Ever Expanding.
Ever Improving.

Gibraltar Industries

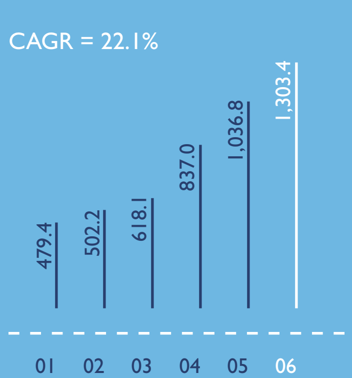
Annual Report 2006

Company Profile

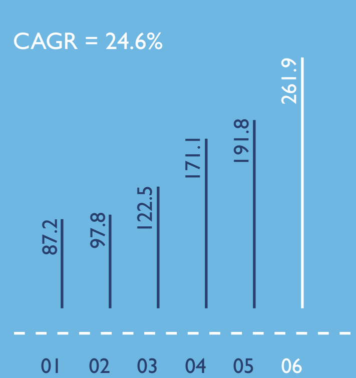
Gibraltar Industries is a leading manufacturer, processor, and distributor of products for the building, industrial, and vehicular markets. We classify our operations into two segments: Building Products and Processed Metal Products. Since our 1993 Initial Public Offering, we have strategically repositioned Gibraltar, dramatically changing its size, scope, product offering, customer mix, and geographic coverage, all of which position the Company for even stronger performance in the future. The Company serves a large number of customers in a variety of industries throughout the world. We have approximately 4,000 employees and operate 90 facilities in 27 states, Canada, China, England, Germany, Mexico, and Poland. Gibraltar's common stock is a component of the S&P SmallCap 600 and the Russell 2000® Index. Gibraltar's goal is to establish a leadership position in all of its businesses. Currently, we are North America's leading ventilation, mailbox, gutter protection, bar grating, expanded metal, and metal lath manufacturer, as well as the largest cold-rolled strip steel producer. We are the number-two manufacturer of structural connectors and the second-largest copper powder producer, and hold numerous leadership positions in other product and service offerings.

Performance Highlights

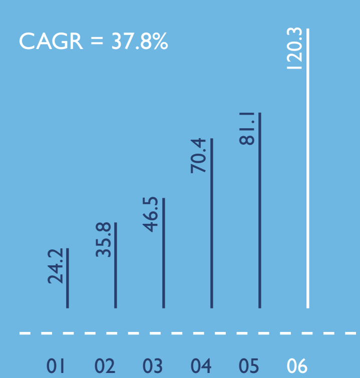
- Generated record sales and earnings while continuing the Company's strategic transformation
- Successfully integrated the largest acquisition in Company history (AMICO)
- Completed three additional acquisitions, including our first in Europe (The Expanded Metal Company)
- Divested two non-core businesses: our Thermal Processing segment and our steel strapping business
- Used proceeds of divestitures to reduce long-term debt
- Shifted a larger share of sales to niche markets where Gibraltar has a leadership position



Net Sales
($ in millions)



Gross Profit
($ in millions)



Operating Income
($ in millions)

