis at the end of each quarter. As of December 31, 2014, we were in compliance with the minimum fixed charge coverage ratio covenant. Management expects to be in compliance with the fixed coverage ratio covenant throughout the next twelve months. No amounts were outstanding under our revolving credit facility during 2014 or 2013.

On January 31, 2013, the Company issued \$210.0 million of 6.25% Senior Subordinated Notes (6.25% Notes) due February 1, 2021. In connection with the issuance of the 6.25% Notes, on January 16, 2013 the Company initiated a tender offer to purchase the outstanding \$204.0 million of 8% Senior Subordinated Notes (8% Notes) due in 2015. Simultaneously with the closing of the sale of the 6.25% Notes on January 31, 2013, the Company purchased the tendered 8% Notes. The 8% Notes that were not tendered and purchased were called for redemption. In connection with the purchase and subsequent redemption, the Company satisfied and discharged its obligations under the 8% Notes as of January 31, 2013. The terms of the indenture for our 6.25% Notes do not fully prohibit us or our subsidiaries from incurring additional debt. 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 of the greater of \$0.25 per share or \$25 million. The 6.25% Notes are redeemable at the option of the Company, in whole or in part, at any time on or after February 1, 2017, at the redemption price (as defined in the Senior Subordinated 6.25% Notes Indenture). The redemption prices will be 103.13%, and 101.56% of the principal amount thereof if the redemption occurs during the 12-month periods beginning February 1, of the years 2017 and 2018, respectively, and 100% of the principal amount thereof on and after February 1, 2019, in each case plus accrued and unpaid interest to the applicable redemption date. In addition, prior to February 1, 2016, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of certain equity offerings by the Company at a redemption price of 106.25% of the principal amount thereof, plus accrued and unpaid interest to the redemption date. In the event of a Change in Control (as defined in the Senior Subordinated 6.25% Notes Indenture), each holder of the 6.25% Notes may require the Company to repurchase all or a portion of such holder's 6.25% Notes at a purchase price equal to 101% of the principal amount thereof.

Each of our significant domestic subsidiaries has guaranteed the obligations under the Senior Credit Agreement. The Senior Credit Agreement contains other provisions and events of default that are customary for similar agreements and may limit our ability to take various actions. The Senior Subordinated 6.25% Notes Indenture also contains provisions that limit additional borrowings based on the Company's consolidated coverage ratio.

Off Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements, other than operating leases, that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

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Contractual Obligations

The following table summarizes by category our Company's expected future cash outflows associated with contractual obligations in effect at December 31, 2014 (in thousands):

| Contractual Obligation | Payments Due by Period | | | | |
|--|------------------------|-----------------------|-----------------------|------------------------|-------------------------|
| | Total | Less than One Year | One to Three Years | Three to Five Years | More Than Five Years |
| Fixed rate debt | \$210,000 | \$— | \$— | \$— | \$210,000 |
| Interest on fixed rate debt | 79,844 | 13,125 | 26,250 | 26,250 | 14,219 |
| Operating lease obligations | 42,739 | 10,612 | 16,273 | 9,297 | 6,557 |
| Pension and other post-retirement payments | 7,249 | 1,405 | 1,522 | 1,410 | 2,912 |
| Management stock purchase plan 1 | 6,889 | 1,676 | 2,634 | 2,528 | 51 |
| Variable rate debt (including interest) 2 | 3,623 | 405 | 808 | 806 | 1,604 |
| Performance stock unit awards | 3,877 | 2,411 | 1,466 | — | — |
| Other | 1,742 | 878 | 593 | 271 | — |
| Total | \$355,963 | \$30,512 | \$49,546 | \$40,562 | \$235,343 |

1 Includes amounts due to retired participants of the Management Stock Purchase Plan (MSPP). Excludes the future payments due to active participants of the MSPP, which represents a liability of \$9.6 million as of December 31, 2014. The timing of future payments to active participants cannot be accurately estimated as we are uncertain of when active participants' service to the Company will terminate.

2 Calculated using the interest rate in effect of 0.14% at December 31, 2014.

Critical Accounting Policies

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make decisions based upon estimates, assumptions, and factors it considers relevant to the circumstances. Such decisions include the selection of applicable principles and the use of judgment in their application, the results of which could differ from those anticipated.

A summary of the Company's significant accounting policies are described in Note 1 of the Company's consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

Our most critical accounting policies include:

- valuation of accounts receivable, which impacts selling, general, and administrative expense;
 - valuation of inventory, which impacts cost of sales and gross margin;
 - the allocation of the purchase price of acquisitions to the fair value of acquired assets and liabilities, which impacts our depreciation and amortization costs;
 - the assessment of recoverability of depreciable and amortizable long-lived assets, which impacts the impairment of long-lived assets;
 - the assessment of recoverability of goodwill and other indefinite-lived intangible assets, which impacts the impairment of goodwill and intangible assets;
 - accounting for income taxes and deferred tax assets and liabilities, which impact the provision for income taxes; and,
 - accounting for derivatives and hedging activities, which impact other income (expense), other comprehensive income.
- Management reviews these estimates, including the allowance for doubtful accounts and inventory reserves, on a regular basis and makes adjustments based on historical experience, current conditions, and future expectations. Management believes these estimates are reasonable, but actual results could differ from these estimates.

Valuation of Accounts Receivable

Our accounts receivable represent those amounts that have been billed to our customers but not yet collected. As of December 31, 2014 and 2013, allowances for doubtful accounts of \$4.3 million and \$4.8 million were recorded, or approximately 4% and 5% of gross accounts receivable for both periods, respectively. We record an allowance for

doubtful

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accounts based on the portion of those accounts receivable that we believe are potentially uncollectible based on various factors, including experience, creditworthiness of customers, and current market and economic conditions. If the financial condition of customers were to deteriorate, resulting in impairment of their ability to make payments, additional allowances may be required. Changes in judgments on these factors could impact the timing of costs recognized.

Valuation of Inventories

We record our inventories at the lower of cost or market. We determine the cost basis of our inventory on a first-in, first-out basis using a standard cost methodology that approximates actual cost. On a regular basis, we calculate an estimated market value of our inventory, considered to be the prevailing selling price for the inventory less the cost to complete and sell the product. We compare the current carrying value of our inventory to the estimated market value to determine whether a reserve to value inventory at the lower of cost or market is necessary. We recorded insignificant charges during the three year period ended December 31, 2014 to value our inventory at the lower of cost or market.

We regularly review inventory on hand and record provisions for excess, obsolete, and slow-moving inventory based on historical and current sales trends. We recorded reserves for excess, obsolete, and slow-moving inventory of \$5.6 million at both December 31, 2014 and 2013, or approximately 4% and 5% of gross inventories for 2014 and 2013, respectively. Changes in product demand and our customer base may affect the value of inventory on hand, which may require higher provisions for obsolete inventory.

Accounting for Acquired Assets and Liabilities

When we acquire a business, we allocate the purchase price to the assets acquired and liabilities assumed in the transaction at their respective estimated fair values. We record any premium over the fair value of net assets acquired as goodwill. Significant judgment is necessary to determine the fair value of the purchase price. The allocation of the purchase price involves judgments and estimates both in characterizing the assets and in determining their fair value. The way we characterize the assets has important implications, as long-lived assets with definitive lives, for example, are depreciated or amortized, whereas goodwill is tested annually for impairment, as explained below.

With respect to determining the fair value of the purchase price, the most subjective estimates involve valuations of contingent consideration. We engage valuation specialists to assist in the determination of the fair value of contingent consideration. Key assumptions used to value the contingent consideration include future projections and discount rates.

With respect to determining the fair value of assets, the most subjective estimates involve valuations of long-lived assets, such as property, plant, and equipment as well as identified intangible assets. We use all available information to make these fair value determinations and engage independent valuation specialists to assist in the fair value determination of the acquired long-lived assets. The fair values of long-lived assets are determined using valuation techniques that use discounted cash flow methods, independent market appraisals, and other acceptable valuation techniques.

Due to the subjectivity inherent in determining the fair value of long-lived assets and the significant number of acquisitions we have completed, we believe the allocation of purchase price to acquired assets and liabilities is a critical accounting policy.

Impairment of Depreciable and Amortizable Long-lived Assets

We test long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable and exceeds their fair value, or on an annual basis at minimum. During our annual test, we perform a recoverability test by comparing the carrying amount of asset groups to future undiscounted cash flows expected to result from the use of the assets. The impairment loss would be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value as determined by discounted cash flow method, an independent market appraisal of the asset, or another acceptable valuation technique.

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In 2014, after completing the recoverability test, one of the Company's reporting unit's future undiscounted cash flows was less than the carrying amount of its assets. Based on these results, we then conducted an analysis to measure the amount of the impairment loss by valuing the long-lived asset groups of the entity in the following order:

Receivables, inventory, and indefinite-lived intangibles

Property, plant, and equipment; and definite-lived intangibles

Goodwill

Upon calculating the fair value of the asset groups and comparing the fair value to the carrying value, the Company recorded impairment charges of \$804,000 for property, plant, and equipment; and definite-lived intangibles. After taking the effects of these impairment charges into consideration, the Company determined that an impairment charge of \$5,603,000 against goodwill was also necessary.

As a result of restructuring activities incurred by the Company, a net recovery for property, plant, and equipment of \$0.5 million and charges of \$1.6 million were recorded during the years ended December 31, 2014 and 2013, respectively.

Goodwill and Other Indefinite-lived Intangible Asset Impairment Testing

Testing Methodology

Our goodwill and indefinite-lived intangible asset balances of \$236.0 million and \$42.7 million as of December 31, 2014, respectively, are subject to impairment testing. We test goodwill and indefinite-lived intangible assets for impairment on an annual basis as of October 31 and at interim dates when indicators of impairment are present. Indicators of impairment could include a significant long-term adverse change in business climate, poor indicators of operating performance, or a sale or disposition of a significant portion of a reporting unit. As a result of the October 31, 2014 test, the Company recognized intangible asset impairment charges of \$108.0 million for the year ended December 31, 2014.

We test goodwill for impairment at the reporting unit level. We identify our reporting units by assessing whether the components of our company constitute businesses for which discrete financial information is available and management regularly reviews the operating results of those components. During 2014, we identified eleven reporting units in total, of which nine units had goodwill at the beginning of the fiscal year.

The goodwill impairment test consists of comparing the fair value of a reporting unit with its carrying amount including goodwill. If the carrying amount of the reporting unit exceeds the reporting unit's fair value, the implied fair value of goodwill is compared to the carrying amount of goodwill. An impairment loss is recognized for the amount by which the carrying amount of goodwill exceeds the implied fair value of goodwill.

Step one of the impairment test consists of comparing the fair value of a reporting unit with its carrying amount including goodwill. The fair value of each reporting unit is determined using two valuation techniques: an income approach and a market approach.

The income approach included a discounted cash flow model relying on significant assumptions consisting of revenue growth rates and profit margins based on internal forecasts, terminal value, and the weighted average cost of capital (WACC) used to discount future cash flows. The WACC is calculated based upon the capital structure of eleven market participants in the Company's peer group.

The market approach consisted of applying the Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) multiple to the forecasted EBITDA to be generated in the next two years. The market approach also relied on the same significant assumptions used in the discounted cash flow model, consisting of revenue growth rates and profit margins based on internal forecasts and the EBITDA multiple selected from an analysis of peer companies. Similar to the WACC analysis, we assessed the risk of each reporting unit achieving its forecasts with consideration given to how each reporting unit has performed historically compared to forecasts.

Annual Impairment Testing

For the first nine months ended September 30, 2014, we concluded that no indicators of impairment existed at interim dates and did not perform any interim impairment tests related to goodwill and indefinite-lived intangible assets. The Company performed its annual impairment test as of October 31, 2014 during which we tested goodwill and other indefinite-lived intangible assets for impairment.

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The 2014 annual impairment test examined all eleven reporting units and used the two valuation technique methodologies noted above (income and market approaches), and WACC calculation employed in prior years. The following table summarizes the WACC and EBITDA multiple ranges used during the annual goodwill impairment test performed during 2014:

| Date of Impairment Test | WACC |
|-------------------------|-----------------|
| October 31, 2014 | 11.5% to 13.6% |
| | EBITDA Multiple |
| October 31, 2014 | |
| 2015 EBITDA forecast | 7.7 to 8.45 |
| 2014 EBITDA forecast | 10.3 to 11.05 |

Under the direction of Frank Heard, our new President and CEO, and in conjunction with our 2015 budgeting and forecasting process, we reevaluated our revenue projections including a continued slower economic recovery, and continued increased competition and pricing pressure. Of the eleven reporting units tested, we determined that five of the reporting units had carrying values in excess of their fair values due to decreased revenue projections affected by, but not limited to, slower economic conditions and increased competition. The Company initiated step two of the goodwill impairment test for four of these reporting units, as one did not have goodwill as of our testing date. Step two involved calculating the implied fair value of goodwill by allocating the fair value of the reporting unit to the fair value of its assets and liabilities other than goodwill, and comparing the implied fair value to the carrying amount of goodwill. The step two analysis relied on a number of significant assumptions to determine the fair value of the reporting units' net assets, including intangible assets. The fair value of intangible assets was determined using standard valuation methodologies including the "relief-from-royalty" method and "excess earnings" method. These methods primarily employed the use of future cash flows to determine the fair value of the applicable intangible assets. The future cash flows used to determine the fair values of these intangible assets were derived from step one of the goodwill impairment analysis as described above. The discount rate used in the valuation of intangible assets was derived from the WACC used in step one of the goodwill impairment analysis. Based on the analysis described above, we concluded the assumptions underlying step two of our impairment analysis were reasonable and appropriate. While any individual assumption could differ from those that we used, we believe the overall fair values of our reporting units are reasonable as the values are derived from a mix of reasonable assumptions. As a result of step two of the goodwill impairment test, the Company estimated that the implied fair value of goodwill for all four reporting units combined was less than its carrying value by \$104,565,000, for which an impairment charge was recorded as of December 31, 2014. The Company also recorded impairment charges against goodwill of \$21,040,000 and \$4,328,000 as of December 31, 2013 and 2012, respectively.

The Company will continue to monitor impairment indicators and financial results in future periods. If cash flows change or if the market value of the Company's stock decreases, there may be additional impairment charges. Impairment charges could be based on factors such as the Company's stock price, forecasted cash flows, assumptions used, control premiums, or other variables.

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Analysis of Results

The following table sets forth the amount of goodwill allocated to each reporting unit tested for goodwill impairment and the percentage by which the estimated fair value of each reporting unit exceeded its carrying value as of the October 31, 2014 goodwill impairment test (in thousands):

| Reporting Unit | Goodwill Allocated to Reporting Unit as of January 1, 2014 | Percentage By Which Estimated Fair Value Exceeds Carrying Value (b) | Currency Translation Adjustment | Goodwill Impairment Charges(a) | Goodwill Allocated To Reporting Unit as of December 31, 2014 |
|----------------|--|---|---------------------------------|--------------------------------|--|
| #1 | \$ 113,966 | 17 | % \$— | \$— | \$ 113,966 |
| #2 | 46,198 | N/A | — | (14,520 |) \$31,678 |
| #3 | 27,332 | 99 | % — | — | \$27,332 |
| #4 | 93,854 | N/A | (566 |) (70,207 |) \$23,081 |
| #5 | 22,808 | 81 | % — | — | \$22,808 |
| #6 | 8,256 | 67 | % — | — | \$8,256 |
| #7 | 19,569 | N/A | — | (14,235 |) \$5,334 |
| #8 | 3,588 | 242 | % — | — | \$3,588 |
| #9 | 5,603 | N/A | — | (5,603 |) \$— |
| #10 | — | N/A | — | — | \$— |
| #11 | — | N/A | — | — | \$— |
| Total | \$341,174 | | \$(566 |) \$(104,565 |) \$236,043 |

(a) Charge recorded during fourth quarter impairment test.

(b) Other than the reporting units where we took impairment charges, no reporting units were deemed “at risk” which we define as a percentage of less the 10% by which estimated fair value exceeds carrying value.

The October 31, 2014 goodwill impairment test includes significant assumptions. We analyzed several macroeconomic indicators that impact each reporting unit to provide a reasonable estimate of revenue growth in future periods. We considered these forecasts in developing each reporting unit’s revenue growth rates over the next five years depending on the level of correlation between macroeconomic factors and net sales for each reporting unit. We concluded that this approach provided a reasonable estimate of long-term revenue growth and cash flows for each reporting unit.

Operating margins used to estimate future cash flows are based on margins generated during the past several years, adjusted for historical declines and slower recovery rates in both the residential housing markets and industrial and infrastructure markets, consolidation of facilities, cost reductions and restructuring activities enabling the business units to become more profitable as the economy continues to stabilize and recover. These actions led to increased costs and lower operating margins in the short term. Based on our understanding of these reporting units and the actions taken by management to restructure the businesses for improved growth and profitability, we concluded that the long-term cash flows forecasted for all of the Company’s reporting units were reasonable.

In addition to revenue growth and operating margin forecasts, the discounted cash flow model used to estimate the fair value of each reporting unit also uses assumptions for the amount of working capital needed to support each reporting unit. We forecasted stable to modest improvement in working capital management for future periods at each reporting unit based on past performance. Over the past years, we have improved and maintained our low levels of working capital management through lean initiatives, efficiency improvements, and facility consolidations. Our days of working capital ratio was 63 for the year ended December 31, 2014. We believe continued improvement in our ability to manage working capital will allow us to increase the cash flow generated from each reporting unit.

The terminal value of each reporting unit was based on a projected terminal year of forecasted cash flows in our discounted cash flow model. We made an assumption that cash flows would grow 3.0% each year thereafter in the North American markets, and 2.0% each year thereafter in the European markets served by the Company, based on our approximation of gross domestic product growth. This assumption was based on a third-party forecast of future

economic growth over the long-term.

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The discounted cash flow model uses the WACC to discount cash flows in the forecasted period and to discount the terminal value to present value. To determine the WACC, we used a standard valuation method, the capital asset pricing model, based on readily available and current market data of peer companies considered market participants. Acknowledging the risk inherent in each reporting units' ability to achieve long-term forecasted cash flows, in applying the income approach we increased the WACC of each reporting unit based upon each reporting unit's past operating performance and their relative ability to achieve the forecasted cash flows.

As noted above, we used two commonly accepted valuation techniques to estimate a fair value for each reporting unit. The estimated fair value for each reporting unit was calculated using a weighted average between the calculated amounts determined under the income approach and the market approach. We weighted the income approach more heavily (67%) as the technique uses a long-term approach that considers the expected operating profit of each reporting unit during periods where macroeconomic indicators are nearer historical averages. We weighted the remaining (33%) using the market approach which values the reporting units using forecasted 2014 and 2015 EBITDA values based on current economic conditions and takes a more short-term approach. We believe the income approach considers the expected recovery in our end markets better than the market approach. Therefore, we concluded that the income approach more accurately estimated the fair value of the reporting units as it considers earnings potential during a longer term and does not use the short-term perspective used by the market approach. Accordingly, we concluded that the market participants who execute transactions to sell or buy a business in the current economic environment would place greater emphasis on the income approach.

