GIBRALTAR INDUSTRIES, INC.
Form PRE 14A
March 27, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934 (Amendment No.)
Filed by the Registrant þ
Filed by a Party other than the Registrant ¨
Check the appropriate box:

þ Preliminary Proxy Statement
¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
¨ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to Rule 14a-12

Gibraltar Industries, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)
Payment of Filing Fee (Check the appropriate box):

þ No fee required
¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notice of 2015 Annual Meeting of Stockholders and Proxy Statement

Thursday, May 7, 2015 at 11:00 A.M., Eastern Time
Albright-Knox Art Gallery, 1285 Elmwood Avenue, Buffalo, NY 14222

April 6, 2015

To My Fellow Stockholders:

It is my pleasure to invite you to attend the 2015 Annual Meeting of Stockholders of Gibraltar Industries, Inc. to be held on Thursday, May 7, 2015 at 11:00 A.M. local time at the Albright-Knox Art Gallery in Buffalo, New York. The meeting will begin with discussion of and voting on the matters described in the attached Notice of 2015 Annual Meeting of Stockholders and Proxy Statement, followed by my report on our Company's financial performance and operations.

The Proxy Statement is critical to our corporate governance process and to affirming the direction of our Company. The Proxy Statement provides you with important information about our Board of Directors and executive officers, and informs you of steps we are taking to fulfill our responsibilities to you as a stockholder.

The executive leadership of our Company went through a transformation during 2014 as Gibraltar announced and completed several aspects of a significant succession plan. First, we added Frank Heard to the management team in May 2014 as Chief Operating Officer and subsequently announced his promotion to Chief Executive Officer and appointment to the Board of Directors effective January 1, 2015. Along with Frank's promotion, Gibraltar announced my retirement as Chief Executive Officer effective December 31, 2014 in combination with my retirement as Executive Chairman effective June 1, 2015. Upon my retirement, our Lead Independent Director, William Montague, will assume the Chairman of the Board role. The structured succession plan leaves Gibraltar posed to generate stockholder value through operational excellence, portfolio management, and acquisitions as a strategic accelerator. Additionally, three new board members, Jane Corwin, Craig Hindman, and Vinod Khilnani, joined the Board of Directors during 2014. These new board members will succeed three long-tenured directors, David Campbell and Gerald Lippes who both retired from the Board of Directors effective December 31, 2014 and Arthur Russ, Jr. who will retire from the Board of Directors immediately prior to our 2015 Annual Meeting. I personally extend my sincere thanks to the retiring directors for the efforts they have put forth and the guidance provided during their tenure.

In connection with the leadership succession described above, by June 1, 2015, Gibraltar will have implemented the following significant corporate governance improvements:

- Depending on your vote at the 2015 Annual Meeting, the Company will adopt annual elections of directors as opposed to the current classified board structure.
- Reduce the average tenure of directors, increase the diversity, and enhance the independence of the members of the Board of Directors.
- Separate the role of Chairman from the Chief Executive Officer role.

Based on these improvements, among others, the Board of Directors is proud to demonstrate its continuing efforts to implement best-in-class corporate governance practices.

We use the Proxy Statement to discuss the proposals that require your vote and to solicit your vote if you cannot attend the Annual Meeting in person. Your vote is very important to us and we encourage you to vote promptly. Please note your broker cannot vote on all of the proposals without your instruction. If you do not plan to attend the Annual Meeting in person, please inform us, or your broker, as to how you would like us to vote your shares on the proposals set forth in the Proxy Statement.

The Proxy Statement includes a description of six proposals. Our Board of Directors recommends that stockholders vote FOR all proposals. Please read each proposal carefully and study the recommendations of the Board of Directors and its committees.

On behalf of our management team and our Board of Directors, I want to thank you for your continued support and confidence in our Company.

Sincerely,

Brian J. Lipke
Chairman of the Board

GIBRALTAR INDUSTRIES, INC.
3556 Lake Shore Road
PO Box 2028
Buffalo, New York 14219-0228

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 7, 2015

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Gibraltar Industries, Inc., a Delaware corporation (the “Company”), will be held at the Albright-Knox Art Gallery, 1285 Elmwood Avenue, Buffalo, New York, on Thursday, May 7, 2015, at 11:00 A.M., local time, for the following purposes:

1. Election of two Class III Directors to hold office until the 2018 Annual Meeting and until their successors have been elected and qualified.
2. Approval of an Amendment to the Company’s Certificate of Incorporation of Gibraltar Industries, Inc. to require annual elections of the Company’s directors.
3. Advisory approval of the Company’s executive compensation (the “Say-on-Pay” vote).
4. Approval of the material terms of the Company’s Management Incentive Compensation Plan to enable the Company to deduct the related compensation for federal income tax purposes without being subject to limitations.
5. Approval of adoption of the Gibraltar Industries, Inc. 2015 Equity Incentive Plan.
6. Ratification of the selection of Ernst & Young LLP as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2015.
7. Transaction of such other business as may properly come before the meeting or any adjournment or adjournments thereof.