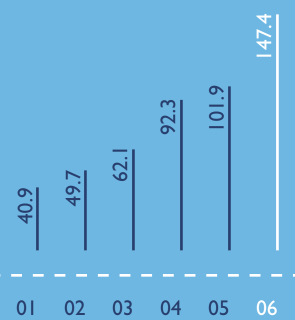
CAGR = Compound Annual Growth Rate

Six-year Selected Financial Highlights

(In thousands, except percent and per share data)	2006	2005	2004	2003	2002	2001
Net sales	$ 1,303,355	$ 1,036,823	$ 837,041	$ 618,132	$ 502,225	$ 479,405
Income from operations	120,304	81,093	70,407	46,480	35,802	24,240
Interest expense	27,324	20,609	10,472	10,275	6,866	10,190
Income before income taxes	79,935	60,750	64,781	36,890	29,495	14,050
Income taxes	30,081	23,253	25,264	14,572	11,798	8,690
Income from continuing operations	$ 49,854	$ 37,497	$ 39,517	$ 22,318	$ 17,697	$ 8,360
Income from continuing operations per share - basic	$ 1.68	$ 1.27	$ 1.35	$ 0.92	$ 0.77	$ 0.46
Weighted average shares outstanding - basic	29,712	29,608	29,362	24,143	22,921	18,886
Income from continuing operations per share - diluted	$ 1.66	$ 1.26	$ 1.34	$ 0.92	$ 0.76	$ 0.45
Weighted average shares outstanding - diluted	30,006	29,810	29,596	24,387	23,279	19,159
Cash dividends per common share	$ 0.15	$ 0.20	$ 0.146	$ 0.117	$ 0.103	$ 0.09
Book value per share	$ 18.44	$ 16.57	$ 15.33	$ 13.65	$ 12.23	$ 11.55
Working capital	$ 331,365	$ 266,756	$ 242,255	$ 150,694	$ 138,246	$ 105,064
Total assets	1,152,868	1,205,012	957,701	777,743	576,568	535,040
Total debt	400,553	461,513	308,139	239,850	162,580	212,275
Shareholders' equity	550,228	494,025	453,743	394,181	293,117	218,347
Capital expenditures	21,901	17,481	19,949	15,883	9,027	11,351
Depreciation and amortization	$ 27,499	$ 20,531	$ 16,943	$ 14,992	$ 13,372	$ 16,599
Return on sales (%)	3.8	3.6	4.7	3.6	3.5	1.7
Return on average equity (%)	11.0	9.2	12.0	7.8	9.3	5.9

All share and per share amounts have been adjusted for the 3-for-2 stock split which occurred in 2004.

CAGR = 29.2%

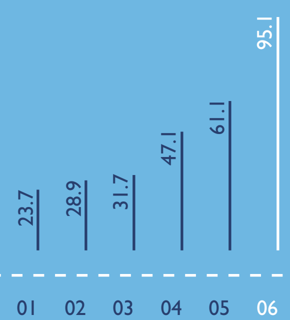


EBITDA*

($ in millions)

* Income from continuing operations before interest, taxes, depreciation, amortization, and impairments.

CAGR = 32.0%



Free Cash Flow*

($ in millions)

* EDITBA less capex and taxes

CAGR = 42.9%

Income from Continuing Operations

($ in millions)

Fellow Stakeholders

The process of transforming Gibraltar from a metal processor into a diversified manufacturer remains solidly on track. As we have become a larger, stronger, and more focused company, we have strengthened our resiliency and are better able to produce sustainable improvements in key operating performance metrics.

Sales growth is part of Gibraltar's DNA; we recognize, however, that top-line gains are secondary to EPS growth, higher ROIC, margin improvements, and better cash flow. We use these measurements as guideposts in our decision making when we look at internal and external business decisions. In the past, we were focused on sales and net income growth, a necessity for a small public company. But we have evolved and reprioritized our financial focus, which is another important aspect of our transformation. We know the surest way to create shareholder value is through improved operating performance, and that is our focus.

We had another record performance in 2006, made even more significant given the operating environment in the second half of the year. Sales from continuing operations increased by approximately 26% to $1.3 billion, income from continuing operations advanced 33% to $49.9 million, and income from continuing operations per share was up 32% to $1.66. This was our 11th year of record sales and earnings since going public 13 years ago.

Steps We Took to Make Gibraltar Stronger in 2006

› We successfully integrated the largest acquisition in our history, AMICO, which we completed in October of 2005. AMICO is a leader in the manufacturing of metal bar grating, expanded metal, and metal lath, as well as a number of other products. The majority of AMICO's sales go to the commercial, industrial, and architectural markets, areas where we had little participation prior to this acquisition. These are large and growing markets that remained solid throughout 2006, and forecasts call for continued strength over the next three to four years.