The following table sets forth the Company's estimated fair value and carrying value for each reporting unit as of October 31, 2014 before impairment charges (in thousands):

| Reporting Unit | Estimated Fair Value | Carrying Value |
|-------------------------|-------------------------|-------------------|
| #1 | \$113,017 | \$96,312 |
| #2 | 70,646 | 86,541 |
| #3 | 73,409 | 36,934 |
| #4 | 135,415 | 188,163 |
| #5 | 58,742 | 32,390 |
| #6 | 99,197 | 59,584 |
| #7 | 10,843 | 15,881 |
| #8 | 24,313 | 7,104 |
| #9 | 7,477 | 14,477 |
| #10 | 18,869 | 14,882 |
| #11 | 29,587 | 47,372 |
| Corporate | (101,728 |) (1,737 |
| Total | \$539,787 | \$597,903 |
| Net Debt | | \$110,091 |
| Equity (Net Book Value) | | 487,812 |
| Total | | \$597,903 |

The "Corporate" category includes unallocated corporate cash out flows. Unallocated corporate cash out flows include executive compensation and other administrative costs. Gibraltar has grown substantially through acquisitions and our strategy is to allow business unit management to operate the business units autonomous of corporate management. For example, each business unit has its own accounting, marketing, purchasing, information technology, and executive functions. As a result, we believe a market participant would not consider unallocated corporate cash flows when valuing each reporting unit and these cash flows have been properly excluded from the valuation of the reporting units.

Indefinite-Lived Intangibles

We test our intangible assets for impairment by comparing the fair value of the indefinite-lived intangible asset, determined using a discounted cash flow model, with its carrying amount. The assumptions used to determine the fair

value of our indefinite-lived intangible assets are consistent with the assumptions employed in the determination of the fair values of our reporting units. An impairment loss would be recognized for the carrying amount in excess of its fair value. The fair values of

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the impaired trademarks were determined using an income approach consisting of the relief-from-royalty method. The Company recognized impairment charges related to trademark intangible assets during the annual test for 2014 of \$2,700,000. As a result of the interim test for 2013, and the annual test for 2012, the Company recognized impairment charges of \$2,454,000 and \$300,000, respectively.

Accounting for Income Taxes and Deferred Tax Assets and Liabilities

Significant management judgment is required in determining our provision for income taxes, deferred tax assets and liabilities, and any valuation allowances. Our effective tax rates differ from the statutory rate due to the impact of permanent differences between income or loss reported for financial statement purposes and tax purposes, provisions for uncertain tax positions, state taxes, and income generated by international operations. Our effective tax rate was 3.5% for 2014. The difference between the Company's recorded benefit for 2014 and the benefit that would result from applying the U.S. statutory rate of 35% is primarily attributable to the tax impact of the non-deductible goodwill and intangible asset impairments recognized during the year. The effective tax rates were -576.6%, and 43.0% for the years ended December 2013 and 2012, respectively. Our future effective tax rates could be adversely affected by earnings being lower than anticipated in countries where we have lower statutory rates and vice versa. Changes in the valuation of our deferred tax assets or liabilities or changes in tax laws or interpretations thereof may also adversely affect our future effective tax rate. In addition, we are subject to the continuous examination of our income tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes.

Deferred tax assets and liabilities are determined based upon the differences between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates that will be in effect when these differences reverse. Valuation allowances are provided if based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

Regarding deferred income tax assets, we maintained a valuation allowance of \$0.4 million and \$0.3 million as of December 31, 2014 and 2013, respectively, due to uncertainties related to our ability to realize these assets, primarily consisting of state net operating losses and other deferred tax assets. The valuation allowances are based on estimates of taxable income in each of the jurisdictions in which we operate and the period over which our deferred tax assets will be recoverable. If market conditions improve and future results of operations exceed our current expectations, our existing tax valuation allowances may be adjusted, such as the \$2.3 million benefit recognized in the fourth quarter of 2013. Alternatively, if market conditions deteriorate further or future operating results do not meet expectations, future assessments may result in a determination that some or all of the deferred tax assets are not realizable. As a result, we may need to establish additional tax valuation allowances for all or a portion of the gross deferred tax assets, which may have a material adverse effect on our results of operations and financial condition.

It is our policy to classify estimated interest and penalties due to tax authorities as income tax. Insignificant amounts of interest and penalties were recognized in the provision for income taxes for the years ended December 31, 2014, 2013 and 2012. Additionally, we classify tax credits as a reduction to income tax expense.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by tax authorities, based on the technical merits of each position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution. As of December 31, 2014 and 2013, the liability for uncertain income tax positions was \$1.4 million and \$1.7 million, respectively. Due to the high degree of uncertainty regarding the timing of potential future cash flows associated with these liabilities, we are unable to make a reasonably reliable estimate of the amount and period in which these liabilities might be paid.

Accounting for Derivative Financial Instruments and Hedging Activities

We record all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on whether we have elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivative

instruments that hedge forecasted transactions or the variability of cash flows related to a recognized asset or liability are designated as a cash flow hedge. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the hedged forecasted transactions in a cash flow hedge. Although certain of our derivative financial instruments do not qualify or are not accounted for under hedge accounting, we do not hold or issue derivative financial instruments for trading or speculative purposes.

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The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges of foreign exchange risk is recorded as a component of equity and is subsequently reclassified into earnings and reported in revenue in the period that the hedged forecasted transaction affects earnings. Any ineffective portion of the change in fair value of the derivative is recognized directly into earnings in other (income) expense. Our policy is to de-designate cash flow hedges at the time forecasted transactions are recognized as revenue on the statement of operations and report subsequent changes in fair value through the other (income) expense line on our statement of operations where the gain or loss due to movements in currency rates on the underlying asset or liability is revalued. If it becomes probable that the originally forecasted transaction will not occur, the gain or loss related to the hedge recorded within accumulated other comprehensive income is immediately recognized into other (income) expense.

Related Party Transactions

Prior to his retirement as of December 31, 2014, a member of the Company's Board of Directors, Gerald S. Lippes, was a partner in a law firm that provided legal services to the Company. For the years ended December 31, 2014, 2013, and 2012, the Company incurred costs of \$1.4 million, \$2.0 million, and \$1.5 million, respectively, for legal services from this firm. At December 31, 2014 and 2013, the Company had \$374,000 and \$296,000 recorded in accounts payable for amounts due to this law firm, respectively.

Effective September 30, 2013, Henning N. Kornbrekke, the former President and Chief Operating Officer, retired and entered into a consulting agreement with the Company. Through this agreement, he served as a consultant to the Company through December 2014 for a monetary fee of \$10,000 per month.

Recent Accounting Pronouncements

In April 2014, the FASB issued Accounting Standards Update 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360)". The amendments in this update affect the presentation on the financial statements of assets which are disposed of or classified as held for sale. The amendments in Topic 205 and 360 are effective prospectively beginning on or after December 15, 2014. Early adoption is permitted, but only for disposals, or classifications of assets held for sale, that have not been reported in financial statements previously issued or available for issuance. The Company does not expect the adoption of Update 2014-08 to have a material impact on the Company's consolidated financial results.

In May 2014, the FASB issued Accounting Standards Update 2014-09, "Revenue from Contracts with Customers" (Topic 606). The update clarifies the principles for recognizing revenue and develops a common standard for U.S. Generally Accepted Accounting Principles and International Financial Reporting Standards. More specifically, the core principle of the guidance is that an entity should 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 amendments in Topic 606 are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early adoption is not permitted. The Company is currently evaluating the impact of adopting the new standard on revenue recognition and its consolidated financial statements.

In June 2014, the FASB issued Accounting Standards Update 2014-12, "Compensation - Stock Compensation" (Topic 718). The amendments in this update require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. The amendments in Topic 718 are effective either prospectively to all awards granted or modified after the effective date, or retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and all new or modified awards thereafter. This pronouncement is effective for periods beginning after December 15, 2015 and early adoption is permitted. The Company does not expect the adoption of Topic 718 to have a material impact on the Company's consolidated financial results.

In November 2014, the FASB issued Accounting Standards Update 2014-16, "Derivatives and Hedging - Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity" (Topic 815). The amendments in this update state that an entity should determine the nature of the host

contract by considering the economic characteristics and risks of the entire hybrid financial instrument, including the embedded derivative feature that is being evaluated for separate accounting from the host contract. This pronouncement is effective for periods beginning after December 15, 2015. The Company does not expect the adoption of Update 2014-16 to have a material impact on the Company's consolidated financial results.

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In November 2014, the FASB issued Accounting Standards Update 2014-17, "Business Combinations - Pushdown Accounting" (Topic 805). The amendments in this update provide an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. The Company adopted the amendments in this update on its effective date of November 18, 2014. The Company does not expect the adoption of Update 2014-17 to have a material impact on the Company's consolidated financial results.

Item 7A. Quantitative and Qualitative 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, 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.

Raw Material Pricing Risk

We are subject to market risk exposure related to volatility in the price of steel, aluminum and resins. A significant amount of our cost of sales relates to material costs. Our business is heavily dependent on the price and supply of our raw materials. Our various products are fabricated from steel, primarily hot-rolled and galvanized steel coils, plate and bars, produced by steel mills. We have other lesser volume products that are fabricated from aluminum coils, extrusions, and plastic resins. The commodity market, which includes the steel, aluminum, and resin industries, is highly cyclical in nature, and commodity costs have been volatile in recent years, and may become more volatile in the future. Commodity costs are influenced by numerous factors beyond our control, including general economic conditions, the availability of raw materials, competition, labor costs, freight and transportation costs, production costs, import duties and other trade restrictions.

The Company principally manages its exposures to the market fluctuations in the steel and resins industries through management of its core business activities. Although we have the ability to purchase steel from a number of suppliers, a production cutback by one or more of our current suppliers could create challenges in meeting delivery schedules to our customers. The prices we offer to our customers are also impacted by changes in commodity costs. We manage the alignment of the cost of our raw materials and prices offered to customers and attempt to pass changes to raw material costs through to our customers. To improve our management of commodity costs, we attempt to maintain lean inventory levels. Our investment in ERP systems was made to increase our effectiveness in this process. We have not entered into long-term contracts for the purchase of raw materials and have not maintained inventory levels in excess of our production requirements. However, from time to time, we may purchase raw materials in advance of commodity cost increases.

We rely on major suppliers for our supply of raw materials. During 2014, we purchased our raw materials from domestic and foreign suppliers in an effort to purchase the lowest cost material as possible.

We cannot accurately calculate the pre-tax impact a one percent change in the commodity costs would have on our 2014 operating results as the change in commodity costs would both impact the cost to purchase materials and the selling prices we offer our customers. The impact to our operating results would significantly depend on the competitive environment and the costs of other alternative building products, which could impact our ability to pass commodity costs to our customers.

To manage the risk associated with the fluctuations in the price of aluminum, the Company employs a combination of our normal operating activities, as discussed with regards to steel and resins above, and through the use of derivative financial instruments pursuant to the Company's hedging practices and policies. We intend that the financial impact of these commodity hedging instruments primarily offset the corresponding changes in the fluctuations in the cost of aluminum being hedged. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's inventory and sales.

The Company entered into commodity options during 2014. The Company believes these instruments mitigate exposure in aluminum prices. Derivative accounting guidance requires that derivative instruments be recognized as either assets or liabilities at fair value. Gibraltar does not utilize the special election provided for under the accounting

guidance for these commodity options and therefore, they are recorded at fair value through earnings as their fair value changes.

Although the Company's commodity options do not qualify or are not accounted for under hedge accounting, we do not hold or issue derivative financial instruments for trading or other speculative purposes. We monitor our derivative positions against our commercial exposure.

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Interest Rate Risk

To manage interest rate risk, Gibraltar uses both fixed and variable interest rate debt. Our fixed rate debt consists of the Company's Senior Subordinated 6.25% Notes and was the only significant debt that remains outstanding at year end. We believe we limited our exposure to interest rate risk as a result of repaying substantially all variable rate debt and the long-term nature of our fixed rate debt. However, the Company will continue to monitor changes in its debt levels and access to capital ensuring interest rate risk is appropriately managed.

At December 31, 2014, our fixed rate debt consisted primarily of \$210.0 million of our 6.25% Notes. The Company's \$210.0 million of 6.25% Notes were issued in January 2013 and are due February 1, 2021.

Our variable rate debt consists primarily of the revolving credit facility under the Senior Credit Agreement, of which no amounts are outstanding as of December 31, 2014, and other debt. Borrowings under the revolving credit facility bear interest at a variable interest rate based upon the LIBOR plus an additional margin. A hypothetical 1% increase or decrease in interest rates would have changed the 2014 interest expense by less than \$0.1 million.

Foreign Exchange Risk

Gibraltar has foreign exchange risk due to our international operations, primarily in Canada and Europe, and through sales and purchases from foreign customers and vendors. Changes in the values of currencies of foreign countries affect our financial position and cash flows when translated into U.S. Dollars. The Company principally manages its exposures to many of these foreign exchange rate risks solely through management of its core business activities. We cannot accurately calculate the pre-tax impact that a 1% change in the exchange rates of foreign currencies would have on our 2014 operating results as the changes in exchange rates would impact the cost of materials, the U.S dollar revenue equivalents, and potentially the prices offered to our overseas customers.

The Company also manages the risks relating to currency fluctuations through the use of derivative financial instruments pursuant to the Company's hedging practices and policies. The Company uses foreign currency derivatives including currency forward agreements and currency options to manage its exposure to fluctuations in the exchange rates. Currency forward agreements involve fixing the exchange rates for delivery of a specified amount of foreign currency on a specified date. The currency forward agreements are typically cash settled in U.S. dollars for their fair value at or close to their settlement date. The Company also uses currency option contracts under which the Company pays a premium for the right to sell a specified amount of a foreign currency prior to the maturity date of the option.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges of foreign exchange risk is recorded as a component of equity and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivative, as well as amounts excluded from the assessment of hedge effectiveness, is recognized directly in earnings.

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Item 8. Financial Statements and Supplementary Data

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| <u>Consolidated Statements of Operations for the Years Ended December 31, 2014, 2013, and 2012</u> | <u>42</u> |
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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Gibraltar Industries, Inc.

We have audited the accompanying consolidated balance sheets of Gibraltar Industries, Inc. as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Gibraltar Industries, Inc. at December 31, 2014 and 2013 and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Gibraltar Industries, Inc.'s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated February 24, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Buffalo, New York
February 24, 2015

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

| | Year Ended December 31, | | | |
|---|-------------------------|------------|------------|---|
| | 2014 | 2013 | 2012 | |
| Net sales | \$862,087 | \$827,567 | \$790,058 | |
| Cost of sales | 722,042 | 669,470 | 640,498 | |
| Gross profit | 140,045 | 158,097 | 149,560 | |
| Selling, general, and administrative expense | 102,492 | 113,457 | 104,671 | |
| Intangible asset impairment | 107,970 | 23,160 | 4,628 | |
| (Loss) income from operations | (70,417 |) 21,480 | 40,261 | |
| Interest expense | 14,421 | 22,489 | 18,582 | |
| Other income | (88 |) (177 |) (488 |) |
| (Loss) income before taxes | (84,750 |) (832 |) 22,167 | |
| (Benefit of) provision for income taxes | (2,958 |) 4,797 | 9,517 | |
| (Loss) income from continuing operations | (81,792 |) (5,629 |) 12,650 | |
| Discontinued operations: | | | | |
| Loss before taxes | (51 |) (7 |) (289 |) |
| Benefit of income taxes | (19 |) (3 |) (284 |) |
| Loss from discontinued operations | (32 |) (4 |) (5 |) |
| Net (loss) income | \$(81,824 |) \$(5,633 |) \$12,645 | |
| Net earnings per share – Basic: | | | | |
| (Loss) income from continuing operations | \$(2.63 |) \$(0.18 |) \$0.41 | |
| Loss from discontinued operations | — | — | — | |
| Net (loss) income | \$(2.63 |) \$(0.18 |) \$0.41 | |
| Weighted average shares outstanding – Basic | 31,066 | 30,930 | 30,752 | |
| Net earnings per share – Diluted: | | | | |
| (Loss) income from continuing operations | \$(2.63 |) \$(0.18 |) \$0.41 | |
| Loss from discontinued operations | — | — | — | |
| Net (loss) income | \$(2.63 |) \$(0.18 |) \$0.41 | |
| Weighted average shares outstanding – Diluted | 31,066 | 30,930 | 30,857 | |

See accompanying notes to consolidated financial statements.

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

| | Year Ended December 31, | | | |
|--|-------------------------|------------|------------|---|
| | 2014 | 2013 | 2012 | |
| Net (loss) income | \$(81,824 |) \$(5,633 |) \$12,645 | |
| Other comprehensive (loss) income: | | | | |
| Foreign currency translation adjustment | (4,364 |) (2,108 |) 2,353 | |
| Adjustment to retirement benefit liability, net of tax | (24 |) 53 | (79 |) |
| Adjustment to post-retirement healthcare benefit liability, net of tax | (1,435 |) 45 | (499 |) |
| Unrealized loss on cash flow hedges, net of tax | (143 |) — | — | |
| Other comprehensive (loss) income | (5,966 |) (2,010 |) 1,775 | |
| Total comprehensive (loss) income | \$(87,790 |) \$(7,643 |) \$14,420 | |

See accompanying notes to consolidated financial statements.

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

| | December 31, 2014 | December 31, 2013 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$110,610 | \$97,039 |
| Accounts receivable, net of reserve | 101,141 | 90,082 |
| Inventories | 128,743 | 121,152 |
| Other current assets | 19,937 | 14,127 |
| Total current assets | 360,431 | 322,400 |
| Property, plant, and equipment, net | 129,575 | 131,752 |
| Goodwill | 236,044 | 341,174 |
| Acquired intangibles | 82,215 | 91,777 |
| Other assets | 5,895 | 7,059 |
| | \$814,160 | \$894,162 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$81,246 | \$69,625 |
| Accrued expenses | 52,439 | 49,879 |
| Current maturities of long-term debt | 400 | 409 |
| Total current liabilities | 134,085 | 119,913 |
| Long-term debt | 213,200 | 213,598 |
| Deferred income taxes | 49,772 | 55,124 |
| Other non-current liabilities | 29,874 | 33,778 |
| Shareholders' equity: | | |
| Preferred stock, \$0.01 par value; authorized 10,000 shares; none outstanding | — | — |
| Common stock, \$0.01 par value; authorized 50,000 shares; 31,342 and 31,131 shares outstanding at December 31, 2014 and 2013, respectively | 313 | 311 |
| Additional paid-in capital | 247,232 | 243,389 |
| Retained earnings | 154,625 | 236,449 |
| Accumulated other comprehensive loss | (9,551) | (3,585) |
| Cost of 429 and 395 common shares held in treasury in 2014 and 2013 | (5,390) | (4,815) |
| Total shareholders' equity | 387,229 | 471,749 |
| | \$814,160 | \$894,162 |

See accompanying notes to consolidated financial statements.