The Board of Directors has fixed the close of business on March 23, 2015, as the record date for the determination of stockholders entitled to receive notice of and to vote at the Annual Meeting.

You may vote in person at the annual meeting or you may vote by using the proxy card enclosed with these materials. Stockholders who do not expect to attend the meeting in person are urged to vote, sign, and date the enclosed proxy and return it promptly in the envelope enclosed for that purpose. Returning the proxy card does not deprive you of your right to attend the Annual Meeting and to vote your shares in person for matters acted upon at the Annual Meeting.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting: the Definitive Proxy Statement and the Annual Report on Form 10-K are available at www.proxyvote.com.

BY ORDER OF THE BOARD OF DIRECTORS

Timothy F. Murphy
Secretary
Buffalo, New York
April 6, 2015

3556 Lake Shore Road
PO Box 2028
Buffalo, New York 14219-0228

DEFINITIVE PROXY STATEMENT
April 6, 2015

Date, Time, and Place of Annual Meeting
We are making this Definitive Proxy Statement available to you on or about April 6, 2015 in connection with the solicitation of proxies by the Board of Directors of Gibraltar Industries, Inc., a Delaware corporation (the "Company", "we", or "us"), to be voted at the 2015 Annual Meeting of Stockholders. We will hold the 2015 Annual Meeting at the Albright-Knox Art Gallery, 1285 Elmwood Avenue, Buffalo, New York, on May 7, 2015 at 11:00 A.M., local time, and at any adjournment or adjournments thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders.

Voting Information

Record Date. The Board of Directors has fixed the close of business on March 23, 2015, as the record date for the determination of stockholders entitled to receive notice of and to vote at the 2015 Annual Meeting. At the close of business on March 23, 2015, the Company had outstanding and entitled to vote at the Annual Meeting 30,949,257 shares of common stock, $0.01 par value per share ("Common Stock"). Each share is entitled to one vote on each matter properly brought before the Annual Meeting.

Solicitation Costs. The cost of the solicitation of proxies in the accompanying form will be borne by the Company, including expenses in connection with preparing and mailing this Definitive Proxy Statement. In addition to the use of the mail, proxies may be solicited by personal interviews and by telephone by directors, officers, and employees, without any additional compensation, as well as proxy solicitors. We have retained Alliance Advisors, LLC ("Alliance") to act as a proxy solicitor in conjunction with the annual meeting. We have agreed to pay Alliance $12,000, plus reasonable out-of-pocket expenses, for proxy solicitation services. Arrangements will be made with brokerage houses, banks and other custodians, nominees, and fiduciaries for the forwarding of solicitation material to the beneficial owners of Common Stock, and the Company will reimburse them for reasonable out-of-pocket expenses incurred in connection therewith.

Voting Your Proxy. If the enclosed proxy is properly executed, returned, and received in time for the Annual Meeting, the shares represented thereby will be voted in accordance with the specifications, if any, made on the proxy card. If no specification is made, the proxies will be voted as recommended by the Board of Directors (i) FOR the nominees for directors named in this Definitive Proxy Statement, (ii) FOR the approval of an Amendment to our Certificate of Incorporation to require annual elections of our directors, (iii) FOR the approval of the advisory resolution on our executive compensation (the "Say-on-Pay" vote), (iv) FOR the approval of the material terms of the Company's Management Incentive Compensation Plan, (v) FOR the adoption of the Gibraltar Industries, Inc. 2015 Equity Incentive Plan, and (vi) FOR the ratification of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2015.

Vote Required. The presence, in person or by proxy, of the holders of a majority of the outstanding shares of Common Stock entitled to vote at the Annual Meeting will constitute a quorum. Each proposal submitted to the stockholders requires the affirmative vote of holders of a majority of the shares present at the meeting, entitled to vote, assuming a quorum is present in person or by proxy. If a stockholder specifies an abstention from voting on a proposal, such shares are considered present but, since they are not affirmative votes for the proposal, they will have the same effect as votes against the proposal.

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Directors are elected by a majority of votes cast unless the election is contested, in which case directors are elected by a plurality of votes cast. Nominees for the election of directors must receive more “for” than “against” votes to be elected. If an incumbent director, in an uncontested election, does not receive a majority of the votes cast, the director is required to tender his or her resignation to the Board of Directors. The Nominating and Corporate Governance Committee will make a recommendation to the Board of Directors on whether to accept or reject the resignation, or whether other action should be taken. The Board of Directors will act on the recommendation and publicly disclose its decision and rationale behind it within 90 days of the date election results are certified.

Your shares may be voted on some of the matters to be acted on at the Annual Meeting if they are held in the name of a brokerage firm, even if you do not provide the brokerage firm with voting instructions. Brokerage firms have the authority to vote shares on certain routine matters for which their customers do not provide voting instructions by the tenth day before the meeting. The ratification of the appointment of Ernst & Young LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2015 is the only stockholder proposal considered a routine matter.