› In the middle of the year, we acquired two storage and postal products companies – Home Impressions and Steel City – that enhanced our leadership position in this

While sales growth remains important, top-line gains are secondary to EPS growth, higher ROIC, margin improvements, and better cash flow.

Brian J. Lipke
Chairman and Chief Executive Officer (left)

Henning N. Kornbrekke
President and Chief Operating Officer

Our USP division manufactures more than 4,000 different structural connectors designed to improve a building's safety and stability attributes, including its newly launched Gold Coat line, engineered for pressure-treated woods used in outdoor decks and other structures.

Our Expanded Metal Company (EMC) acquisition not only bolstered our position as a global leader in expanded metal products, such as those used in this shopping mall staircase, it also gave us our first facilities in Europe.

product category. "Bolt on" acquisitions like these two companies, which have combined annual sales of approximately $30 million, are plentiful in the fragmented and consolidating markets in which we participate. In the North American residential building products market, for example, there are thousands of companies that, together, generate annual sales of approximately $500 billion.

> In November, we acquired The Expanded Metal Company, or EMC, a leading supplier in key European markets. Along with AMICO, EMC gave us a global leadership position in the growing expanded metal market. We have identified numerous synergies between our European and North American operations, and we are taking steps to grow our market share on both sides of the Atlantic.

> We also sold two non-core businesses – our Thermal Processing segment and our steel strapping business – and we used the proceeds to pay down debt. This process of evaluating our portfolio of companies is ongoing, and we will continue to focus our resources and capital on those areas that provide the best strategic fit and produce the highest returns for our stakeholders.

> Finally, throughout 2006, we continued to consolidate our existing businesses, extract efficiencies, and drive down costs. We also took steps to more fully integrate our operations and better leverage our size through our many supply chain initiatives. Gibraltar currently spends more than $800 million every year on steel and other metals, transportation, utilities, and other materials and services, and we have dozens of initiatives underway to better coordinate our activities and optimize our savings.

Selected Financial Highlights

(In thousands, except percent and per share data)	2006	2005	CHANGE
Net sales	$ 1,303,355	$ 1,036,823	25.7%
Gross profit	261,896	191,764	36.6%
Gross profit margin	20.1%	18.5%	160 bp
Income from operations	$ 120,304	$ 81,093	48.4%
Operating margin	9.2%	7.8%	140 bp
Income before taxes	$ 79,935	$ 60,750	31.6%
Income from continuing operations	49,854	37,497	33.0%
Net income	57,269	43,472	31.7%
Net income per share, diluted	$ 1.91	$ 1.46	30.8%

bp = basis points

Strategically Transforming the Business

In the 13 years since our Initial Public Offering, we have continued to strategically transform Gibraltar. We have dramatically changed its size, scope, product offering, customer mix, and geographic coverage. These changes have improved our performance characteristics and position us for even stronger results in the future.

Generating Growth Organically and Through Acquisitions: Our growth has come organically, as well as through a series of 31 acquisitions since 1995. We will continue to make smaller acquisitions, like Home Impressions and Steel City, which solidify an existing business. We also regularly look at larger transactions, such as AMICO, with annual sales in the range of $200 million to $400 million. And we are evaluating even larger combinations that could create even more stakeholder value. We will continue to be highly strategic and selective, acquiring only those companies with the accretive financial and market characteristics that will make our business stronger for the long haul.

We look to generate organic growth in a number of ways. We are increasing our emphasis on new product development, such as our new structural connector, which is engineered to resist the corrosive properties of pressure-treated wood. We are also looking at adjacent products and markets, as well as product line extensions. Another major focus is improving our penetration with existing customers, like the "big box" stores, where many of our products are currently sold in fewer than half of their locations. We believe we could generate approximately $600 million of incremental sales just by selling more of our existing products to our current customers.

A Leading Share in Niche Markets

More than 80% of Gibraltar's sales come from products where we have the #1 or #2 market share.