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

| | Year Ended December 31, | | |
|--|-------------------------|-------------|-------------|
| | 2014 | 2013 | 2012 |
| Cash Flows from Operating Activities | | | |
| Net (loss) income | \$ (81,824 |) \$ (5,633 |) \$ 12,645 |
| Loss from discontinued operations | (32 |) (4 |) (5 |
| (Loss) income from continuing operations | (81,792 |) (5,629 |) 12,650 |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 25,432 | 27,050 | 26,344 |
| Intangible asset impairment | 107,970 | 23,160 | 4,628 |
| Loss on early note redemption | — | 7,166 | — |
| Stock compensation expense | 3,150 | 2,564 | 3,148 |
| Non-cash charges to interest expense | 1,012 | 1,006 | 1,547 |
| (Benefit of) provision for deferred income taxes | (6,640 |) (1,237 |) 994 |
| Other non-cash adjustments | (1,362 |) 3,800 | 4,176 |
| Changes in operating assets and liabilities (excluding the effects of acquisitions): | | | |
| Accounts receivable | (14,323 |) (1,020 |) 6,268 |
| Inventories | (8,599 |) (4,971 |) (1,022 |
| Other current assets and other assets | (2,456 |) (398 |) 2,409 |
| Accounts payable | 11,205 | 417 | (3,770 |
| Accrued expenses and other non-current liabilities | (1,014 |) 8,396 | (7,140 |
| Net cash provided by operating activities of continuing operations | 32,583 | 60,304 | 50,232 |
| Net cash used in operating activities of discontinued operations | (41 |) (9 |) (151 |
| Net cash provided by operating activities | 32,542 | 60,295 | 50,081 |
| Cash Flows from Investing Activities | | | |
| Purchases of property, plant, and equipment | (23,291 |) (14,940 |) (11,351 |
| Cash paid for acquisitions, net of cash acquired | — | (5,536 |) (45,071 |
| Proceeds from other investment | 277 | — | — |
| Net proceeds from sale of property and equipment | 5,992 | 12,610 | 659 |
| Net cash used in investing activities | (17,022 |) (7,866 |) (55,763 |
| Cash Flows from Financing Activities | | | |
| Long-term debt payments | (407 |) (205,094 |) (473 |
| Proceeds from long-term debt | — | 210,000 | — |
| Payment of note redemption fees | — | (3,702 |) — |
| Payment of deferred financing fees | (35 |) (3,899 |) (18 |
| Purchase of treasury stock at market prices | (575 |) (714 |) (970 |
| Excess tax benefit from stock compensation | 100 | 72 | 10 |
| Net proceeds from issuance of common stock | 595 | 648 | 278 |
| Net cash used in financing activities | (322 |) (2,689 |) (1,173 |
| Effect of exchange rate changes on cash | (1,627 |) (729 |) 766 |
| Net increase (decrease) in cash and cash equivalents | 13,571 | 49,011 | (6,089 |
| Cash and cash equivalents at beginning of year | 97,039 | 48,028 | 54,117 |
| Cash and cash equivalents at end of year | \$ 110,610 | \$ 97,039 | \$ 48,028 |

See accompanying notes to consolidated financial statements.

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

| | 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, 2011 | 30,702 | \$ 307 | \$ 236,673 | \$ 229,437 | \$ (3,350) | 281 | \$(3,131) | \$ 459,936 |
| Net income | — | — | — | 12,645 | — | — | — | 12,645 |
| Foreign currency translation adjustment | — | — | — | — | 2,353 | — | — | 2,353 |
| Adjustment to retirement benefit liability, net of taxes of \$40 | — | — | — | — | (79) | — | — | (79) |
| Adjustment to post-retirement healthcare benefit liability, net of taxes of \$290 | — | — | — | — | (499) | — | — | (499) |
| Stock compensation expense | — | — | 3,148 | — | — | — | — | 3,148 |
| Excess tax benefit from stock compensation | — | — | 10 | — | — | — | — | 10 |
| Net settlement of restricted stock units | 197 | 2 | (2) | — | — | 69 | (970) | (970) |
| Issuance of restricted stock | 11 | — | — | — | — | — | — | — |
| Stock options exercised | 28 | — | 278 | — | — | — | — | 278 |
| Balance at December 31, 2012 | 30,938 | \$ 309 | \$ 240,107 | \$ 242,082 | \$ (1,575) | 350 | \$(4,101) | \$ 476,822 |
| Net income | — | — | — | (5,633) | — | — | — | (5,633) |
| Foreign currency translation adjustment | — | — | — | — | (2,108) | — | — | (2,108) |
| Adjustment to retirement benefit liability, net of taxes of \$30 | — | — | — | — | 53 | — | — | 53 |
| Adjustment to post-retirement healthcare benefit liability, net of taxes of \$28 | — | — | — | — | 45 | — | — | 45 |
| Stock compensation expense | — | — | 2,564 | — | — | — | — | 2,564 |
| Excess tax benefit from stock compensation | — | — | 72 | — | — | — | — | 72 |
| Net settlement of restricted stock units | 120 | 2 | (2) | — | — | 45 | (714) | (714) |
| Issuance of restricted stock | 13 | — | — | — | — | — | — | — |
| Stock options exercised | 60 | — | 648 | — | — | — | — | 648 |
| Balance at December 31, 2013 | 31,131 | \$ 311 | \$ 243,389 | \$ 236,449 | \$ (3,585) | 395 | \$(4,815) | \$ 471,749 |

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| | | | | | | | | |
|---|--------|-------|-----------|-----------|-------------|-----|-----------|------------|
| Net loss | — | — | — | (81,824) | — | — | — | (81,824) |
| Foreign currency translation adjustment | — | — | — | — | (4,364) | — | — | (4,364) |
| Adjustment to retirement benefit liability, net of taxes of \$9 | — | — | — | — | (24) | — | — | (24) |
| Adjustment to post-retirement healthcare benefit liability, net of taxes of \$830 | — | — | — | — | (1,435) | — | — | (1,435) |
| Unrealized loss on cash flow hedges, net of tax of \$82 | — | — | — | — | (143) | — | — | (143) |
| Stock compensation expense | — | — | 3,150 | — | — | — | — | 3,150 |
| Excess tax benefit from stock compensation | — | — | 100 | — | — | — | — | 100 |
| Net settlement of restricted stock units | 136 | 1 | (1) | — | — | 34 | (575) | (575) |
| Issuance of restricted stock | 22 | — | — | — | — | — | — | — |
| Stock options exercised | 53 | 1 | 594 | — | — | — | — | 595 |
| Balance at December 31, 2014 | 31,342 | \$313 | \$247,232 | \$154,625 | \$ (9,551) | 429 | \$(5,390) | \$ 387,229 |

See accompanying notes to consolidated financial statements.

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GIBRALTAR INDUSTRIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the accounts of Gibraltar Industries, Inc. and subsidiaries (the Company). All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates

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

Revenue recognition

Revenue is recognized when products are shipped or service is provided, the customer takes ownership and assumes the risk of loss, collection of the corresponding receivable is probable, persuasive evidence of an arrangement exists, and the sales price is fixed or determinable. Sales returns, allowances, and customer incentives, including rebates, are treated as reductions to sales and are provided for based on historical experience and current estimates.

Cash and cash equivalents

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

Accounts receivable

Accounts receivable are composed of trade receivables recorded at the invoiced amount, are expected to be collected within one year, and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the probable amount of uncollectible accounts in the Company's existing accounts receivable. The Company determines the allowance based on a number of factors, including experience, credit worthiness of customers, and current market and economic conditions. The Company reviews the allowance for doubtful accounts on a regular basis. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The following table summarizes activity recorded within the allowance for doubtful accounts balances for the years ended December 31 (in thousands):

| | 2014 | 2013 | 2012 |
|----------------------------|---------|---------|---------|
| Beginning balance | 4,774 | 4,481 | 4,614 |
| Bad debt expense | 1,095 | 910 | 920 |
| Reserves from acquisitions | — | 183 | 189 |
| Accounts written off | (1,589) | (800) | (1,242) |
| Ending balance | \$4,280 | \$4,774 | \$4,481 |

Concentrations of credit risk on accounts receivable are limited to those from significant customers that are believed to be financially sound. The Company's two most significant customers are both within our Residential Products segment, and include a home improvement retailer and a postal service. Accounts receivable as a percentage of consolidated accounts receivable from the home improvement retailer and the postal service at December 31, 2014, were 17.1% and 11.5%, respectively, and 11.5% and 3.0%, respectively, as of December 31, 2013.

Net sales as a percentage of consolidated net sales to the home improvement retailer were 11.5% and 12.3% for the years ended December 31, 2014 and 2013, respectively.

Inventories

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Inventories are valued at the lower of cost, determined using the first-in, first-out method, or market value. Shipping and handling costs are recognized as a component of cost of sales. The Company records adjustments to reduce the cost of inventory to its net realizable value, if required, at the business unit level for estimated excess, obsolete, and slow-moving inventory. Factors influencing these adjustments include historical and current sales trends. Note 2 “Inventories” contains additional information on the Company’s inventory.

Property, plant, and equipment

Property, plant, and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method. Interest is capitalized in connection with construction of qualified assets. Expenditures that extend the useful lives of assets are capitalized, while repair and maintenance costs are expensed as incurred. The estimated useful lives of land improvements, buildings, and building improvements are 15 to 40 years, while the estimated useful lives for machinery and equipment are 3 to 20 years. Accelerated depreciation methods are used for income tax purposes.

The table below sets forth the amount of interest capitalized and depreciation expense recognized during the years ended December 31 (in thousands):

| | 2014 | 2013 | 2012 |
|----------------------|----------|----------|----------|
| Capitalized interest | \$420 | \$182 | \$376 |
| Depreciation expense | \$19,712 | \$20,478 | \$19,673 |

Acquisition related assets and liabilities

Accounting for the acquisition of a business as a purchase transaction requires an allocation of the purchase price to the assets acquired and the liabilities assumed in the transaction at their respective estimated fair values. The most difficult estimations of individual fair values are those involving long-lived assets, such as property, plant, and equipment and intangible assets. The Company uses all available information to make these fair value determinations and, for major business acquisitions, engages independent valuation specialists to assist in the fair value determination of the acquired long-lived assets.

Goodwill and other intangible assets

The Company tests goodwill for impairment at the reporting unit level on an annual basis at October 31, or more frequently if an event occurs, or circumstances change, that indicate that the fair value of a reporting unit could be below its carrying amount. The reporting units are at the component level, or one level below the operating segment level. Goodwill is assigned to each reporting unit as of the date the reporting unit is acquired and based upon the expected synergies of the acquisition. The impairment test consists of comparing the fair value of a reporting unit, determined using two valuation techniques, with its carrying amount including goodwill, and, if the carrying amount of the reporting unit exceeds its fair value, comparing the implied fair value of goodwill with its carrying amount. An impairment loss would be recognized for the carrying amount of goodwill in excess of its implied fair value.

The Company also tests its indefinite-lived intangible assets for impairment on an annual basis as of October 31, or more frequently if an event occurs, or circumstances change, that indicate that the fair value of an indefinite-lived intangible asset could be below its carrying amount. The impairment test consists of comparing the fair value of the indefinite-lived intangible asset, determined using discounted cash flows on a relief-from-royalty basis, with its carrying amount. An impairment loss would be recognized for the carrying amount in excess of its fair value.

Acquired identifiable intangible assets are recorded at estimated cost. Identifiable intangible assets with finite useful lives are amortized over their estimated useful lives.

Impairment of long-lived assets

Long-lived assets, including acquired identifiable intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable. The Company uses undiscounted cash flows to determine whether impairment exists and measures any impairment loss by approximating fair value using acceptable valuation techniques, including discounted cash flow models and third-party appraisals. The Company recognized impairment charges related to intangible assets during the years ended December 31, 2014 and 2013. In addition, the Company recognized a number of impairment charges related to restructuring plans during the three year period ended December 31, 2014 as described in Note 15 of the consolidated financial statements.

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Deferred charges

Deferred charges associated with initial costs incurred to enter into new debt arrangements are included in other assets and are amortized as a part of interest expense over the terms of the associated debt agreements. Portions of these deferred financing charges were written off as a result of entering into amended and restated credit agreements and the redemption and reissuance of bonds as discussed in Note 7 of the consolidated financial statements.

Advertising

The Company expenses advertising costs as incurred. For the years December 31, 2014, 2013 and 2012, advertising costs were \$4,000,000, \$4,000,000 and \$3,600,000, respectively.

Foreign currency transactions and translation

The assets and liabilities of the Company's foreign subsidiaries are translated into U.S. dollars at the rate of exchange in effect at the balance sheet date. Income and expense items are translated at the average exchange rates prevailing during the period.

Income taxes

The provision for income taxes is determined using the asset and liability approach. Under this approach, deferred income taxes represent the expected future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities. The Company records a valuation allowance to reduce deferred tax assets when uncertainty exists regarding their realization.

Equity-based compensation

The Company measures the cost of equity-based compensation based on grant date fair value and recognizes the cost over the period in which the employee is required to provide service in exchange for the award. Equity-based compensation consists of grants of stock options, restricted stock, restricted stock units, and performance stock units. Equity-based compensation expense is included as a component of selling, general, and administrative expenses. The Company's equity-based compensation plans are discussed in more detail in Note 11 of the consolidated financial statements.

Derivatives and hedging

The Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivative instruments that hedge a forecasted transaction or the variability of cash flows related to a recognized asset or liability are designated as a cash flow hedge. Hedge accounting generally provides matching the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the earnings effect of the hedged forecasted transactions in a cash flow hedge. Although certain of the Company's derivative financial instruments do not qualify or are not accounted for under hedge accounting, the Company does not hold or issue derivative financial instruments for trading or speculative purposes.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges of foreign exchange risk is recorded in other comprehensive income and is subsequently reclassified into earnings and reported in revenue in the period that the hedged forecasted transaction affects earnings. Any ineffective portion of the change in fair value of the derivative is recognized directly into earnings in other (income) expense. The Company's policy is to de-designate cash flow hedges at the time forecasted transactions are recognized as assets or liabilities on the balance sheet and report subsequent changes in fair value through the other (income) expense line on our statement of operations where the gain or loss due to movements in currency rates on the underlying asset or liability is revalued. If it becomes probable that the originally forecasted transaction will not occur, the gain or loss related to the hedge recorded within accumulated other comprehensive income is immediately recognized into net income.

Sale-Leaseback Transaction

In June 2014, the Company determined that it no longer required full use of the available space on one of its real estate properties. The Company entered into a transaction to sell the property to an independent third party for \$4,500,000, and lease-back a portion of it from the purchaser. The Company leased back approximately 50% of the building under a five year operating lease agreement. In accordance with U.S. generally accepted accounting principles, the Company accounted for the

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transaction as a sale-leaseback. The net present value of the Company's future minimum lease payments of \$892,000 were greater than the gain on sale of \$829,000. As such, the gain was deferred and is being amortized on a straight-line basis over the five year life of the lease. The minimum lease payment in the first year is \$202,000 and escalates at 3% over the remaining four years. These amounts have been included in the future minimum lease payments table in Note 18 of the consolidated financial statements.

Recent accounting pronouncements

In April 2014, the FASB issued Accounting Standards Update 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360)". The amendments in this update affect the presentation on the financial statements of assets which are disposed of or classified as held for sale. The amendments in Topic 205 and 360 are effective prospectively beginning on or after December 15, 2014. Early adoption is permitted, but only for disposals, or classifications of assets held for sale, that have not been reported in financial statements previously issued or available for issuance. The Company does not expect the adoption of Update 2014-08 to have a material impact on the Company's consolidated financial results.

In May 2014, the FASB issued Accounting Standards Update 2014-09, "Revenue from Contracts with Customers" (Topic 606). The update clarifies the principles for recognizing revenue and develops a common standard for U.S. Generally Accepted Accounting Principles and International Financial Reporting Standards. More specifically, the core principle of the guidance is that an entity should 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 amendments in Topic 606 are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early adoption is not permitted. The Company is currently evaluating the impact of adopting the new standard on revenue recognition and its consolidated financial statements.

In June 2014, the FASB issued Accounting Standards Update 2014-12, "Compensation - Stock Compensation" (Topic 718). The amendments in this update require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. The amendments in Topic 718 are effective either prospectively to all awards granted or modified after the effective date, or retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and all new or modified awards thereafter. This pronouncement is effective for periods beginning after December 15, 2015 and early adoption is permitted. The Company does not expect the adoption of Topic 718 to have a material impact on the Company's consolidated financial results.

In November 2014, the FASB issued Accounting Standards Update 2014-16, "Derivatives and Hedging - Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity" (Topic 815). The amendments in this update state that an entity should determine the nature of the host contract by considering the economic characteristics and risks of the entire hybrid financial instrument, including the embedded derivative feature that is being evaluated for separate accounting from the host contract. This pronouncement is effective for periods beginning after December 15, 2015. The Company does not expect the adoption of Update 2014-16 to have a material impact on the Company's consolidated financial results.

In November 2014, the FASB issued Accounting Standards Update 2014-17, "Business Combinations - Pushdown Accounting" (Topic 805). The amendments in this update provide an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. The Company adopted the amendments in this update on its effective date of November 18, 2014. The Company does not expect the adoption of Update 2014-17 to have a material impact on the Company's consolidated financial results.

2. INVENTORIES

Inventories at December 31 consisted of the following (in thousands):

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| | 2014 | 2013 |
|-------------------|-----------|-----------|
| Raw material | \$58,665 | \$52,751 |
| Work-in-process | 12,841 | 11,100 |
| Finished goods | 57,237 | 57,301 |
| Total inventories | \$128,743 | \$121,152 |

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The following table summarizes activity recorded within the reserve for excess, obsolete and slow moving inventory for the years ended December 31 (in thousands):

| | 2014 | 2013 | 2012 |
|--|---------|----------|----------|
| Beginning balance | 5,570 | 4,907 | 4,146 |
| Excess, obsolete and slow moving inventory expense | 731 | 2,068 | 2,417 |
| Reserves from acquisitions | — | 35 | 95 |
| Scrapped inventory and other adjustments | (726 |) (1,440 |) (1,751 |
| Ending balance | \$5,575 | \$5,570 | \$4,907 |

3. PROPERTY, PLANT, AND EQUIPMENT

Components of property, plant, and equipment at December 31 consisted of the following (in thousands):

| | 2014 | 2013 |
|---------------------------------------|-----------|------------|
| Land and land improvements | \$10,538 | \$11,939 |
| Building and improvements | 59,377 | 61,734 |
| Machinery and equipment | 219,408 | 203,052 |
| Construction in progress | 7,859 | 8,142 |
| Property, plant, and equipment, gross | 297,182 | 284,867 |
| Less: accumulated depreciation | (167,607 |) (153,115 |
| Property, plant, and equipment, net | \$129,575 | \$131,752 |

4. ACQUISITIONS**2013 Acquisition**

In September 2013, the Company purchased the assets of a domestic designer and distributor of solar-powered roof and attic ventilation products. The results of this acquisition have been included in the Company's consolidated financial results since the date of acquisition (included in the Company's Residential Products segment). The fair value of the aggregate purchase consideration for the assets acquired was \$7,454,000. As part of the purchase agreement, the Company is required to pay additional consideration, or an earn-out provision, based on the acquired business's EBITDA through the last day of the twenty-fourth month following the closing date of the acquisition. The Company expects to make payments of additional consideration through the end of 2015. The purchase agreement does not provide for a limit of the amount of additional consideration. The Company recorded a payable of \$2,322,000 to reflect the fair value of the Company's obligation at the date of the acquisition. Adjustments to this payable are and will be reflected in the Company's Statement of Operations. The fair value of the Company's obligation was \$328,000 and \$1,864,000 as of December 31, 2014 and 2013, respectively. The change in fair value resulted in gains recorded to SG&A of \$1,611,000 and \$236,000 during the years ended December 31, 2014 and 2013, respectively. The Company also recorded \$75,000 and \$36,000 to interest expense for this obligation during the years ended December 31, 2014 and 2013, respectively.

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 totaled \$2,466,000, all of which is deductible for tax purposes. Goodwill represents future economic benefits arising from other assets acquired that could not be individually identified including growth opportunities and increased presence in the building products markets.

The allocation of purchase consideration to the assets acquired and liabilities assumed during 2013 are as follows (in thousands):

| | |
|--------------------------------------|---------|
| Working capital | \$2,665 |
| Property, plant, and equipment | 153 |
| Acquired intangible assets | 2,170 |
| Goodwill | 2,466 |
| Fair value of purchase consideration | \$7,454 |

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

| | Fair Value | Estimated Useful Life |
|------------------------|------------|-----------------------|
| Trademarks | \$640 | Indefinite |
| Technology | 260 | 15 Years |
| Customer relationships | 1,130 | 15 Years |
| Non-compete agreements | 140 | 5 Years |
| Total | \$2,170 | |

2012 Acquisitions

During 2012, Gibraltar purchased the assets of four businesses in separate transactions, three of which were acquired in November and December 2012. The acquired product lines complement and expand the Company's product portfolio and customer base in four key U.S. and Canadian markets:

- Metal grating products for the oil sands region of Western Canada;
- Function-critical components for public infrastructure construction and maintenance;
- Perforated metal products for industrial applications; and
- Sun protection products for new residential construction and home remodeling.

The results of the above acquisitions have been included in the Company's consolidated financial results since the respective dates of acquisition (all of which were included in the Company's Industrial and Infrastructure Products segment with the exception of the assets acquired relating to sun protection products, which was included in the Company's Residential Products segment). The Company funded the investment from cash on hand including a \$146,000 payment during 2013 for working capital settlements for acquisitions closed in 2012. The purchase price for each 2012 acquisition was allocated to the assets acquired and liabilities assumed based upon their respective fair values. The excess consideration was recorded in goodwill and totaled \$15,263,000, all of which is deductible for tax purposes.

The allocation of purchase consideration to the assets acquired and liabilities assumed during 2012 are as follows (in thousands):

| | |
|--------------------------------------|----------|
| Working capital | \$8,868 |
| Property, plant, and equipment | 9,682 |
| Intangible assets | 10,183 |
| Other liabilities | (733) |
| Goodwill | 15,263 |
| Fair value of purchase consideration | \$43,263 |

The acquired intangible assets consisted of the following for the four acquisitions completed during the year ended December 31, 2012 (in thousands):

| | Fair Value | Estimated Useful Life |
|-----------------------------------|------------|-----------------------|
| Customer relationships | \$4,470 | 5-15 Years |
| Unpatented technology and patents | 2,313 | 15 Years |
| Trademarks | 2,130 | Indefinite |
| Amortizable trademarks | 800 | 5 Years |
| Non-compete agreements | 340 | 5-10 Years |
| Backlog | 130 | 0.5 years |
| Total | \$10,183 | |

The 2012 and 2013 acquisitions were financed through cash on hand. The Company incurred certain acquisition-related costs composed of legal and consulting fees, and these costs were recognized as a component of selling, general, and administrative expenses in the consolidated statement of operations. The Company also recognized costs related to the sale of inventory at fair value as a result of allocating the purchase price of recent

acquisitions.

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All acquisition related costs (including the gains recognized as a result of the change in fair value of the earn-out obligation) consisted of the following for the years ended December 31 (in thousands):

| | 2014 | 2013 | 2012 |
|---|------------|-------|------|
| Selling, general and administrative costs | \$(1,594) | (34) | 456 |
| Cost of sales | 206 | 685 | 244 |
| Total acquisition related costs | \$(1,388) | 651 | 700 |

5. GOODWILL AND RELATED INTANGIBLE ASSETS

Goodwill

The changes in the carrying amount of goodwill for the years ended December 31 were as follows (in thousands):

| | Residential Products | Industrial and Infrastructure Products | Total |
|--|-------------------------|--|------------|
| Balance at December 31, 2012 | \$193,043 | \$166,820 | \$359,863 |
| Acquired goodwill | 2,467 | — | 2,467 |
| Adjustments to prior year acquisitions | 10 | 242 | 252 |
| Impairment | — | (21,040) | (21,040) |
| Foreign currency translation | \$— | \$(368) | (368) |
| Balance at December 31, 2013 | \$195,520 | \$145,654 | \$341,174 |
| Impairment | (14,235) | (90,330) | (104,565) |
| Foreign currency translation | — | (565) | (565) |
| Balance at December 31, 2014 | \$181,285 | \$54,759 | \$236,044 |

Goodwill is recognized net of accumulated impairment losses of \$255,530,000 and \$150,965,000 as of December 31, 2014 and 2013, respectively.

Annual Impairment Testing

The Company performed its annual goodwill impairment test as of October 31, 2014, 2013, and 2012. During 2014 and 2012, the Company incurred impairment charges as a result of the October 31 annual tests. The impairment charges recognized in 2013 resulted from the interim test performed during the third quarter. No additional impairment charges were incurred as of the annual test in 2013.

During the October 31, 2014 impairment test, the Company examined all eleven reporting units identified for review. Step one of the impairment test consists of comparing the fair value of a reporting unit with its carrying amount including goodwill. The fair value of each reporting unit was determined using two valuation techniques: an income approach and a market approach. Each valuation approach relies on significant assumptions including a weighted average cost of capital (WACC). The WACC is calculated based upon the capital structure of market participants in the Company's peer group. Other assumptions used to calculate fair value for each reporting unit include projected revenue growth, forecasted cash flows, and earnings multiples based on the market value of the Company and market participants within its peer group.

The following table summarizes the WACC calculation ranges used during the annual goodwill impairment tests performed during 2014 and 2013:

| Date of Impairment Test | WACC |
|-------------------------|----------------|
| October 31, 2014 | 12.9% to 13.6% |
| October 31, 2013 | 11.1% to 12.7% |

During our 2014 and 2012 annual goodwill impairment tests, we identified reporting units with carrying values in excess of fair value due to decreased revenue projections. Therefore, the Company initiated step two of the goodwill impairment test which

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involved calculating the implied fair value of goodwill by allocating the fair value of the reporting unit to the fair value of its assets and liabilities other than goodwill, calculating an implied fair value of goodwill, and comparing the implied fair value to the carrying amount of goodwill. As a result of step two of the annual goodwill impairment test, the Company estimated that the implied fair value of goodwill for the reporting units was less than their carrying values by \$104,565,000 and \$4,328,000 for the years ended December 31, 2014 and 2012, respectively, which have been recorded as impairment charges.

Interim Impairment Testing

We test goodwill and indefinite-lived intangible assets for impairment on an annual basis as of October 31 and at interim dates when indicators of impairment are present. During the third quarter of 2013, we significantly revised our forecast to reflect lower revenue and operating margin expectations for the Company in 2013. As a result, we concluded there was an indicator of impairment requiring an interim impairment test for four of our reporting units, two within the Residential Products segment and two within the Industrial and Infrastructure Products segment. In 2014 and 2012, no indicators of impairment were identified as of interim dates; therefore, no interim tests were performed.

The 2013 interim impairment test used similar valuation methodology as used during the annual tests (income and market approaches), and WACC calculation employed in the interim test. The Company based the WACC on similar market participants used in the interim test. Other assumptions used in the multiples approach such as projected revenue growth and forecasted cash flows for the Company's reporting units were also similar to those used during the interim test. A third party projection of peer companies' earnings multiples, projected revenue growth, and forecasted cash flows were obtained for the analysis as well.

Of the four reporting units identified during the 2013 interim test, one of the reporting units in the Industrial and Infrastructure Products segment, and the Company's sole business in Europe, had a carrying value in excess of the fair value due to decreased revenue projections, affected by recessionary economic conditions. Therefore, the Company initiated step two of the goodwill impairment test which involved calculating the implied fair value of goodwill by allocating the fair value of the reporting unit to the fair value of its assets and liabilities other than goodwill, calculating an implied fair value of goodwill, and comparing the implied fair value to the carrying amount of goodwill. As a result of step two of the goodwill impairment test, the Company estimated that the implied fair value of goodwill for the reporting unit was less than its carrying value by \$21,040,000, for which an impairment charge was recorded as of September 30, 2013.

Acquired Intangible Assets

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

| | December 31, 2014 | | December 31, 2013 | | |
|-------------------------------------|-----------------------|--------------------------|-----------------------|--------------------------|-----------------------|
| | Gross Carrying Amount | Accumulated Amortization | Gross Carrying Amount | Accumulated Amortization | Estimated Useful Life |
| Indefinite-lived intangible assets: | | | | | |
| Trademarks | \$42,720 | \$— | \$45,724 | \$— | Indefinite |
| Finite-lived intangible assets: | | | | | |
| Trademarks | 3,886 | 1,827 | 3,989 | 1,420 | 2 to 15 Years |
| Unpatented technology | 24,527 | 8,768 | 24,690 | 6,980 | 5 to 20 Years |
| Customer relationships | 52,974 | 31,554 | 54,171 | 28,926 | 5 to 16 Years |
| Non-compete agreements | 1,807 | 1,550 | 1,937 | 1,408 | 4 to 10 Years |
| Backlog | 1,330 | 1,330 | 1,330 | 1,330 | 1 to 2 Years |
| | 84,524 | 45,029 | 86,117 | 40,064 | |
| Total acquired intangible assets | \$127,244 | \$45,029 | \$131,841 | \$40,064 | |

The Company recognized impairment charges related to indefinite lived trademark intangible assets as well as for other definite lived intangible assets for the year ended December 31, 2014. Impairment charges were also recognized for indefinite lived trademark intangible assets for the years ended December 31, 2013 and 2012. The impairment

charges related to the trademarks were recognized as a result of the Company's impairment test of indefinite-lived intangibles. The fair values of the impaired trademarks were determined using an income approach consisting of the relief-from-royalty method. The impairment charges related to the definite-lived intangibles were recognized as a result of the estimated future discounted cash flows of the asset

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being less than its carrying value. The fair value of the impaired definite-lived intangibles was determined using an income approach consisting of either the relief-from-royalty method or the excess earnings method. In addition, the Company recognized amortization expense related to the acquired intangible assets.

The following table summarizes the impairment charges for the years ended December 31 (in thousands):

| | 2014 | 2013 | 2012 |
|--|---------|---------|-------|
| Residential Products | \$1,200 | \$1,454 | \$300 |
| Industrial and Infrastructure Products | 2,205 | 1,000 | — |
| Impairment charges | \$3,405 | \$2,454 | \$300 |

The following table summarizes amortization expense for the years ended December 31 (in thousands):

| | 2014 | 2013 | 2012 |
|----------------------|---------|---------|---------|
| Amortization expense | \$5,720 | \$6,572 | \$6,671 |

Amortization expense related to acquired intangible assets for the next five years ended December 31 is estimated as follows (in thousands):

| | |
|------|---------|
| 2015 | \$5,488 |
| 2016 | \$5,154 |
| 2017 | \$4,793 |
| 2018 | \$4,231 |
| 2019 | \$3,561 |

6. ACCRUED EXPENSES

Accrued expenses at December 31 consist of the following (in thousands):

| | 2014 | 2013 |
|------------------------|----------|----------|
| Compensation | \$18,490 | \$18,019 |
| Customer rebates | 9,639 | 8,473 |
| Insurance | 9,041 | 8,403 |
| Interest and taxes | 6,989 | 7,410 |
| Other | 8,280 | 7,574 |
| Total accrued expenses | \$52,439 | \$49,879 |

Accrued expenses for insurance are primarily for general liability, workers' compensation and employee healthcare policies for which the Company is self-insured up to certain per-occurrence and aggregate limits. The amounts accrued represent our best estimates of the probable amount of claims to be paid. Differences between the amounts accrued and the amount that may be reasonably possible of payment are not material.

7. DEBT

Long-term debt at December 31 consists of the following (in thousands):

| | 2014 | 2013 |
|---------------------------------|-----------|-----------|
| Senior Subordinated 6.25% Notes | \$210,000 | \$210,000 |
| Other debt | 3,600 | 4,007 |
| Total debt | 213,600 | 214,007 |
| Less current maturities | 400 | 409 |
| Total long-term debt | \$213,200 | \$213,598 |

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Borrowings under the Senior Credit Agreement are secured by the trade receivables, inventory, personal property and 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 that does not exceed the lesser of (i) \$200 million or (ii) a borrowing base determined by reference to the trade receivable, inventories, and property, plant, and equipment of the Company's significant domestic subsidiaries. The Company can request additional financing from the banks to increase the revolving credit facility to \$250 million under the terms of the Senior Credit Agreement.

The terms of the Senior Credit Agreement provide that the revolving credit facility will terminate on October 10, 2016. Interest rates on the revolving credit facility are based on the London Interbank Offering Rate (LIBOR) plus an additional margin of 2.0% to 2.5%. In addition, the revolving credit facility is subject to an annual commitment fee calculated as 0.375% of the daily average undrawn balance.

Standby letters of credit of \$20,377,000 have been issued under the Senior Credit Agreement to third parties on behalf of the Company as of December 31, 2014. These letters of credit reduce the amount otherwise available under the revolving credit facility. As of December 31, 2014, the Company had \$98,350,000 of availability under the revolving credit facility. No borrowings were outstanding under the revolving credit facility at December 31, 2014 and December 31, 2013.

On a trailing four-quarter basis, the Senior Credit Agreement includes a single financial covenant that requires the Company to maintain a minimum fixed charge coverage ratio of 1.25 to 1.00 at the end of each quarter. As of December 31, 2014, the Company was in compliance with this financial covenant. The Senior Credit Agreement contains other provisions and events of default that are customary for similar agreements and may limit the Company's ability to take various actions.

On January 31, 2013, the Company issued \$210 million of 6.25% Senior Subordinated Notes (6.25% Notes) due February 1, 2021. In connection with the issuance of the 6.25% Notes, the Company initiated a tender offer for the purchase of the outstanding \$204 million of 8% Senior Subordinated Notes (8% Notes). Simultaneously with the closing of the sale of the 6.25% Notes, the Company purchased tendered notes or called for redemption of all of the remaining 8% Notes that were not purchased. In connection with the redemption and tender offer, the Company satisfied and discharged its obligations under the 8% Notes during the first quarter of 2013. The Company recorded a charge of approximately \$7,166,000 in the first quarter of 2013, including \$3,702,000 for the prepayment premium paid to holders of the 8% Notes, \$2,199,000 to write-off deferred financing fees and \$1,265,000 for the unamortized original issue discount related to the 8% Notes. In connection with the issuance of the 6.25% Notes, the Company paid \$3,755,000 in placement and other fees which are recorded as deferred financing costs and included in other assets.

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 of the greater of \$0.25 per share or \$25 million. The 6.25% Notes are redeemable at the option of the Company, in whole or in part, at any time on or after February 1, 2017, at the redemption price (as defined in the Senior Subordinated 6.25% Notes Indenture). The redemption prices are 103.13%, and 101.56% of the principal amount thereof if the redemption occurs during the 12-month periods beginning February 1, of the years 2017 and 2018, respectively, and 100% of the principal amount thereof on and after February 1, 2019, in each case plus accrued and unpaid interest to the applicable redemption date. In addition, prior to February 1, 2016, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of certain equity offerings by the Company at a redemption price of 106.25% of the principal amount thereof, plus accrued and unpaid interest to the redemption date. In the event of a Change in Control, each holder of the 6.25% Notes may require the Company to repurchase all or a portion of such holder's 6.25% Notes at a purchase price equal to 101% of the principal amount thereof.

The aggregate maturities of long-term debt for the next five years and thereafter are as follows (in thousands):

| | |
|------|-------|
| 2015 | \$400 |
| 2016 | \$400 |

| | |
|------------|-----------|
| 2017 | \$400 |
| 2018 | \$400 |
| 2019 | \$400 |
| Thereafter | \$211,600 |

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Total cash paid for interest in the years ended December 31 was (in thousands):

| | 2014 | 2013 | 2012 |
|------------------------|----------|----------|----------|
| Cash paid for interest | \$13,864 | \$24,880 | \$17,189 |

8. EMPLOYEE RETIREMENT PLANS**Pension**

The Company has an unfunded supplemental pension plan which provides defined pension benefits to certain salaried employees upon retirement. Benefits under the plan are based on the salaries of individual plan participants in the year they were admitted into the plan. The plan has been frozen and no additional participants will be added to the plan in the future.

The following table presents the changes in the plan's projected benefit obligation, fair value of plan assets, and funded status for the years ended December 31 (in thousands):

| | 2014 | 2013 | 2012 |
|--|-----------|-------------|-------------|
| Projected benefit obligation at January 1 | \$2,179 | \$2,478 | \$2,653 |
| Service cost | — | — | — |
| Interest cost | 88 | 80 | 110 |
| Actuarial (gains) losses | 9 | (58) |) 50 |
| Benefits paid | (315) |) (321) |) (335) |
| Projected benefit obligation at December 31 | 1,961 | 2,179 | 2,478 |
| Fair value of plan assets | — | — | — |
| Under funded status | (1,961) |) (2,179) |) (2,478) |
| Unamortized prior service cost | 24 | 39 | 53 |
| Unrecognized actuarial gain | (179) |) (188) |) (130) |
| Net amount recognized | \$(2,116) |) \$(2,328) |) \$(2,555) |
| Amounts recognized in the consolidated financial statements consisted of (in thousands): | | | |
| Accrued pension liability: | | | |
| Current portion | \$(395) |) \$(415) |) \$(402) |
| Long term portion | (1,566) |) (1,764) |) (2,076) |
| Pre-tax accumulated other comprehensive income – retirement benefit liability adjustment | (155) |) (149) |) (77) |
| Net amount recognized | \$(2,116) |) \$(2,328) |) \$(2,555) |

The plan's accumulated benefit obligation equaled the projected benefit obligation as of December 31, 2014, 2013, and 2012. The measurement date used to determine pension benefit measures was December 31.

Components of net periodic pension cost for the years ended December 31 were as follows (in thousands):

| | 2014 | 2013 | 2012 |
|---|-------|--------|--------|
| Interest cost | 88 | 80 | 110 |
| Amortization of unrecognized prior service cost | 15 | 14 | 14 |
| Net periodic pension cost | \$103 | \$94 | \$124 |
| Assumptions used to calculate the benefit obligation: | | | |
| Discount rate | 3.74 | % 4.45 | % 3.50 |

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Expected benefit payments from the plan for the years ended December 31 are as follows (in thousands):

| | |
|-------------------|-------|
| 2015 | \$395 |
| 2016 | \$372 |
| 2017 | \$360 |
| 2018 | \$327 |
| 2019 | \$228 |
| Years 2020 - 2024 | \$537 |

Foreign Pension

The Company has another unfunded supplemental pension plan at one of our European subsidiaries which provides defined pension benefits to certain employees upon retirement. The plan has been frozen and no additional participants will be added to the plan in the future. The projected benefit obligation at December 31, 2014 and 2013 is \$410,000 and \$441,000, respectively. A pre-tax accumulated other comprehensive loss retirement benefit liability adjustment of \$113,000 and \$73,000 has been recognized in 2014 and 2013, respectively, in the Company's financial statements, for a net liability of \$297,000 and \$368,000 at December 31, 2014 and 2013, respectively.