Product		Market Share
Ventilation Products	›	1st
Gutter Protection	›	1st
Mailboxes	›	1st
Structural Connectors	›	2nd
Bar Grating	›	1st
Expanded Metal	›	1st
Metal Lath	›	1st
Cold-rolled Strip Steel	›	1st
Copper Powder Products	›	2nd

Our Solar division continues to drive innovation in the mailbox industry. Its new Gentry line features a virtually indestructible, double-wall plastic construction, as well as a rear retrieval door which keeps children and adults safely away from traffic.

Gibraltar's Air Vent subsidiary is North America's largest manufacturer of residential ventilation products, such as the ridge and multi-pitch filter vents used on this roof.

Building Leadership Positions in Niche Markets: Since the beginning of 2005, we made nine acquisitions, including our largest, which added annual revenue of approximately $600 million. During that time, we also completed three divestitures, which had annual sales of approximately $200 million.

These transactions – and others that will follow – have allowed us to strengthen our leadership positions in niche markets. Today, approximately 80% of our sales come from products where we have the #1 or #2 market share. We will continue to focus on those businesses that add the most value and margin and which differentiate us from our competitors.

Moving Further Up the Value Chain: We now sell thousands of manufactured end products, which account for more than two-thirds of our sales. As we have focused a larger share of our business on higher value-added activities, we have accelerated the transformation from our steel processing roots into a diversified manufacturer, while staying true to our core operating competencies.

Our goal is to enhance Gibraltar's ability to deliver consistent and steadily improving results. We look to produce gross margins of 20% or higher (they were 20.1% in 2006), operating margins of 10% or higher (they were 9.2% in 2006), and a net margin of 6% or higher (it was 3.8% in 2006). As you can see on page six, we have a clearly defined set of performance targets.

Expanding and Diversifying our Customer Base: Today, Gibraltar serves more than 10,000 customers, including many of the world's leading industrial companies, compared to 900 just 13 years ago. We have successfully reduced our exposure to the automotive industry from 58% of total sales in 1993 to approximately 20% in 2006, while more than doubling our sales volume during that time. We serve an increasingly diverse group of customers, which reduces our exposure to any single customer or industry.

Gibraltar recently began working with Stihl, Inc. of Switzerland, supplying metals used in their chainsaw blades. With Stihl's addition, we now serve all the world's major chainsaw manufacturers.

Today, our customers include industry leaders such as The Home Depot, Lowe's, ABC Supply, Bradco Supply, 3M, and the Big Three automotive companies, as well as the "new domestics" like Toyota, Honda, and BMW. Our strong and growing relationships with these blue-chip customers, many of whom are aggressively growing their businesses, will help fuel our continued growth.

Gibraltar is a major — and often, exclusive — supplier of the steel used to make transmission clutch plates, engine components, and a number of other parts found in a wide variety of vehicles, made by the world's leading automakers.

Broadening Our Geographic Reach: In the last two years, we strengthened our presence in North America, opened our first facility in China, and made our first acquisition in Europe. Today, we have operations across North America, including many of the fastest-growing markets, and we are ideally positioned to serve our large customers who prefer suppliers like

Gibraltar that offer a broad product range and a strong manufacturing and distribution platform.

The 2005 acquisition of a copper powder manufacturing facility in Suzhou, China – in the heart of the Chinese industrial market – positioned us to participate in this large and rapidly growing market. Our 2006 EMC acquisition gave us our first European facilities (in the UK, Germany, and Poland), along with an excellent vantage point to evaluate additional growth opportunities in Europe, a number of which we are actively pursuing. We also continue to explore ways to further solidify our North American presence.

Our SCM powdered metals division makes the copper for heat pipes that are used in a variety of state-of-the-art electronics applications, such as laptops and home video game systems.

Gibraltar is a leading manufacturer of metal roofing, which is a rapidly growing, increasingly popular material choice for contractors and homeowners alike, due to its durability qualities, color, and design options, and ease of use during construction.

A History of Delivering Solid Results

We have generated record sales and earnings in 11 of our 13 years as a publicly traded company, in spite of a wide range of economic conditions, unprecedented volatility in raw material and energy prices, and global consolidations by our suppliers, customers, and competitors. That's a record we take great pride in, and we believe we are well positioned to extend.