401(k)

Employees of all U.S. subsidiaries are eligible to participate in the Company's 401(k) Plan.

Multiemployer Pension Plans

In addition, the Company contributes to a number of multiemployer defined benefit pension plans under the terms of collective-bargaining agreements that cover union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Company chooses to stop participating in some of the multiemployer plans, the Company may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Company's participation in these plans for the year ended December 31, 2014 is outlined in the table below. The "EIN/ Pension Plan Number" column provides the Employee Identification Number (EIN) and three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2014 and 2013 is for the plan's year ended December 31, 2013 and 2012, respectively. The zone status is based on information that the Company received from the plans and is certified by the plans' actuaries. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded.

| Pension Fund | EIN/ Pension Plan Number | PPA Zone Status | | Surcharge Imposed |
|--|-----------------------------|-----------------|------|----------------------|
| | | 2013 | 2012 | |
| National Integrated Group Pension Plan | 22-6190618-001 | Red | Red | Yes |
| Sheet Metal Workers' National Pension Plan | 52-6112463-001 | Red | Red | Yes |
| Sheet Metal Workers' Pension Plan of Northern California | 51-6115939-001 | Red | Red | No |

At December 31, 2014, the Company employed 2,416 people, of which approximately 12% were represented by unions through various collective bargaining agreements (CBAs). Three of our CBAs expire and will be renegotiated in 2015. The multiemployer pension plans' collective bargaining agreements expire April 15, 2015, April 30, 2015, and June 5, 2015, respectively. All of the funds have rehabilitation plans in place. Each plan with a rehabilitation plan requires minimum contributions from the Company. Given the status of these plans, it is reasonably possible that future contributions to the plans

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will increase although the Company cannot reasonably estimate a possible range of increased contributions as of December 31, 2014.

The Company did not contribute more than 5% of any fund's total contributions in any of the three years in the period ended December 31, 2014. The table below sets forth the contributions made by the Company to each multiemployer plan for the years ended December 31 (in thousands):

| Pension Fund | 2014 | 2013 | 2012 |
|--|-------|-------|-------|
| National Integrated Group Pension Plan | \$233 | \$222 | \$202 |
| Sheet Metal Workers' National Pension Plan | 61 | 78 | 98 |
| Sheet Metal Workers' Pension Plan of Northern California | 35 | 28 | 33 |
| | \$329 | \$328 | \$333 |

At the date the financial statements were issued, Forms 5500 were not available for the plan year ended December 31, 2014.

Total Retirement Plan Expense

Total expense for all retirement plans for the years ended December 31 was (in thousands):

| 2014 | 2013 | 2012 |
|---------|---------|---------|
| \$2,816 | \$2,838 | \$2,884 |

9. OTHER POSTRETIREMENT BENEFITS

The Company has an unfunded postretirement healthcare plan which provides health insurance to certain employees and their spouses upon retirement. This plan has been frozen and no additional participants will be added to the plan in the future.

The following table presents the changes in the accumulated postretirement benefit obligation related to the Company's unfunded postretirement healthcare benefits at December 31 (in thousands):

| | 2014 | 2013 | 2012 |
|---|-----------|-------------|-------------|
| Projected benefit obligation at January 1 | \$5,900 | \$5,954 | \$5,120 |
| Service cost | 16 | 16 | 15 |
| Interest cost | 255 | 203 | 224 |
| Plan amendments | — | 603 | — |
| Actuarial (gain) loss | 2,387 | (553) |) 899 |
| Benefits paid, net of contributions | (356) |) (323) |) (304) |
| Projected benefit obligation at December 31 | 8,202 | 5,900 | 5,954 |
| Fair value of plan assets | — | — | — |
| Under funded status | (8,202) |) (5,900) |) (5,954) |
| Unamortized prior service cost | 559 | 603 | — |
| Unrecognized actuarial loss | 3,962 | 1,653 | 2,329 |
| Net amount recognized | \$(3,681) |) \$(3,644) |) \$(3,625) |

In October 2014 the Society of Actuaries issued new mortality tables and a mortality improvement scale which were applied when measuring the postretirement benefit obligation as of December 31, 2014. Because the new tables and improvement scale reflect today's longer life expectancies, it resulted in an actuarial loss and an increase in our projected benefit obligation. As a result, we expect future net periodic postretirement benefit cost charged to expense to increase as a result of increases in the amortization of the actuarial loss.

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Amounts recognized in the consolidated financial statements consisted of (in thousands):

| | 2014 | 2013 | 2012 |
|---|-----------|-----------|-----------|
| Accrued postretirement benefit liability | | | |
| Current portion | \$(368) | \$(356) | \$(322) |
| Long term portion | (7,834) | (5,544) | (5,632) |
| Pre-tax accumulated other comprehensive loss – unamortized post-retirement healthcare costs | 4,521 | 2,256 | 2,329 |
| Net amount recognized | \$(3,681) | \$(3,644) | \$(3,625) |

Components of net periodic postretirement benefit cost charged to expense for the years ended December 31 were as follows (in thousands):

| | 2014 | 2013 | 2012 |
|---|-------|-------|-------|
| Service cost | \$16 | \$16 | \$15 |
| Interest cost | 255 | 203 | 224 |
| Amortization of unrecognized prior service cost | 44 | — | (1) |
| Loss amortization (2) | 78 | 123 | 111 |
| Net periodic benefit cost | \$393 | \$342 | \$349 |
| Assumptions used to calculate the benefit obligation: | | | |
| Discount rate | 3.7 | % 4.5 | % 3.5 |
| Annual rate of increase in the per capita cost of: | | | |
| Medical costs before age 65 (1) | 8.0 | % 8.5 | % 9.0 |
| Medical costs after age 65 (1) | 7.0 | % 7.3 | % 7.5 |
| Prescription drug costs (1) | 9.0 | % 7.8 | % 8.0 |

(1) It was assumed that these rates would gradually decline to 4% by 2022.

(2) Actuarial (gains)/losses are amortized utilizing the corridor approach. Differences between actual experience and the actuarial assumptions are reflected in (gain)/loss. If the total net (gain) or loss exceeds 10 percent of the greater of the accumulated postretirement benefit obligation or plan asset, this excess must be amortized over the average remaining service period of the active plan participants. If most of the plan participants are inactive, the amortization period is the expected future lifetime of inactive plan participants.

A 1% change in the annual medical inflation rate issued would have the following impact on the amounts reported at December 31 are as follows (in thousands):

| | 2014 | 2013 |
|---|---------|---------|
| Effect on accumulated postretirement benefit obligation | | |
| 1% increase | \$969 | \$697 |
| 1% decrease | \$(830) | \$(597) |
| Effect on annual service and interest costs | | |
| 1% increase | \$34 | \$27 |
| 1% decrease | \$(28) | \$(23) |

The measurement date used to determine postretirement benefit obligation measures was December 31.

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Expected benefit payments from the plan for the years ended December 31 are as follows (in thousands):

| | |
|-------------------|---------|
| 2015 | \$368 |
| 2016 | \$369 |
| 2017 | \$387 |
| 2018 | \$397 |
| 2019 | \$418 |
| Years 2020 - 2024 | \$2,254 |

10. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

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

| | Foreign Currency Translation Adjustment | Cash Flow Hedges | 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, 2012 | \$ (93) | \$ — | \$ (8) | \$ (2,328) | \$ (2,429) | \$ (854) | \$ (1,575) |
| Other comprehensive loss on cash flow hedge before reclassification | — | — | — | — | — | — | — |
| Reclassified loss on cash flow hedge from other comprehensive (loss) income | — | — | — | — | — | — | — |
| Minimum pension and post retirement health care plan adjustments | — | — | 84 | 72 | 156 | 58 | 98 |
| Foreign currency gain | (2,108) | — | — | — | (2,108) | — | (2,108) |
| Balance at December 31, 2013 | \$ (2,201) | \$ — | \$ 76 | \$ (2,256) | \$ (4,381) | \$ (796) | \$ (3,585) |
| Other comprehensive loss on cash flow hedge before reclassification | — | (875) | — | — | (875) | (319) | (556) |
| Reclassified loss on cash flow hedge from other comprehensive (loss) income | — | 650 | — | — | 650 | 237 | 413 |
| Minimum pension and post retirement health care plan adjustments | — | — | (33) | (2,265) | (2,298) | (839) | (1,459) |
| Foreign currency gain | (4,364) | — | — | — | (4,364) | — | (4,364) |
| Balance at December 31, 2014 | \$ (6,565) | \$ (225) | \$ 43 | \$ (4,521) | \$ (11,268) | \$ (1,717) | \$ (9,551) |

The realized losses relating to the Company's foreign currency cash flow hedges were reclassified from Accumulated Other Comprehensive Loss and included in net sales in the Consolidated Statement of Operations.

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 Selling, General and Administrative Expenses in the Consolidated Statement of Operations.

The estimated net amount of the existing unrealized loss on cash flow hedges that is expected to be reclassified into earnings within the next twelve months is \$225,000.

11. EQUITY-BASED COMPENSATION

Equity-based payments to employees and directors, including grants of stock options, restricted stock units, and restricted stock, are recognized in the statements of operations based on the grant-date fair value of the award. The Company uses the straight-line method of attributing the value of stock-based compensation expense over the vesting

periods. Stock compensation expense recognized during the period is based on the value of the portion of equity-based awards that is ultimately expected to vest during the period. Vesting requirements vary for directors, executives, and key employees with a vesting period that typically equals four years with graded vesting.

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The Gibraltar Industries, Inc. 2005 Equity Incentive Plan (the Plan) is an incentive compensation plan that allows the Company to grant equity-based incentive compensation awards to eligible participants to provide them an additional incentive to promote the business of the Company, to increase their proprietary interest in the success of the Company, and to encourage them to remain in the Company's employ. Awards under the plan may be in the form of options, restricted shares, restricted units, performance shares, performance stock units, and rights. The Plan provides for the issuance of up to 3,000,000 shares of common stock. Of the total number of shares of common stock issuable under the Plan, the aggregate number of shares which may be issued in connection with grants of incentive stock options and rights cannot exceed 900,000 shares. Vesting terms and award life are governed by the award document.

Options, Restricted Stock Units, Restricted Stock Awards

The following table provides the number of restricted stock units (that will convert to shares upon vesting) and shares of restricted stock that were issued during the years ended December 31 along with the weighted-average grant-date fair value of each award:

| Awards | 2014 | | 2013 | | 2012 | |
|------------------------|------------------|--|------------------|--|------------------|--|
| | Number of Awards | Weighted Average Grant Date Fair Value | Number of Awards | Weighted Average Grant Date Fair Value | Number of Awards | Weighted Average Grant Date Fair Value |
| Restricted stock units | 218,857 | \$16.96 | 150,570 | \$14.60 | 151,452 | \$13.58 |
| Restricted shares | 21,721 | \$16.76 | 13,188 | \$16.83 | 11,130 | \$11.86 |

At December 31, 2014, 376,000 shares were available for issuance under the Plan as incentive stock options or other stock awards.

The Company recognized the following compensation expense in connection with awards that vested under the 2005 Equity Incentive Plan and previously terminated plans along with the related tax benefits recognized during the years ended December 31 (in thousands):

| | 2014 | 2013 | 2012 |
|---|---------|---------|---------|
| Expense recognized under terminated plans | \$— | \$— | \$18 |
| Expense recognized under the Plan | 3,150 | 2,564 | 3,130 |
| Total stock compensation expense | \$3,150 | \$2,564 | \$3,148 |
| Tax benefits recognized related to stock compensation expense | \$1,229 | \$1,000 | \$1,228 |

The fair value of the restricted shares and restricted stock units issued during the three years ended December 31, 2014 was based on the grant-date market price. The fair value of stock options granted was estimated on the date of grant using the Black-Scholes option pricing model. No options were granted in 2014, 2013, and 2012. Expected stock volatility was based on volatility of the Company's stock price using a historical period commensurate with the expected life of the options.

The following table summarizes the ranges of outstanding and exercisable options at December 31, 2014:

| Range of Exercise Prices | Options Outstanding | Weighted Average | Weighted | Options Exercisable | Weighted |
|--------------------------|---------------------|---------------------------------------|------------------------|---------------------|------------------------|
| | | Remaining Contractual Life (in years) | Average Exercise Price | | Average Exercise Price |
| \$8.90 – \$8.90 | 59,175 | 5.70 | \$8.90 | 59,175 | \$8.90 |
| \$9.74 – \$9.74 | 157,264 | 6.70 | \$9.74 | 113,514 | \$9.74 |
| \$11.89 – \$18.78 | 148,781 | 3.54 | \$15.98 | 148,781 | \$15.98 |
| \$20.52 – \$23.78 | 204,099 | 2.35 | \$22.56 | 204,099 | \$22.56 |
| | 569,319 | | | 525,569 | |

The weighted average remaining life of options exercisable at December 31, 2014 is 4.00 years. The intrinsic value of options exercisable at December 31, 2014 was \$1,393,000.

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The following table summarizes information about stock option transactions:

| | Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life (in years) | Aggregate Intrinsic Value |
|------------------------------|-----------|--|---|------------------------------|
| Balance at January 1, 2012 | 770,499 | \$ 14.74 | | |
| Exercised | (27,500) | 9.70 | | |
| Forfeited | (31,375) | 13.76 | | |
| Balance at December 31, 2012 | 711,624 | \$ 14.97 | | |
| Exercised | (59,750) | 11.00 | | |
| Forfeited | (29,750) | 12.38 | | |
| Balance at December 31, 2013 | 622,124 | \$ 15.48 | | |
| Exercised | (52,805) | 11.18 | | |
| Balance at December 31, 2014 | 569,319 | \$ 15.88 | 4.00 | \$ 1,393,000 |

The aggregate intrinsic value in the preceding table represents the total pre-tax intrinsic value, based on the \$16.26 per share market price of the Company's common stock as of December 31, 2014, which would have been received by the option holders had all option holders with an exercise price below the per share market price on December 31, 2014, exercised their options as of that date.

The following table sets forth the aggregate intrinsic value of options exercised and aggregate fair value of restricted stock units and restricted shares that vested during the years ended December 31 (in thousands):

| | 2014 | 2013 | 2012 |
|---|---------|---------|---------|
| Aggregate intrinsic value of options exercised | \$326 | \$398 | \$115 |
| Aggregate fair value of vested restricted stock units | \$2,416 | \$1,900 | \$2,760 |
| Aggregate fair value of vested restricted shares | \$364 | \$222 | \$193 |

The following table summarizes information about non-vested restricted stock units (that will convert to shares upon vesting) and restricted shares:

| | Restricted Stock Units | Weighted Average Grant Date Fair Value | Restricted Shares | Weighted Average Grant Date Fair Value |
|------------------------------|---------------------------|---|----------------------|---|
| Balance at December 31, 2013 | 576,724 | \$ 14.77 | 5,053 | \$ 14.37 |
| Granted | 218,857 | 16.96 | 21,721 | 16.76 |
| Vested | (136,110) | 16.13 | (16,515) | 16.57 |
| Forfeited | (11,979) | 13.21 | — | — |
| Balance at December 31, 2014 | 647,492 | 15.26 | 10,259 | 15.89 |

As of December 31, 2014, there was \$4,300,000 of total unrecognized compensation cost related to non-vested options, restricted shares, and restricted stock units. That cost is expected to be recognized over a weighted average period of 3.3 years.

Performance Stock Units

In January 2012, the Company awarded 295,000 performance stock units with grant date fair value of \$4,152,000. As of December 31, 2012, 280,000 of the originally awarded performance stock units remained outstanding after forfeitures. The final number of performance stock units earned was based on the Company's total stockholder returns relative to the S&P Small Cap 600 Index for the calendar year of 2012. During the performance period, the participants earned 58.3% of target, aggregating 163,200 performance stock units compared to the target of 280,000 awards.

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In January 2013, the Company awarded 304,000 performance stock units with grant date fair value of \$4,123,000. As of December 31, 2013, 237,000 of the originally awarded performance stock units remained outstanding after forfeitures. The final number of performance stock units earned was determined based on the Company's actual return on invested capital (ROIC) for 2013 relative to the improved ROIC targeted for the performance period ending December 31, 2013. During the performance period, the participants earned 50.0% of target, aggregating 114,000 performance stock units compared to the target of 237,000 awards.

In January 2014 and June 2014, the Company awarded 212,000 and 19,000, respectively, of performance stock units with a grant date fair value of \$3,914,000 and \$319,000, respectively. As of December 31, 2014, 224,000 of the originally awarded performance stock units remain outstanding after forfeitures. The final number of performance stock units earned will be determined based on the Company's actual return on invested capital (ROIC) for 2014. Based on the actual 2014 ROIC, no shares were earned during the performance period.

The cost of the 2012, 2013, and 2014 performance stock awards are recognized over the requisite vesting period, which ranges between one year and three years, depending on the date a participant turns 60 and completes 5 years of service. After the vesting period, any performance stock units earned will convert to cash based on the trailing 90-day closing price of the Company's common stock as of December 31, 2014, 2015, and 2016 and be payable to participants in January 2015, 2016, and 2017, respectively.

The following table summarizes the compensation expense recognized from the change in fair value and vesting of performance stock units awarded for the years ended December 31 (in thousands):

| | 2014 | 2013 | 2012 |
|---|------|---------|---------|
| Performance stock unit compensation expense | \$31 | \$2,214 | \$1,639 |

Management Stock Purchase Plan

The Management Stock Purchase Plan (MSPP) is an integral component of the Plan and provides participants the ability to defer a portion of their salary, their annual bonus under the Management Incentive Compensation Plan, and Directors' fees. The deferral is converted to restricted stock units and credited to an account together with a company-match in restricted stock units equal to a percentage of the deferral amount. The account is converted to cash at the trailing 200-day average closing price of the Company's stock and payable to the participants upon a termination of their service to the Company. The matching portion vests only if the participant has reached their sixtieth (60th) birthday. If a participant terminates prior to age sixty (60), the match is forfeited. Upon termination, the account is converted to a cash account that accrues interest at 2% over the then current ten-year U.S. Treasury note rate. The account is then paid out in either one lump sum, or in five or ten equal annual cash installments at the participant's election.

The fair value of restricted stock units held in the MSPP equals the trailing 200-day average closing price of the Company's common stock as of the last day of the period. During the years ended December 31, 2014, 2013, and 2012, respectively, 119,105, 132,037, and 253,587 restricted stock units that will convert to cash upon vesting were credited to participant accounts. At December 31, 2014 and 2013, the value of the restricted stock units in the MSPP was \$15.68 and \$15.97 per unit, respectively. At December 31, 2014 and 2013, 647,371 and 614,888 restricted stock units were credited to participant accounts including 62,455 and 47,268, respectively, of unvested restricted stock units.

The MSPP is a share-based liability settled in cash. The following table sets forth the cash paid to settle these liability awards and expense recognized for the years ended December 31 (in thousands):

| | 2014 | 2013 | 2012 |
|------------------------------|---------|---------|---------|
| Share-based liabilities paid | \$2,120 | \$531 | \$542 |
| MSPP expense | \$329 | \$3,857 | \$1,180 |

12. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company is exposed to certain risks arising from both its business operations and economic conditions. The primary risks that the Company manages through its derivative instruments are foreign currency exchange rate risk and commodity pricing risk. Accordingly, we have instituted hedging programs that are accounted for in accordance with Topic 815, "Derivatives and Hedging."

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Our foreign currency hedging program is a cash flow hedge program designed to limit the exposure to variability in expected future cash flows. The Company uses foreign currency forward agreements and currency options, all of which mature within fourteen months, to manage its exposure to fluctuations in the foreign currency exchange rates. These contracts are not currently designated as hedging instruments in accordance with Topic 815, and therefore changes in fair value are recorded through earnings.

Our commodity price hedging program is designed to mitigate the risks associated with market fluctuations in the price of commodities. The Company uses commodity options, which are classified as economic hedges, to manage this risk. All economic hedges are recorded at fair value through earnings, as the Company does not qualify to use the hedge accounting designation as prescribed by Topic 815.

Although certain of our derivative financial instruments do not qualify or are not accounted for under hedge accounting, we do not hold or issue derivative financial instruments for trading or other speculative purposes. We monitor our derivative positions using techniques including market valuations and sensitivity analyses. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability. These changes in fair value are attributable to the earnings effect of the hedged forecasted transactions in a cash flow hedge.

We consider the classification of the underlying hedged item's cash flows in determining the classification for the designated derivative instrument's cash flows. We classify derivative instrument cash flows from hedges of changes in foreign currency as operating activities due to the nature of the hedged item. Cash flows from derivative instruments not designated under hedge accounting, such as our aluminum price options, are classified as investing activities.

Derivatives not designated as hedging instruments

To minimize commodity price exposure, the Company has commodity options with notional amounts of \$10,440,000 at December 31, 2014. These derivative instruments mature at various times through January 2016.

To minimize foreign currency exposure, the Company has foreign currency options with notional amounts of \$83,500,000 at December 31, 2014. These derivative instruments mature at various times through February 2016.

These commodity options and forward exchange options are recorded in the consolidated balance sheet at fair value and the resulting gains or losses are recorded to other income in the consolidated statement of operations. The losses (gains) recognized for the twelve months ended December 31, are as follows (in thousands):

| | | | |
|---|---------|------|------|
| Derivatives not designated as hedging instruments | 2014 | 2013 | 2012 |
| Commodity options | 685 | — | — |
| Foreign exchange forwards | (731) |) — | — |
| Foreign exchange options (1) | (1,015) |) — | — |
| Total non-designated derivative realized (gain) loss, net | (1,061) |) — | — |

(1) Includes a loss of \$477,000 for the discontinuation of cash flow hedges for which the forecasted transactions are not expected to occur within the originally forecasted time frame.

Summary of Derivatives

Derivatives consist of the following (in thousands):

| | | December 31, 2014 | December 31, 2013 |
|---|----------------------|----------------------|----------------------|
| | Classification | Fair Value | Fair Value |
| Derivatives not designated as hedging instruments | | | |
| Commodity options | Other current assets | \$591 | \$— |
| Commodity options | Other assets | 162 | — |

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| | | | |
|--------------------------|----------------------|---------|-----|
| Foreign exchange options | Other current assets | 1,851 | — |
| Foreign exchange options | Other assets | 445 | — |
| | Total assets | \$3,049 | \$— |

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13. FAIR VALUE MEASUREMENTS

FASB ASC Topic 820, "Fair Value Measurements and Disclosures," defines fair value, sets out a framework for measuring fair value, and requires certain disclosures about fair value measurements. A fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability. Fair value is defined based upon an exit price model. ASC 820 establishes a valuation hierarchy for disclosure of the inputs used to measure fair value into three broad levels. 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 - Unadjusted quoted prices in active markets that are accessible to the reporting entity at the measurement date for identical assets and liabilities.

Level 2 - Inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.

Level 3 - Unobservable inputs for the assets or liability supported by little or no market activity. Level 3 inputs are based on the Company's assumptions used to measure assets and liabilities at fair value.

As described in Note 4 of the consolidated financial statements, the Company acquired the assets of one business during the year ended December 31, 2013. The estimated fair values allocated to the assets acquired and liabilities assumed relied upon fair value measurements based in part on Level 3 inputs. The valuation techniques used to assign fair values to inventory, property, plant and equipment, and intangible assets included the cost approach, market approach, relief-from-royalty approach, and other income approaches. The valuation techniques relied on a number of inputs that included the cost and condition of the property, plant and equipment, forecasted net sales and incomes, and royalty rates. In addition, the Company has a contingent consideration liability related to the earn-out provision for the 2013 acquisition discussed in Note 4 that is recorded at fair value on a recurring basis each reporting period. A discounted cash flow analysis, which takes into account a discount rate, forecasted EBITDA of the acquired business and the Company's estimate of the probability of the acquired business achieving the forecasted EBITDA is used to determine the fair value of this liability at each reporting period until the liability will be settled in 2015. The fair value of this liability is determined using Level 3 inputs. The fair value of this liability is sensitive primarily to changes in the forecasted EBITDA of the acquired business.

As described in Note 12 of the consolidated financial statements, the Company holds derivative foreign currency exchange forwards, foreign currency exchange options and commodity options. The fair values of foreign currency exchange contracts are determined through the use of cash flow models that utilize observable market data inputs to estimate fair value. These observable market data inputs include foreign exchange rate and credit spread curves. In addition, the Company received fair value estimates from the foreign currency contract counterparties to verify the reasonableness of the Company's estimates.

The fair value of commodity options is determined through the use of cash flow models that utilize observable market data inputs to estimate fair value. These observable market data inputs include forward rates and implied volatility. In addition, the Company received fair value estimates from the commodity contract counterparty to verify the reasonableness of the Company's estimates.

The Company's other financial instruments primarily consist of cash and cash equivalents, accounts receivable, notes receivable, and accounts payable, and long-term debt. The carrying values for our financial instruments approximate fair value with the exception, at times, of long-term debt. At December 31, 2014 and 2013, the carrying value of outstanding debt was \$213,600,000 and \$214,007,000, respectively. The fair value of the Company's Senior Subordinated 6.25% Notes was estimated based on quoted market prices.

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The following table sets forth by level, within the fair value hierarchy, our assets (liabilities) carried at fair value as of December 31, 2014 and 2013 (in thousands):

| | Classification | December 31, 2014 | | | Total |
|------------------------------------|----------------------|-------------------|---------|---------|-----------|
| | | Level 1 | Level 2 | Level 3 | |
| Carried at fair value | | | | | |
| Contingent consideration liability | Accrued expenses | \$— | \$— | \$328 | \$328 |
| Foreign currency exchange options | Other current assets | — | 1,851 | — | 1,851 |
| Foreign currency exchange options | Other assets | — | 445 | — | 445 |
| Commodity instruments | Other current assets | — | 591 | — | 591 |
| Commodity instruments | Other assets | — | 162 | — | 162 |
| Disclosed at fair value | | | | | |
| Total long-term debt | Long-term debt | \$215,831 | \$— | \$— | \$215,831 |
| | Classification | December 31, 2013 | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Carried at fair value | | | | | |
| Contingent consideration liability | Accrued expenses | \$— | \$— | \$1,864 | \$1,864 |
| Disclosed at fair value | | | | | |
| Total long-term debt | Long-term debt | \$220,825 | \$— | \$— | \$220,825 |

The Company did not hold any derivatives as of December 31, 2013. The Company did not have any other material assets or liabilities carried at fair value and measured on a recurring basis as of December 31, 2014 and 2013.

Contingent consideration liability

As described in Note 4 of the consolidated financial statements, the Company acquired the assets of a business in 2013 for which a portion of the purchase consideration is based on an earn out provision. This liability resulting from this earn-out provision is based on the acquired business's future EBITDA through 2015. A discounted cash flow analysis, incorporating a Monte Carlo simulation, was used to determine the fair value of a contingent consideration liability. The simulation used a triangular distribution of 500,000 trails and was performed incorporating assumptions such as project future incomes, upside potentials, low-end expectations, expected synergies to calculate the EBITDA. The calculated EBITDA was subsequently discounted at the pretax cost of debt to determine the fair value. The liability is revalued at each year end for actual EBITDA incurred during the earn-out period to determine the updated fair value.

Other nonrecurring fair value measurements

The Company also recognized the impairment of certain property, plant, and equipment during the years ended December 31, 2014, 2013, and 2012. The impairment charges were calculated by determining the fair value of the property, plant, and equipment using unobservable inputs which primarily include replacement cost less depreciation or market data for transactions involving similar assets. These inputs are classified as Level 3 inputs. See Note 15 of the consolidated financial statements for more disclosure regarding the impairment of certain property, plant, and equipment.

During 2014, 2013, and 2012, the Company also recognized impairments to intangible assets. The impairment charges were calculated by determining the fair value of these assets. The fair value measurements were calculated using discounted cash flow analyses which rely upon unobservable inputs classified as Level 3 inputs. See Note 5 of the consolidated financial statements for more disclosure regarding the impairment of intangible assets.

The Company also applied fair value principles during the goodwill impairment tests performed during 2014, 2013, and 2012. Step one of the goodwill impairment test consisted of determining a fair value for each of the Company's reporting units. The fair value for the Company's reporting units cannot be determined using readily available quoted Level 1 or Level 2 inputs that are observable or available from active markets. Therefore, the Company used two

valuation models to estimate the fair values

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of its reporting units, both of which use Level 3 inputs. To estimate the fair values of reporting units, the Company uses significant estimates and judgmental factors. The key estimates and factors used in the valuation models include revenue growth rates and profit margins based on internal forecasts, terminal value, WACC, and earnings multiples. As a result of the goodwill impairment test performed during 2014, 2013, and 2012, the Company recognized goodwill impairment charges. See Note 5 of the consolidated financial statements for the results of the Company's goodwill impairment tests.

14. DISCONTINUED OPERATIONS

For certain divestiture transactions, the Company has agreed to indemnify the buyer for various liabilities that may arise after the disposal date, subject to limits of time and amount. The Company is a party to certain claims made under these indemnification provisions. For the years ended December 31, 2014, 2013, and 2012, management recorded a contingent liability for such provisions related to discontinued operations. Management does not believe that the outcome of such claims, or other claims, would significantly affect the Company's financial condition or results of operations.

15. EXIT ACTIVITY COSTS AND ASSET IMPAIRMENTS

The Company focuses on being the low-cost provider of its products by reducing operating costs and implementing lean manufacturing initiatives, which have in part led to the consolidation of facilities and product lines. The Company consolidated two facilities each year during 2014, 2013, and 2012, respectively, in this effort. During this process, the Company has incurred exit activity costs, including contract termination costs, severance costs, and other moving and closing costs. If future opportunities for cost savings are identified, other facility consolidations and closings will be considered.

During 2014, the Company incurred a net change in asset impairment charges of \$455,000, the net result of a gain on the sale of one of the consolidated facilities previously impaired in 2013, partially offset by impairment charges for the other facility consolidated during 2014. The following table sets forth the asset impairment charges (recovery) incurred by segment during the years ended December 31 related to the restructuring activities described above (in thousands):

| | 2014 | 2013 | 2012 |
|---|----------|------------|----------|
| Residential Products | \$ (580) |) \$ 1,616 | \$ 1,932 |
| Industrial and Infrastructure Products | 125 | — | — |
| Corporate | — | — | 140 |
| Total asset impairment charges (recovery) related to restructuring activities | \$ (455) |) \$ 1,616 | \$ 2,072 |

The following table provides a summary of exit activity costs and asset impairments by segment for the years ended December 31 (in thousands):

| | 2014 | 2013 | 2012 |
|---|----------|----------|----------|
| Residential Products | \$ 752 | \$ 2,521 | \$ 2,457 |
| Industrial and Infrastructure Products | 919 | 113 | 1,407 |
| Corporate | — | — | 140 |
| Total exit activity costs and asset impairments | \$ 1,671 | \$ 2,634 | \$ 4,004 |

The following table provides a summary of where the above exit activity costs and asset impairments are recorded in the consolidated statements of operations for the years ended December 31 (in thousands):

| | 2014 | 2013 | 2012 |
|---|----------|----------|----------|
| Cost of sales | \$ 843 | \$ 2,519 | \$ 3,741 |
| Selling, general, and administrative expense | 828 | 115 | 263 |
| Total exit activity costs and asset impairments | \$ 1,671 | \$ 2,634 | \$ 4,004 |

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

| | 2014 | 2013 |
|--------------------------------|---------|----------|
| Balance as of January 1 | \$1,092 | \$1,323 |
| Exit activity costs recognized | 2,126 | 1,018 |
| Cash payments | (2,643 |) (1,249 |
| Balance as of December 31 | \$575 | \$1,092 |

16. INCOME TAXES

The components of income (loss) before taxes from continuing operations consisted of the following for the years ended December 31 (in thousands):

| | 2014 | 2013 | 2012 |
|---|-----------|------------|------------|
| Domestic | \$(87,179 |) \$19,787 | \$18,468 |
| Foreign | 2,429 | (20,619 |) 3,699 |
| (Loss) income before taxes from continuing operations | \$(84,750 |) \$(832 |) \$22,167 |

The provision for (benefit of) income taxes from continuing operations for the years ended December 31 consisted of the following (in thousands):

| | 2014 | 2013 | 2012 |
|----------------------------|----------|-----------|---------|
| Current: | | | |
| U.S. Federal | \$1,684 | \$3,635 | \$5,780 |
| State | 1,265 | 1,507 | 1,483 |
| Foreign | 733 | 892 | 1,260 |
| Total current | 3,682 | 6,034 | 8,523 |
| Deferred: | | | |
| U.S. Federal | (6,373 |) 2,655 | 844 |
| State | (203 |) (2,847 |) 489 |
| Foreign | (64 |) (1,045 |) (339 |
| Total deferred | (6,640 |) (1,237 |) 994 |
| Provision for income taxes | \$(2,958 |) \$4,797 | \$9,517 |

The (benefit of) provision for income taxes from discontinued operations for the years ended December 31 consisted of the following (in thousands):

| | 2014 | 2013 | 2012 |
|---|-------|--------|----------|
| Current: | | | |
| U.S. Federal | \$(18 |) \$(3 |) \$(98 |
| State | (1 |) — | (186 |
| Foreign | — | — | — |
| (Benefit of) provision for income taxes | \$(19 |) \$(3 |) \$(284 |

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The provision for income taxes from continuing operations differs from the federal statutory rate of 35% for the years December 31 due to the following (in thousands):

| | 2014 | | 2013 | | 2012 | | |
|----------------------------------|-----------|--------|-----------|---------|------------|--------|----|
| Statutory rate | \$(29,664 |) 35.0 | % \$(291 |) 35.0 | % \$7,758 | 35.0 | % |
| Intangible asset impairment | 26,637 | (31.4 |)% 7,241 | (870.3 |)% 1,514 | 6.8 | % |
| State taxes, less federal effect | 606 | (0.7 |)% 1,382 | (166.1 |)% 1,282 | 5.8 | % |
| Change in valuation allowance | 94 | (0.1 |)% (2,268 |) 272.6 | % (39 |) (0.2 |)% |
| Federal tax credits | (255 |) 0.3 | % (517 |) 62.1 | % (270 |) (1.2 |)% |
| Uncertain tax positions | (169 |) 0.2 | % (515 |) 61.9 | % (872 |) (3.9 |)% |
| Foreign rate differential | (311 |) 0.4 | % (163 |) 19.6 | % (335 |) (1.5 |)% |
| Non-deductible expenses | 173 | (0.2 |)% (66 |) 7.9 | % 366 | 1.7 | % |
| Other | (69 |) — | % (6 |) 0.7 | % 113 | 0.5 | % |
| | \$ (2,958 |) 3.5 | % \$4,797 | (576.6 |)% \$9,517 | 43.0 | % |

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

| | 2014 | 2013 |
|--|----------|-----------|
| Depreciation | \$18,896 | \$19,278 |
| Goodwill | 29,175 | 33,982 |
| Intangible assets | 18,637 | 20,951 |
| Other | 1,464 | 1,466 |
| Gross deferred tax liabilities | 68,172 | 75,677 |
| Equity compensation | (11,826 |) (12,858 |
| Other | (16,988 |) (15,623 |
| Gross deferred tax assets | (28,814 |) (28,481 |
| Valuation allowances | 400 | 306 |
| Deferred tax assets, net of valuation allowances | (28,414 |) (28,175 |
| Net deferred tax liabilities | \$39,758 | \$47,502 |

Net current deferred tax assets of \$10,014,000 and \$7,622,000 are included in other current assets in the consolidated balance sheet at December 31, 2014 and 2013, respectively.

Deferred taxes include net deferred tax assets relating to certain state and foreign tax jurisdictions. A reduction of the carrying amount of deferred tax assets by a valuation allowance is required if it is more likely than not that such assets will not be realized. The following sets forth a reconciliation of the beginning and ending amount of the Company's valuation allowance (in thousands):

| | 2014 | 2013 | 2012 |
|-----------------------------------|-------|----------|---------|
| Balance as of January 1 | \$306 | \$2,574 | \$2,613 |
| Cost charged to the tax provision | 144 | — | 266 |
| Reductions | (50 |) (2,268 |) (305 |
| Balance as of December 31 | \$400 | \$306 | \$2,574 |

The Company made net payments for income taxes, for the following amounts for the years ended December 31 (in thousands):

| | 2014 | 2013 | 2012 |
|-------------------------------------|----------|------------|------------|
| Payments made for income taxes, net | \$(6,509 |) \$(7,564 |) \$(8,944 |

Provision has not been made for U.S. taxes on \$28,237,000 of undistributed earnings of foreign subsidiaries. Those earnings have been and will continue to be indefinitely reinvested. As of December 31, 2014, the Company's foreign operations held

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\$19,144,000 of cash that provides foreign operations with liquidity to reinvest in working capital and capital expenditures for their operations. Any excess earnings could be used to grow the Company's foreign operations through launches of new capital projects or additional acquisitions. Determination of the amount of unrecognized deferred U.S. income tax liability is not practicable due to the complexities associated with its hypothetical calculation.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

| | 2014 | 2013 | 2012 |
|--|---------|---------|---------|
| Balance as of January 1 | \$1,694 | \$2,485 | \$3,687 |
| Additions for tax positions of the current year | 180 | 83 | 105 |
| Additions for tax positions of prior years | 93 | — | 67 |
| Reductions for tax positions of prior years for: | | | |
| Settlements and changes in judgment | (154 |) (26 |) (857 |
| Lapses of applicable statute of limitations | (399 |) (848 |) (517 |
| Balance as of December 31 | \$1,414 | \$1,694 | \$2,485 |

The Company and its U.S. subsidiaries file a U.S. federal consolidated income tax return. Foreign and U.S. state jurisdictions have statute of limitations generally ranging from four to ten years. Currently, the Company is under examination in Germany for 2009 through 2012 and the United States for 2012 through 2013.

All unrecognized tax benefits would affect the effective tax rate, if recognized as of December 31, 2014 and 2013. The Company classifies accrued interest and penalties related to unrecognized tax benefits in income tax expense. Interest (net of federal tax benefit) and penalties recognized during the years ended December 31 were (in thousands):

| | 2014 | 2013 | 2012 |
|---|-------|---------|---------|
| Interest and penalties recognized as income | \$(28 |) \$(92 |) \$(48 |

At December 31, 2014, the Company had net operating loss carry forwards for federal, state, and foreign income tax purposes totaling \$31,700,000 which will expire between 2015 and 2033. The Company recognized \$1,796,000 of deferred tax assets, net of the federal tax benefit, related to these net operating losses prior to any valuation allowances.