Throughout our 34-year history, in spite of four recessions, we have generated strong and sustained sales growth, with a compound annual growth rate (CAGR) of 16%. During the last 13 years, Gibraltar's sales climbed from $168 million to $1.3 billion, while its net income advanced from $7.3 million to $57.3 million. Both represent compound annual growth rates of 17%.

Gibraltar's Performance Targets

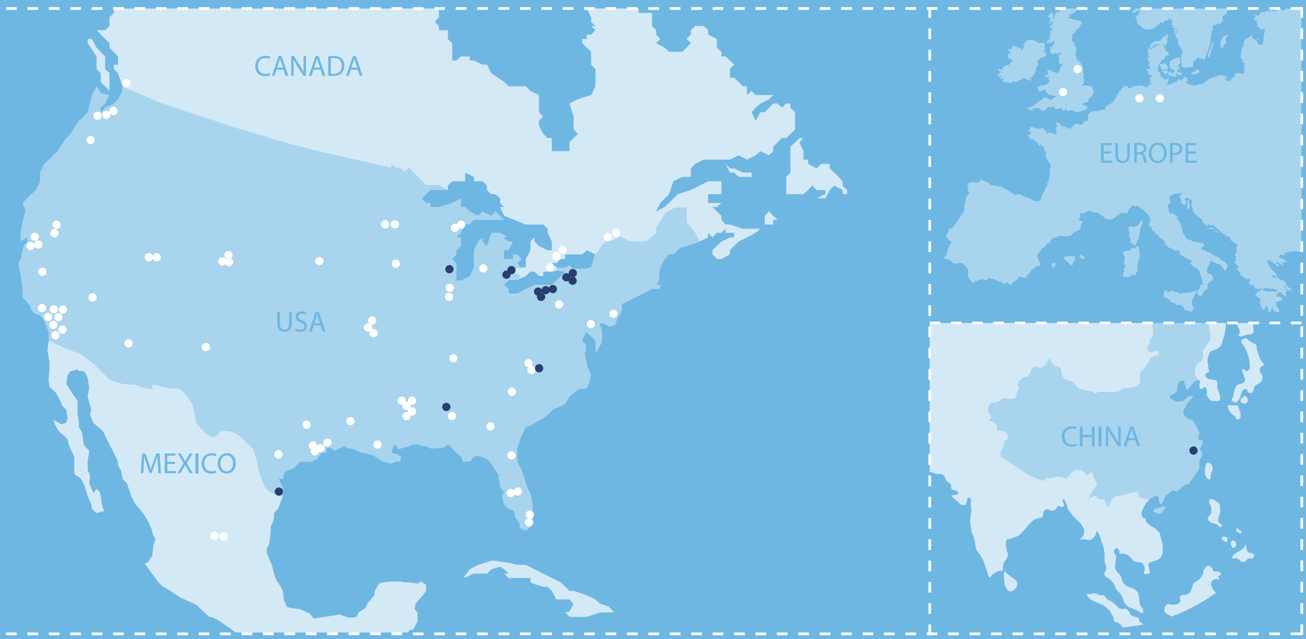
	Target	2006 Results
Average Annual Sales Growth	20%	25.7%
Average Annual Net Income Growth	20%	31.7%
Gross Margin	20%+	20.1%
Operating Margin	10%+	9.2%
Net Income Margin	6%+	3.8%
Selling, General and Administrative Expenses	≤ 10% of Sales	10.9%
Return on Invested Capital	10%+	7.6%
Annual Free Cash Flow	$50 MM+	$95.1 MM
Inventory Turns/Year	5+	4.4
Capital Expenditures	≤ Depreciation	3% Less

Consistency like this is almost always rewarded by the investment community. In January 2007, we were named to Standard & Poor's SmallCap 600 Index. This was a tremendous honor for our company, because inclusion in this highly regarded industry benchmark increases our national exposure and underscores our steady results over the long term. More importantly, it means that virtually anyone who manages a mutual fund which mirrors this index automatically added Gibraltar shares to their portfolios. Our stock's liquidity has also been significantly enhanced.

Today, because of Gibraltar's size, strength, and focus, which create many internal and external growth opportunities, we are well positioned to generate even stronger results in the years ahead. We also continue to streamline, consolidate, and extract efficiencies from our operations which – together with the restructuring of our business portfolio – are driving steady and sustainable long-term improvements in our margins and returns.

We believe more than ever that consistent and improving performance is the key to creating value for our stakeholders, and that is a clear focus of the nearly 4,000 men and women on the Gibraltar Team. And because the vast majority of our people participate in performance-based compensation plans that reward them for improving our sales and operating margins, their interests are directly aligned with our stakeholders.

A Broad Geographic Reach



Gibraltar continues to strengthen its North American operations, while seeking additional growth opportunities in international markets.

- **Building Products Facilities**
- **Processed Metals Facilities**

Through our AMICO subsidiary, we are North America's leading producer of bar grating, which is used in a variety of applications including walkways, platforms, safety barriers, drainage covers, and ventilation grates.

Focused. Growing. Consistent. Resilient.

We are stronger and more focused than at any point in Gibraltar's history. We have good people running our businesses and we further strengthened our team in 2006. We are continuing to embed the processes and systems that are essential to running a larger and more complex business.

We are focused on generating progressive improvements in all of our businesses, carefully managing our assets, and maximizing our cash flow to help fund growth and pay down debt, while continuing to transform Gibraltar into a company that produces higher and more consistent margins and better returns on capital.

We see continued strength in many of our markets, like commercial and industrial building, areas we have targeted for growth, and we have identified many other growth opportunities, both with our existing operations and through North American and international acquisitions.

By building on our established niche product leadership positions, expanding our product offering, diversifying our customer base and business mix, and extending our reach into new geographic markets, we have increased Gibraltar's strength and resiliency, enhancing our ability to succeed.

On behalf of our board and the members of the Gibraltar Team, thank you for your confidence in our company. We are all focused on protecting and increasing the value of your investment.

Sincerely,

Brian J. Lipke
Chairman and Chief Executive Officer

Henning N. Kornbrekke
President and Chief Operating Officer

Board of Directors

Brian J. Lipke
Chairman and
Chief Executive Officer,
Gibraltar Industries, Inc.

David N. Campbell
Managing Director,
Innovation Advisors

William J. Colombo
President and
Chief Operating Officer,
Dick's Sporting Goods, Inc.

Gerald S. Lippes
Partner,
Lippes Mathias Wexler
Friedman LLP

William P. Montague
Chief Executive Officer,
Mark IV Industries, Inc.

Arthur A. Russ, Jr.
Partner,
Phillips Lytle, LLP

Robert E. Sadler, Jr.
Vice Chairman,
M&T Bank Corporation

Senior Management Team

Brian J. Lipke (1)
Chairman and
Chief Executive Officer

Henning N. Kornbrekke (1)
President and
Chief Operating Officer

David W. Kay (1)
Executive Vice President,
Chief Financial Officer,
and Treasurer

Thomas A. Blanchard
Group President,
Processed Metal Products

Robert C. Brunson
Group President,
Building Products

Joseph D. Smith
President,
Alabama Metal
Industries Corporation

Cliff A. Tucker
Group President,
Building Products

Timothy J. Heasley (1)
Senior Vice President,
Controller, and Secretary

Paul M. Murray (1)
Senior Vice President
of Human Resources and
Organizational Development

Richard K. Cullen
Vice President
of Operations

Kenneth P. Houseknecht
Vice President
of Communications
and Investor Relations

David A. McCartney
Vice President
of Information Services

John E. Wagner
Vice President
of Supply Chain Management

(1) Executive Officer

Safe Harbor Statement

The Company wishes to take advantage of the Safe Harbor provisions included in the Private Securities Litigation Reform Act of 1995 (the "Act"). Statements by the Company, other than historical information, constitute "forward-looking statements" within the meaning of the Act and may be subject to a number of risk factors. Factors that could affect these statements include, but are not limited to, the following: general economic conditions; the impact of the availability and the effects of changing raw material prices on the Company's results of operations; energy prices and usage; the ability to pass through cost increases to customers; changing demand for the Company's products and services; risks associated with the integration of acquisitions; and changes in interest or tax rates.