17. EARNINGS PER SHARE

Basic earnings per share is based on the weighted average number of common shares outstanding. Diluted earnings per share is based on the weighted average number of common shares outstanding, as well as dilutive potential common shares which, in the Company's case, include shares issuable under the equity compensation plans described in Note 11 of the consolidated financial statements. The weighted average number of shares and conversions utilized in the calculation of diluted earnings per share does not include potential anti-dilutive common shares aggregating 503,000, 762,000, and 973,000 at December 31, 2014, 2013, and 2012, respectively. The treasury stock method is used to calculate dilutive shares, which reduces the gross number of dilutive shares by the number of shares purchasable from the proceeds of the options assumed to be exercised and the unrecognized expense related to the restricted stock and restricted stock awards assumed to have vested.

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The following table sets forth the computation of basic and diluted earnings per share for the years ended December 31 (in thousands):

| | 2014 | 2013 | 2012 |
|--|-------------|------------|----------|
| Numerator: | | | |
| (Loss) income from continuing operations | \$(81,792) | \$(5,629) | \$12,650 |
| (Loss) income from discontinued operations | (32) | (4) | (5) |
| Net (loss) income available to common shareholders | \$(81,824) | \$(5,633) | \$12,645 |
| Denominator for basic earnings per share: | | | |
| Weighted average shares outstanding | 31,066 | 30,930 | 30,752 |
| Denominator for diluted earnings per share: | | | |
| Common stock options and restricted stock | — | — | 105 |
| Weighted average shares and conversions | 31,066 | 30,930 | 30,857 |

For the years ended December 31, 2014 and 2013, all stock options, unvested restricted stock, and unvested restricted stock units were anti-dilutive and, therefore, not included in the dilutive loss per share calculations. The number of weighted average stock options, unvested restricted stock, and unvested restricted stock units that were not included in the dilutive loss per share calculations because the effect would have been anti-dilutive was 211,000 and 177,000 shares for the years ended December 31, 2014 and 2013, respectively.

18. COMMITMENTS AND CONTINGENCIES

The Company leases certain facilities and equipment under operating leases. As leases expire, it can be expected that, in the normal course of business, certain leases will be renewed or replaced. Certain lease agreements include escalating rent payments over the lease terms. The Company expenses rent on a straight-line basis over the lease term which commences on the date the Company has the right to control the property. Rent expense under operating leases for the years ended December 31 aggregated (in thousands):

| | 2014 | 2013 | 2012 |
|---|----------|----------|----------|
| Rent expense | \$12,290 | \$11,796 | \$11,178 |
| Future minimum lease payments under these noncancelable operating leases as of December 31, 2013 are as follows (in thousands): | | | |
| 2015 | | | \$10,612 |
| 2016 | | | \$8,614 |
| 2017 | | | \$7,659 |
| 2018 | | | \$5,987 |
| 2019 | | | \$3,310 |
| Thereafter | | | \$6,557 |

The Company offers various product warranties to its customers concerning the quality of its products and services. Based upon the short duration of warranty periods and favorable historical warranty experience, the Company determined that a warranty accrual at December 31, 2014 and 2013 was not required.

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

Escheat Audits

The State of Delaware, Department of Finance, Division of Revenue (Unclaimed Property), has notified numerous companies, including Gibraltar Industries, Inc., that the State will examine its books and records and those of its subsidiaries and related entities to determine compliance with the Delaware Escheat Laws. The review is being conducted by a third party on behalf of the State. Sixteen other states have retained the same third party and have sent similar notifications to Gibraltar. The scope of

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each state's audit varies. The State of Delaware advises, for example, that the scope of its examination will be for the period 1981 through the present. The exposure, if any, related to the audits is not currently determinable.

19. RELATED PARTY TRANSACTIONS

Prior to his retirement as of December 31, 2014, a member of the Company's Board of Directors, Gerald S. Lippes, was a partner in a law firm that provided legal services to the Company. At December 31, 2014 and 2013, the Company had \$374,000 and \$296,000 recorded in accounts payable for amounts due to this law firm, respectively. For the years ended December 31, the Company incurred the following costs for legal services from this firm, including services provided in connection with the sale of businesses and recognized as a component of discontinued operations as well as deferred debt issuance costs (in thousands):

| | 2014 | 2013 | 2012 |
|--|---------|---------|---------|
| Selling, general, and administrative expense | \$1,357 | \$1,763 | \$1,511 |
| Discontinued operations | — | — | 12 |
| Capitalized as deferred financing costs | — | 223 | — |
| Total related-party legal costs | \$1,357 | \$1,986 | \$1,523 |

Effective September 30, 2013, Henning N. Kornbrekke, the former President and Chief Operating Officer, retired and entered into a consulting agreement with the Company. Through this agreement, he served as a consultant to the Company through December 2014 for a monetary fee of \$10,000 per month.

20. SEGMENT INFORMATION

The Company is organized into two 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; and
- (ii) Industrial and Infrastructure Products, which primarily includes fabricated bar grating, expanded and perforated metal, expansion joints and structural bearings.

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

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The following table illustrates certain measurements used by management to assess the performance of the segments described above as of and for the years ended December 31 (in thousands):

| | 2014 | 2013 | 2012 |
|--|------------|------------|-----------|
| Net sales | | | |
| Residential Products | \$431,915 | \$394,071 | \$375,105 |
| Industrial and Infrastructure Products | 431,432 | 435,168 | 416,289 |
| Less: Intersegment sales | (1,260) |) (1,672 |) (1,336 |
| | 862,087 | 827,567 | 790,058 |
| Income (loss) from operations | | | |
| Residential Products | \$16,416 | \$34,965 | \$23,902 |
| Industrial and Infrastructure Products | (74,634) |) 7,169 | 34,634 |
| Unallocated Corporate Expenses | (12,199) |) (20,654 |) (18,275 |
| | \$(70,417) |) \$21,480 | \$40,261 |
| Depreciation and amortization | | | |
| Residential Products | \$10,699 | \$11,421 | \$11,572 |
| Industrial and Infrastructure Products | 13,910 | 14,688 | 13,565 |
| Unallocated Corporate Expenses | 823 | 941 | 1,207 |
| | \$25,432 | \$27,050 | \$26,344 |
| Total assets | | | |
| Residential Products | \$394,092 | \$389,506 | \$399,986 |
| Industrial and Infrastructure Products | 308,150 | 411,093 | 437,581 |
| Unallocated Corporate Expenses | 111,918 | 93,563 | 46,107 |
| | \$814,160 | \$894,162 | \$883,674 |
| Capital expenditures | | | |
| Residential Products | \$12,731 | \$5,937 | \$5,252 |
| Industrial and Infrastructure Products | 10,425 | 8,755 | 5,471 |
| Unallocated Corporate Expenses | 135 | 248 | 628 |
| | \$23,291 | \$14,940 | \$11,351 |

Net sales by region or origin and long-lived assets by region of domicile for the years ended and as of December 31 are as follows (in thousands):

| | 2014 | 2013 | 2012 |
|--------------------|-----------|-----------|-----------|
| Net sales: | | | |
| North America | \$816,473 | \$784,926 | \$741,675 |
| Europe | 45,614 | 42,641 | 48,383 |
| Total | \$862,087 | \$827,567 | \$790,058 |
| Long-lived assets: | | | |
| North America | \$126,513 | \$130,407 | \$150,255 |
| Europe | 8,957 | 8,210 | 7,449 |
| Total | \$135,470 | \$138,617 | \$157,704 |

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21. 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 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.

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATING STATEMENTS OF OPERATIONS
YEAR ENDED DECEMBER 31, 2014
(in thousands)

| | Gibraltar Industries, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Total |
|---|-------------------------------|---------------------------|-------------------------------|--------------|------------|
| Net sales | \$— | \$792,078 | \$88,096 | \$(18,087) | \$862,087 |
| Cost of sales | — | 661,041 | 77,914 | (16,913) | 722,042 |
| Gross profit | — | 131,037 | 10,182 | (1,174) | 140,045 |
| Selling, general, and administrative expense | 128 | 95,735 | 6,629 | — | 102,492 |
| Intangible asset impairment | — | 107,970 | — | — | 107,970 |
| (Loss) income from operations | (128) | (72,668) | 3,553 | (1,174) | (70,417) |
| Interest expense (income) | 13,568 | 995 | (142) | — | 14,421 |
| Other expense (income) | 144 | (328) | 96 | — | (88) |
| (Loss) income before taxes | (13,840) | (73,335) | 3,599 | (1,174) | (84,750) |
| (Benefit of) provision for income taxes | (4,381) | 753 | 670 | — | (2,958) |
| (Loss) income from continuing operations | (9,459) | (74,088) | 2,929 | (1,174) | (81,792) |
| Discontinued operations: | | | | | |
| Loss before taxes | — | (51) | — | — | (51) |
| Benefit of income taxes | — | (19) | — | — | (19) |
| Loss from discontinued operations | — | (32) | — | — | (32) |
| Equity in earnings from subsidiaries | (71,191) | 2,929 | — | 68,262 | — |
| Net (loss) income | \$(80,650) | \$(71,191) | \$2,929 | \$67,088 | \$(81,824) |

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATING STATEMENTS OF OPERATIONS
YEAR ENDED DECEMBER 31, 2013
(in thousands)

| | Gibraltar Industries, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Total |
|---|-------------------------------|---------------------------|-------------------------------|--------------|-------------|
| Net sales | \$— | \$758,790 | \$91,198 | \$(22,421) |) \$827,567 |
| Cost of sales | — | 610,049 | 81,073 | (21,652) |) 669,470 |
| Gross profit | — | 148,741 | 10,125 | (769) |) 158,097 |
| Selling, general, and administrative expense | 171 | 105,693 | 7,593 | — |) 113,457 |
| Intangible asset impairment | — | 1,000 | 22,160 | — |) 23,160 |
| (Loss) income from operations | (171) |) 42,048 | (19,628) |) (769) |) 21,480 |
| Interest expense (income) | 21,214 | 1,399 | (124) |) — |) 22,489 |
| Other income | — | (177) |) — | — |) (177) |
| (Loss) income before taxes | (21,385) |) 40,826 | (19,504) |) (769) |) (832) |
| (Benefit of) provision for income taxes | (7,480) |) 12,430 | (153) |) — |) 4,797 |
| (Loss) income from continuing operations | (13,905) |) 28,396 | (19,351) |) (769) |) (5,629) |
| Discontinued operations: | | | | | |
| Loss before taxes | — | (7) |) — | — |) (7) |
| Benefit of income taxes | — | (3) |) — | — |) (3) |
| Loss from discontinued operations | — | (4) |) — | — |) (4) |
| Equity in earnings from subsidiaries | 9,041 | (19,351) |) — | 10,310 |) — |
| Net (loss) income | \$(4,864) |) \$9,041 | \$(19,351) |) \$9,541 |) \$(5,633) |

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATING STATEMENTS OF OPERATIONS
YEAR ENDED DECEMBER 31, 2012
(in thousands)

| | Gibraltar Industries, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Total |
|---|-------------------------------|---------------------------|-------------------------------|--------------|-------------|
| Net sales | \$— | \$712,279 | \$98,304 | \$(20,525) |) \$790,058 |
| Cost of sales | — | 574,647 | 85,407 | (19,556) |) 640,498 |
| Gross profit | — | 137,632 | 12,897 | (969) |) 149,560 |
| Selling, general, and administrative expense | 23 | 96,499 | 8,149 | — | 104,671 |
| Intangible asset impairment | — | 4,628 | — | — | 4,628 |
| (Loss) income from operations | (23 |) 36,505 | 4,748 | (969) |) 40,261 |
| Interest expense (income) | 17,422 | 1,285 | (125) |) — | 18,582 |
| Other income | — | (480) |) (8) |) — | (488) |
| (Loss) income before taxes | (17,445 |) 35,700 | 4,881 | (969) |) 22,167 |
| (Benefit of) provision for income taxes | (6,524 |) 15,120 | 921 | — | 9,517 |
| (Loss) income from continuing operations | (10,921 |) 20,580 | 3,960 | (969) |) 12,650 |
| Discontinued operations: | | | | | |
| Loss before taxes | — | (289) |) — | — | (289) |
| Benefit of income taxes | — | (284) |) — | — | (284) |
| Loss from discontinued operations | — | (5) |) — | — | (5) |
| Equity in earnings from subsidiaries | 24,535 | 3,960 | — | (28,495) |) — |
| Net income | \$13,614 | \$24,535 | \$3,960 | \$(29,464) |) \$12,645 |

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2014
(in thousands)

| | Gibraltar Industries, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Total |
|---|-------------------------------|---------------------------|-------------------------------|--------------|--------------|
| Net (loss) income | \$ (80,650) | \$ (71,191) | \$ 2,929 | \$ 67,088 | \$ (81,824) |
| Other comprehensive (loss) income: | | | | | |
| Foreign currency translation adjustment | — | — | (4,364) | — | (4,364) |
| Adjustment to retirement benefit liability, net of tax | — | 3 | (27) | — | (24) |
| Adjustment to post-retirement healthcare benefit liability, net of tax | — | (1,435) | — | — | (1,435) |
| Unrealized loss on cash flow hedges, net of tax | — | (143) | — | — | (143) |
| Other comprehensive income (loss) | — | (1,575) | (4,391) | — | (5,966) |
| Total comprehensive (loss) income | \$ (80,650) | \$ (72,766) | \$ (1,462) | \$ 67,088 | \$ (87,790) |

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2013
(in thousands)

| | Gibraltar Industries, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Total |
|---|-------------------------------|---------------------------|-------------------------------|--------------|-------------|
| Net (loss) income | \$ (4,864) | \$ 9,041 | \$ (19,351) | \$ 9,541 | \$ (5,633) |
| Other comprehensive (loss) income: | | | | | |
| Foreign currency translation adjustment | — | — | (2,108) | — | (2,108) |
| Adjustment to retirement benefit liability, net of tax | — | 53 | — | — | 53 |
| Adjustment to post-retirement healthcare benefit liability, net of tax | — | 45 | — | — | 45 |
| Other comprehensive income (loss) | — | 98 | (2,108) | — | (2,010) |
| Total comprehensive (loss) income | \$ (4,864) | \$ 9,139 | \$ (21,459) | \$ 9,541 | \$ (7,643) |

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2012
(in thousands)

| | Gibraltar Industries, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Total |
|---|-------------------------------|---------------------------|-------------------------------|--------------|-----------|
| Net income | \$ 13,614 | \$ 24,535 | \$ 3,960 | \$(29,464) | \$ 12,645 |
| Other comprehensive (loss) income: | | | | | |
| Foreign currency translation adjustment | — | — | 2,353 | — | 2,353 |
| Adjustment to retirement benefit liability, net of tax | — | (79) | — | — | (79) |
| Adjustment to post-retirement healthcare benefit liability, net of tax | — | (499) | — | — | (499) |
| Other comprehensive (loss) income | — | (578) | 2,353 | — | 1,775 |
| Total comprehensive income | \$ 13,614 | \$ 23,957 | \$ 6,313 | \$(29,464) | \$ 14,420 |

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATING BALANCE SHEETS
DECEMBER 31, 2014
(in thousands)

| | Gibraltar Industries, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Total |
|--------------------------------------|-------------------------------|---------------------------|-------------------------------|--------------|-------------|
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$— | \$91,466 | \$19,144 | \$— | \$110,610 |
| Accounts receivable, net | — | 91,713 | 9,428 | — | 101,141 |
| Intercompany balances | 21,619 | (1,850 |) (19,769 |) — | — |
| Inventories | — | 120,091 | 8,652 | — | 128,743 |
| Other current assets | 4,484 | 14,488 | 965 | — | 19,937 |
| Total current assets | 26,103 | 315,908 | 18,420 | — | 360,431 |
| Property, plant, and equipment, net | — | 116,628 | 12,947 | — | 129,575 |
| Goodwill | — | 229,558 | 6,486 | — | 236,044 |
| Acquired intangibles | — | 77,259 | 4,956 | — | 82,215 |
| Other assets | 2,931 | 2,964 | — | — | 5,895 |
| Investment in subsidiaries | 573,664 | 32,404 | — | (606,068 |) — |
| | \$602,698 | \$774,721 | \$42,809 | \$(606,068 |) \$814,160 |
| Liabilities and Shareholders' Equity | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$— | \$74,751 | \$6,495 | \$— | \$81,246 |
| Accrued expenses | 5,469 | 45,561 | 1,409 | — | 52,439 |
| Current maturities of long-term debt | — | 400 | — | — | 400 |
| Total current liabilities | 5,469 | 120,712 | 7,904 | — | 134,085 |
| Long-term debt | 210,000 | 3,200 | — | — | 213,200 |
| Deferred income taxes | — | 47,717 | 2,055 | — | 49,772 |
| Other non-current liabilities | — | 29,428 | 446 | — | 29,874 |
| Shareholders' equity | 387,229 | 573,664 | 32,404 | (606,068 |) 387,229 |
| | \$602,698 | \$774,721 | \$42,809 | \$(606,068 |) \$814,160 |

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATING BALANCE SHEETS
DECEMBER 31, 2013
(in thousands)

| | Gibraltar Industries, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Total |
|--------------------------------------|-------------------------------|---------------------------|-------------------------------|--------------|-------------|
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$— | \$75,856 | \$21,183 | \$— | \$97,039 |
| Accounts receivable, net | — | 79,356 | 10,726 | — | 90,082 |
| Intercompany balances | 23,618 | (1,655 |) (21,963 |) — | — |
| Inventories | — | 111,676 | 9,476 | — | 121,152 |
| Other current assets | 7,578 | 5,722 | 827 | — | 14,127 |
| Total current assets | 31,196 | 270,955 | 20,249 | — | 322,400 |
| Property, plant, and equipment, net | — | 119,587 | 12,165 | — | 131,752 |
| Goodwill | — | 334,123 | 7,051 | — | 341,174 |
| Acquired intangibles | — | 86,014 | 5,763 | — | 91,777 |
| Other assets | 3,415 | 3,643 | 1 | — | 7,059 |
| Investment in subsidiaries | 652,689 | 33,259 | — | (685,948 |) — |
| | \$687,300 | \$847,581 | \$45,229 | \$(685,948 |) \$894,162 |
| Liabilities and Shareholders' Equity | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$— | \$62,464 | \$7,161 | \$— | \$69,625 |
| Accrued expenses | 5,551 | 42,418 | 1,910 | — | 49,879 |
| Current maturities of long-term debt | — | 409 | — | — | 409 |
| Total current liabilities | 5,551 | 105,291 | 9,071 | — | 119,913 |
| Long-term debt | 210,000 | 3,598 | — | — | 213,598 |
| Deferred income taxes | — | 52,746 | 2,378 | — | 55,124 |
| Other non-current liabilities | — | 33,257 | 521 | — | 33,778 |
| Shareholders' equity | 471,749 | 652,689 | 33,259 | (685,948 |) 471,749 |
| | \$687,300 | \$847,581 | \$45,229 | \$(685,948 |) \$894,162 |