Shareholder and Corporate Information

Trading Information

Gibraltar's stock trades on The NASDAQ Global Select Market℠ under the symbol "ROCK."

Quarterly Stock Price Data

The following table represents the high, low, and closing prices of Gibraltar's common stock, and average daily trading volume, during each quarter of 2006.

2006	High	Low	Close	Average Daily Volume
Q1	$29.83	$22.91	$29.46	128,000
Q2	$32.72	$22.91	$29.00	181,000
Q3	$29.48	$22.12	$22.18	124,000
Q4	$25.48	$20.77	$23.51	184,000

Shareholders

As of December 31, 2006, there were 130 shareholders of record of the Company's stock. The Company believes it has a significantly higher number of shareholders because of the number of shares that are held by nominees.

Dividend Policy

Gibraltar pays an annual cash dividend of $.20 per share, payable at the quarterly rate of $.05, and it reviews the payment of this quarterly.

Form 10-K and Other Information

In addition to the Company's Web site, information may be requested by writing or calling:

Kenneth P. Houseknecht
Vice President of Communications
and Investor Relations
PO Box 2028
Buffalo, NY 14219-0228
716 826 6500 phone
716 826 1592 fax
khouseknecht@gibraltar1.com

Transfer Agent

Please direct questions about lost certificates, changes of address, and consolidation of accounts to the Company's transfer agent and registrar:

American Stock Transfer and Trust Company
59 Maiden Lane, Plaza Level
New York, NY 10038
212 936 5100

Shareholder Inquiries
1 800 937 5449
www.amstock.com

Independent Auditors

Ernst & Young LLP
1500 Key Tower
50 Fountain Plaza
Buffalo, NY 14202

Annual Meeting

May 17, 2007, 9 a.m.
Albright-Knox Art Gallery
1285 Elmwood Avenue
Buffalo, NY 14222

Company Information on the Internet

Gibraltar maintains a comprehensive Web site, which can be accessed at www.gibraltar1.com

Analyst Coverage

Robert W. Baird
Peter Lisnic CFA 312 609 5431

CIBC World Markets
Robert LaGaipa 212 667 7062

Goldman Sachs
Sal Tharani 212 357 0695

Jefferies & Company
Yvonne Varano 212 284 2149

KeyBanc Capital Markets
Mark Parr CFA 216 443 2379

MorningStar
Ben Butwin 312 384 4832

RBC Capital Markets
Mark Grzymski 212 428 6669

Standard & Poor's
Leo Larkin 212 438 9530

Gibraltar's Investor Mission Statement

Gibraltar is committed to achieving $2 billion in annual sales, with net income of $120 million, by 2009, or sooner. To reach this goal, we seek to generate top- and bottom-line growth that averages 20% per year.

While sales growth remains important, top-line gains are secondary to EPS growth, higher ROIC, margin improvements, and better cash flow.

These goals can be reached by staying true to our vision of:

- Becoming a true leader in all of our businesses, with a leading share in niche segments of large markets. We'll focus on businesses with accretive financial characteristics which differentiate us from our competition;

- Serving a diverse group of customers and markets to reduce our exposure to any single industry or customer, while focusing our activities on high-growth markets; and

- Creating the best team in each of our businesses, by fostering an environment where every member of the Gibraltar Team can do his or her best work – and be recognized and rewarded for his or her contributions.

GIBRALTAR INDUSTRIES

Gibraltar Industries, Inc.
3556 Lake Shore Road | PO Box 2028 | Buffalo, NY 14219-0228
716 826 6500 | www.gibraltar1.com