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GIBRALTAR INDUSTRIES, INC.
 CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
 DECEMBER 31, 2014
 (in thousands)

| | Gibraltar Industries, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Total |
|--|----------------------------------|---------------------------|-------------------------------|--------------|-----------|
| Net cash (used in) provided by operating activities of continuing operations | \$(13,437) | \$40,820 | \$5,200 | \$— | \$32,583 |
| Net cash used in operating activities of discontinued operations | — | (41) | — | — | (41) |
| Net cash (used in) provided by operating activities | (13,437) | 40,779 | 5,200 | — | 32,542 |
| Cash Flows from Investing Activities | | | | | |
| Other investing activities | — | 277 | — | — | 277 |
| Purchases of property, plant, and equipment | — | (19,286) | (4,005) | — | (23,291) |
| Net proceeds from sale of property and equipment | — | 5,989 | 3 | — | 5,992 |
| Net cash used in investing activities | — | (13,020) | (4,002) | — | (17,022) |
| Cash Flows from Financing Activities | | | | | |
| Long-term debt payments | — | (407) | — | — | (407) |
| Payment of deferred financing fees | — | (35) | — | — | (35) |
| Purchase of treasury stock at market prices | (575) | — | — | — | (575) |
| Intercompany financing | 13,317 | (11,707) | (1,610) | — | — |
| Tax benefit from equity compensation | 100 | — | — | — | 100 |
| Net proceeds from issuance of common stock | 595 | — | — | — | 595 |
| Net cash provided by (used in) financing activities | 13,437 | (12,149) | (1,610) | — | (322) |
| Effect of exchange rate changes on cash | — | — | (1,627) | — | (1,627) |
| Net increase (decrease) in cash and cash equivalents | — | 15,610 | (2,039) | — | 13,571 |
| Cash and cash equivalents at beginning of year | — | 75,856 | 21,183 | — | 97,039 |
| Cash and cash equivalents at end of period | \$— | \$91,466 | \$19,144 | \$— | \$110,610 |

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GIBRALTAR INDUSTRIES, INC.
 CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
 DECEMBER 31, 2013
 (in thousands)

| | Gibraltar Industries, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Total | |
|--|----------------------------------|---------------------------|-------------------------------|--------------|-----------|---|
| Net cash (used in) provided by operating activities of continuing operations | \$ (9,023 |) \$ 64,994 | \$ 4,333 | \$— | \$ 60,304 | |
| Net cash used in operating activities of discontinued operations | — | (9 |) — | — | (9 |) |
| Net cash (used in) provided by operating activities | (9,023 |) 64,985 | 4,333 | — | 60,295 | |
| Cash Flows from Investing Activities | | | | | | |
| Cash paid for acquisitions, net of cash acquired | — | (5,536 |) — | — | (5,536 |) |
| Purchases of property, plant, and equipment | — | (11,719 |) (3,221 |) — | (14,940 |) |
| Net proceeds from sale of property and equipment | — | 12,592 | 18 | — | 12,610 | |
| Net cash used in investing activities | — | (4,663 |) (3,203 |) — | (7,866 |) |
| Cash Flows from Financing Activities | | | | | | |
| Long-term debt payments | (204,000 |) (1,094 |) — | — | (205,094 |) |
| Proceeds from long-term debt | 210,000 | — | — | — | 210,000 | |
| Payment of deferred financing fees | (3,858 |) (41 |) — | — | (3,899 |) |
| Payment of note redemption fees | (3,702 |) — | — | — | (3,702 |) |
| Purchase of treasury stock at market prices | (714 |) — | — | — | (714 |) |
| Intercompany financing | 10,577 | (9,494 |) (1,083 |) — | — | |
| Tax benefit from equity compensation | 72 | — | — | — | 72 | |
| Net proceeds from issuance of common stock | 648 | — | — | — | 648 | |
| Net cash provided by (used in) financing activities | 9,023 | (10,629 |) (1,083 |) — | (2,689 |) |
| Effect of exchange rate changes on cash | — | — | (729 |) — | (729 |) |
| Net increase (decrease) in cash and cash equivalents | — | 49,693 | (682 |) — | 49,011 | |
| Cash and cash equivalents at beginning of year | — | 26,163 | 21,865 | — | 48,028 | |
| Cash and cash equivalents at end of period | \$— | \$ 75,856 | \$ 21,183 | \$— | \$ 97,039 | |

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GIBRALTAR INDUSTRIES, INC.
 CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
 DECEMBER 31, 2012
 (in thousands)

| | Gibraltar Industries, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Total |
|--|-------------------------------|---------------------------|-------------------------------|--------------|-----------|
| Net cash (used in) provided by operating activities of continuing operations | \$(16,435) | \$58,628 | \$8,039 | \$— | \$50,232 |
| Net cash (used in) operating activities of discontinued operations | — | (151) | — | — | (151) |
| Net cash (used in) provided by operating activities | (16,435) | 58,477 | 8,039 | — | 50,081 |
| Cash Flows from Investing Activities | | | | | |
| Cash paid for acquisitions, net of cash acquired | — | (42,366) | (2,705) | — | (45,071) |
| Purchases of property, plant, and equipment | — | (9,868) | (1,483) | — | (11,351) |
| Net proceeds from sale of property and equipment | — | 311 | 348 | — | 659 |
| Net cash used in investing activities | — | (51,923) | (3,840) | — | (55,763) |
| Cash Flows from Financing Activities | | | | | |
| Long-term debt payments | — | (473) | — | — | (473) |
| Payment of deferred financing fees | — | (18) | — | — | (18) |
| Purchase of treasury stock at market prices | (970) | — | — | — | (970) |
| Intercompany financing | 17,116 | (14,590) | (2,526) | — | — |
| Tax benefit from equity compensation | 11 | (1) | — | — | 10 |
| Net proceeds from issuance of common stock | 278 | — | — | — | 278 |
| Net cash provided by (used in) financing activities | 16,435 | (15,082) | (2,526) | — | (1,173) |
| Effect of exchange rate changes on cash | — | — | 766 | — | 766 |
| Net (decrease) increase in cash and cash equivalents | — | (8,528) | 2,439 | — | (6,089) |
| Cash and cash equivalents at beginning of year | — | 34,691 | 19,426 | — | 54,117 |
| Cash and cash equivalents at end of period | \$— | \$26,163 | \$21,865 | \$— | \$48,028 |

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22. QUARTERLY UNAUDITED FINANCIAL DATA

GIBRALTAR INDUSTRIES, INC.
 QUARTERLY UNAUDITED FINANCIAL DATA
 (in thousands, except per share data)

| | 2014 Quarters Ended | | | | |
|---|---------------------|------------|-------------|--------------|-------------|
| | March 31 | June 30 | Sept. 30 | Dec. 31 | Total |
| Net sales | \$ 191,032 | \$ 234,960 | \$ 234,101 | \$ 201,994 | \$ 862,087 |
| Gross profit | \$ 29,864 | \$ 40,123 | \$ 41,578 | \$ 28,480 | \$ 140,045 |
| Income (loss) from operations | \$ 333 | \$ 14,730 | \$ 18,392 | \$ (103,872) | \$ (70,417) |
| Interest expense | \$ 3,640 | \$ 3,691 | \$ 3,657 | \$ 3,433 | \$ 14,421 |
| (Loss) income from continuing operations | \$ (2,086) | \$ 6,431 | \$ 9,571 | \$ (95,708) | \$ (81,792) |
| Loss from discontinued operations | \$ — | \$ — | \$ (31) | \$ (1) | \$ (32) |
| Net (loss) income | \$ (2,086) | \$ 6,431 | \$ 9,540 | \$ (95,709) | \$ (81,824) |
| (Loss) income per share from continuing operations: | | | | | |
| Basic | \$ (0.07) | \$ 0.21 | \$ 0.31 | \$ (3.08) | \$ (2.63) |
| Diluted | \$ (0.07) | \$ 0.21 | \$ 0.31 | \$ (3.08) | \$ (2.63) |
| Loss per share from discontinued operations: | | | | | |
| Basic | \$ — | \$ — | \$ (0.01) | \$ — | \$ — |
| Diluted | \$ — | \$ — | \$ (0.01) | \$ — | \$ — |
| | | | | | |
| | 2013 Quarters Ended | | | | |
| | March 31 | June 30 | Sept. 30 | Dec. 31 | Total |
| Net sales | \$ 196,801 | \$ 224,519 | \$ 217,412 | \$ 188,835 | \$ 827,567 |
| Gross profit | \$ 36,177 | \$ 44,706 | \$ 41,762 | \$ 35,452 | \$ 158,097 |
| Income (loss) from operations | \$ 5,196 | \$ 16,283 | \$ (6,152) | \$ 6,153 | \$ 21,480 |
| Interest expense | \$ 11,160 | \$ 3,690 | \$ 3,828 | \$ 3,811 | \$ 22,489 |
| (Loss) income from continuing operations | \$ (3,643) | \$ 7,732 | \$ (13,727) | \$ 4,009 | \$ (5,629) |
| Loss from discontinued operations | \$ (4) | \$ — | \$ — | \$ — | \$ (4) |
| Net (loss) income | \$ (3,647) | \$ 7,732 | \$ (13,727) | \$ 4,009 | \$ (5,633) |
| (Loss) income per share from continuing operations: | | | | | |
| Basic | \$ (0.12) | \$ 0.25 | \$ (0.44) | \$ 0.13 | \$ (0.18) |
| Diluted | \$ (0.12) | \$ 0.25 | \$ (0.44) | \$ 0.13 | \$ (0.18) |
| Income per share from discontinued operations: | | | | | |
| Basic | \$ — | \$ — | \$ — | \$ — | \$ — |
| Diluted | \$ — | \$ — | \$ — | \$ — | \$ — |

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure
Not applicable.

Item 9A. Controls and Procedures

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.

Management's Annual Report on Internal Control Over Financial Reporting

The management of Gibraltar Industries, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. Under the supervision and with the participation of management, including the Company's Chief Executive Officer and the Chief Financial Officer, the Company conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework). Based on the Company's evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2014.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2014 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included below in this Item 9A of this Annual Report on Form 10-K.

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)) that occurred during the three months ended December 31, 2014 that have materially affected the Company's internal control over financial reporting.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Gibraltar Industries, Inc.

We have audited Gibraltar Industries, Inc.'s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) (the COSO criteria). Gibraltar Industries, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Gibraltar Industries, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Gibraltar Industries, Inc. as of December 31, 2014 and 2013, and the related consolidated statement of operations, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2014 of Gibraltar Industries, Inc. and our report dated February 24, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Buffalo, New York

February 24, 2015

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PART III

Item 10. Directors, Executive Officers, and Corporate Governance

Information regarding directors and executive officers of the Company, as well as the required disclosures with respect to the Company's audit committee financial expert, is incorporated herein by reference to the information included in the Company's 2015 Proxy Statement which will be filed with the Commission within 120 days after the end of the Company's 2014 fiscal year.

The Company has adopted a Code of Ethics that applies to the President and Chief Executive Officer, Senior Vice President and Chief Financial Officer, and other senior financial officers and executives of the Company. The complete text of this Code of Ethics is available in the corporate governance section of our website at www.gibraltar1.com. The Company does not intend to incorporate the contents of our website into this Annual Report on Form 10-K.

Item 11. Executive Compensation

Information regarding executive compensation is incorporated herein by reference to the information included in the Company's 2015 Proxy Statement which will be filed with the Commission within 120 days after the end of the Company's 2014 fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information regarding security ownership of certain beneficial owners and management is incorporated herein by reference to the information included in the Company's 2015 Proxy Statement which will be filed with the Commission within 120 days after the end of the Company's 2014 fiscal year.

Item 13. Certain Relationships and Related Transactions and Director Independence

Information regarding certain relationships and related transactions is incorporated herein by reference to the information included in the Company's 2015 Proxy Statement which will be filed with the Commission within 120 days after the end of the Company's 2014 fiscal year.

Item 14. Principal Accounting Fees and Services

Information regarding principal accounting fees and services is incorporated herein by reference to the information included in the Company's 2015 Proxy Statement which will be filed with the Commission within 120 days after the end of the Company's 2014 fiscal year.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as part of this report:

(1) The following financial statements are included:

- (i) Report of Independent Registered Public Accounting Firm
- (ii) Consolidated Statements of Operations for the Years Ended December 31, 2014, 2013, and 2012
- (iii) Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2014, 2013, and 2012
- (iv) Consolidated Balance Sheets as of December 31, 2014 and 2013
- (v) Consolidated Statements of Cash Flows for the Years Ended December 31, 2014, 2013, and 2012
- (vi) Consolidated Statements of Shareholders' Equity and Comprehensive Income for the Years Ended December 31, 2014, 2013, and 2012
- (vii) Notes to Consolidated Financial Statements

(2) The following Financial Statement Schedules for the years ended December 31, 2014, 2013, and 2012 are included in this Annual Report on Form 10-K:

- (i) Quarterly Unaudited Financial Data (included in notes to consolidated financial statements)

Schedules other than those listed above are omitted because the conditions requiring their filing do not exist, or because the required information is provided in the consolidated financial statements, including the notes thereto.

(3) Exhibits: the index of exhibits to this Annual Report on Form 10-K included herein is set forth on the attached Exhibit Index beginning on page 99.

(b) Other Information:

Not applicable

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and 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.

By /s/ Frank G. Heard
 Frank G. Heard
 President and
 Chief Executive Officer
 Dated: February 24, 2015

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

| SIGNATURE | TITLE | DATE |
|--|--|-------------------|
| /s/ Frank G. Heard Frank G. Heard | President, Chief Executive Officer (principal executive officer) and Director | February 24, 2015 |
| /s/ Kenneth W. Smith Kenneth W. Smith | Senior Vice President and Chief Financial Officer (principal financial and accounting officer) | February 24, 2015 |
| /s/ Brian J. Lipke Brian J. Lipke | Chairman of the Board | February 24, 2015 |
| /s/ William J. Colombo William J. Colombo | Director | February 24, 2015 |
| /s/ Jane L. Corwin Jane L. Corwin | Director | February 24, 2015 |
| /s/ Craig A. Hindman Craig A. Hindman | Director | February 24, 2015 |
| /s/ Vinod M. Khilnani Vinod M. Khilnani | Director | February 24, 2015 |
| /s/ William P. Montague William P. Montague | Director | February 24, 2015 |
| /s/ Arthur A. Russ, Jr. Arthur A. Russ, Jr. | Director | February 24, 2015 |
| /s/ Robert E. Sadler, Jr. Robert E. Sadler, Jr. | Director | February 24, 2015 |

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Exhibit Index

| Exhibit Number | Exhibit |
|----------------|---|
| 3.1 | Certificate of Incorporation of registrant (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-4 (Registration No. 333-135908)), as amended by Certificate of Amendment of Certificate of Incorporation of Gibraltar Industries, Inc. filed May 22, 2012 (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed May 22, 2012). |
| 3.2 | Amended and Restated By Laws of Gibraltar Industries, Inc. effective January 1, 2015 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on January 5, 2015) |
| 4.1 | Specimen Common Share Certificate (incorporated by reference number to Exhibit 4.1 to the Company's Registration Statement on Form S-1 (Registration No. 33-69304)) |
| 4.2 | Indenture for 6.25% Notes dated as of January 31, 2013, among the Company, the Guarantors (as defined therein) and the Trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on February 1, 2013). |
| 10.1* | Amended and Restated Employment Agreement dated as of January 1, 2015 between the Registrant and Brian J. Lipke (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed January 5, 2015) |
| 10.2* | Employment Agreement dated as of May 9, 2014 between the Registrant and Frank G. Heard (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed May 15, 2014), as amended by Employment Agreement, dated January 1, 2015 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed January 5, 2015) |
| 10.3* | Amended and Restated Change in Control Agreement between the Company and Brian J. Lipke dated December 23, 2013 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed December 23, 2013) |
| 10.4* | Change in Control Agreement between the Company and Frank G. Heard dated January 1, 2015 (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed January 5, 2015) |
| 10.5* | Change in Control Agreement between the Company and Kenneth W. Smith (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed February 24, 2009) |
| 10.6* | Change in Control Agreement between the Company and Paul M. Murray (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed February 24, 2009) |
| 10.7* | Consulting Agreement between the Company and Henning N. Kornbrekke (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed October 4, 2013) |
| 10.8* | Gibraltar 401(k) Plan Amendment and Restatement Effective October 1, 2004 as amended by the First, Second, and Third Amendments to the Amendment and Restatement Effective October 1, 2004 |

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(incorporated by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004)

10.9* Gibraltar Deferred Compensation Plan Amended and Restated, effective January 1, 2009 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed February 24, 2009)

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| Exhibit Number | Exhibit |
|-------------------|---|
| 10.10* | Amended and Restated Gibraltar Industries, Inc. 2005 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed December 21, 2006), as amended by Equity Incentive Plan, dated May 18, 2009 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed May 21, 2009) |
| 10.11* | Fourth Amendment and Restatement of the Gibraltar Industries, Inc. Management Stock Purchase Plan, dated June 27, 2012 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed June 27, 2012), as amended by adding an Appendix Applicable to Canadian Residents, dated June 11, 2014 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed June 17, 2014). |
| 10.12* | Gibraltar Industries, Inc. Omnibus Code Section 409A Compliance Policy, dated December 30, 2008 (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed January 6, 2009) |
| 10.13* | Summary Description of Annual Management Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed February 24, 2009) |
| 10.14* | Gibraltar Industries, Inc. 2005 Equity Incentive Plan Form of Award of Restricted Units (Long Term Incentive) (incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K filed May 25, 2005) |
| 10.15* | Gibraltar Industries, Inc. 2005 Equity Incentive Plan Form of Award of Non-Qualified Option (incorporated by reference to Exhibit 99.3 to the Company's Current Report on Form 8-K filed May 25, 2005) |
| 10.16* | Gibraltar Industries, Inc. 2005 Equity Incentive Plan Form of Award (Retirement) (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed August 9, 2011) |
| 10.17* | Gibraltar Industries, Inc. 2005 Equity Incentive Plan Form of Award of Performance Units (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed January 6, 2012) |
| 10.18* | Gibraltar Industries, Inc. 2005 Equity Incentive Plan Form of Award of Performance Units (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed January 7, 2013) |
| 10.19* | Gibraltar Industries, Inc. 2005 Equity Incentive Plan Form of Award of Performance Units (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed January 6, 2014) |
| 10.20* | Gibraltar Industries, Inc. 2005 Equity Incentive Plan Form of Award of Restricted Units dated January 2, 2014 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed January 6, 2014) |
| 10.21 | |

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Fourth Amended and Restated Credit Agreement dated October 11, 2011 among Gibraltar Industries, Inc. and Gibraltar Steel Corporation of New York, as borrowers, the lenders parties thereto, Key Bank National Association, as administrative agent, JPMorgan Chase Bank, N.A., as co-syndication agent, Bank of America, N.A., as co-syndication agent, M&T Bank, as co-documentation agent, RBS Citizens, National Association, as co-documentation agent, and HSBC Bank USA, National Association, as co-documentation agent (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed October 13, 2011)

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| Exhibit Number | Exhibit |
|----------------|---|
| 21 | Subsidiaries of the Registrant |
| 23.1 | Consent of Independent Registered Public Accounting Firm |
| 31.1 | Certification of President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2 | Certification of Senior Vice President and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 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 |
| 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 |
| 101.INS | XBRL Instance Document ** |
| 101.SCH | XBRL Taxonomy Extension Schema Document** |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document** |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document ** |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document ** |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document ** |

* Document is a management contract or compensatory plan or agreement.

** Submitted electronically with this Annual Report on Form 10-K.