The election of directors, an Amendment to our Certificate of Incorporation, and votes on matters that relate to executive compensation, such as the Say-on-Pay vote, are not considered routine. When a proposal is not a routine matter and the brokerage firm has not received voting instructions from the beneficial holder of the shares with respect to that proposal, the brokerage firm CANNOT vote the shares on that proposal. This is called a “broker non-vote.” In tabulating the voting result for any particular proposal, shares that are subject to broker non-votes with respect to that proposal will not be considered votes cast either for or against the proposal. Please vote your proxy so your shares will be represented at the Annual Meeting.

Revocability of Proxy. The execution of a proxy will not affect a stockholder’s right to attend the Annual Meeting and to vote in person. A stockholder who executes a proxy may revoke it at any time before it is exercised by giving written notice to the Secretary, by appearing at the Annual Meeting and so stating, or by submitting another duly executed proxy bearing a later date.

PROPOSAL 1
ELECTION OF DIRECTORS

The Certificate of Incorporation of the Company provides that the Board of Directors shall consist of not less than three nor more than fifteen directors who shall be divided into three classes, with the term of one class expiring each year. The number of directors may be changed at any time by resolution of the Board of Directors. During 2014, the number of directors was increased from seven members to nine members to accommodate the transition of four new directors onto the Board of Directors, who will succeed the four directors who have retired in 2014 or will retire in 2015. The Board of Directors is presently comprised of nine members:

Class I Directors Term Expiring in 2017	Class II Directors Term Expiring in 2016	Class III Directors Term Expiring in 2015
Frank G. Heard[1]	Wiiliam J. Colombo	Jane L. Corwin[1]
Vinod M. Khilnani[1]	Craig A. Hindman[1]	Robert E. Sadler, Jr.
Brian J. Lipke[2]		
William P. Montague		
Arthur A. Russ, Jr.[2]		

1 Jane Corwin, Frank Heard, Craig Hindman, and Vinod Khilnani are new directors and were all appointed to the Board of Directors in 2014 or 2015, respectively.

2 Brian Lipke and Arthur Russ have announced that they will retire from the Board of Directors in 2015.

At the Annual Meeting of Stockholders in 2015, two Class III Directors shall be elected to hold office for a term expiring in 2018. Jane Corwin and Robert Sadler have been nominated by the Board of Directors for election as Class III Directors. Jane Corwin and Robert Sadler are independent directors under the independence standards provided by Rule 5605(a)(2) of the NASDAQ listing standards.

Unless instructions to the contrary are received, it is intended that the shares represented by proxies will be voted FOR the election of Jane Corwin and Robert Sadler as directors, each of whom has consented to serve as a director if elected. If Jane Corwin or Robert Sadler become unavailable for election for any reason, it is intended that the shares represented by the proxies solicited herewith will be voted for such other person or persons as the Board of Directors shall designate.

Set forth below is certain information furnished to us by the directors and the nominees for election as Class III Directors. We believe our directors should satisfy a number of qualifications, including demonstrated integrity, a record of personal accomplishment, a commitment to participation in board activities, and other traits discussed below in “Corporate Governance.” The Board of Directors considered these qualifications, which are summarized following the biographical information for each director, in determining to recommend that the directors be nominated for election.

Nominees
Jane L. Corwin

JANE CORWIN was appointed to the Board of Directors on March 14, 2014. She currently serves as an elected member of the New York State Assembly, representing the 144th Assembly District, since 2009. Prior to serving in elected office, Ms. Corwin held various positions, including Director, Secretary, Treasurer, and Vice President at White Directory Publishers, Inc. from 1990 until its sale in 2004. Ms. Corwin also serves as an officer of a not-for-profit organization. Ms. Corwin’s qualifications to serve on the Company’s Board include a valuable and different perspective due to her extensive background in government and politics, along with experience gained serving as a director and executive in the private sector.

Robert E. Sadler, Jr.

ROBERT SADLER has served as a director of the Company since his appointment to the Board of Directors in 2003. He served as President of M&T Bank from 1996 to 2003, as Chairman of M&T Bank from 2003 to 2005, and from 2005 to 2007 as President and Chief Executive Officer of M&T Bank Corporation, one of the 20 largest banks in the U.S. Mr. Sadler continues to serve as a Director of both M&T Bank and M&T Bank Corporation. Mr. Sadler is also a director of several private companies, including Delaware North Companies, Inc. and Security Mutual Life Insurance Company of New York, serving both companies as a member of their compensation committees. Mr. Sadler’s qualifications to serve on the Company’s Board include his extensive experience as a financial services executive, particularly during his career with M&T Bank, which allows him to provide the Board with the perspective of lenders and investment bankers, which the Company deals with regularly. Other qualifications include his experience as a member of the board of directors of other large companies and his financial literacy.

Directors Not Standing for Election
William J. Colombo

WILLIAM COLOMBO has served as a director of the Company since his appointment to the Board of Directors in 2003. He served as Chief Operating Officer and Executive Vice President of Dick’s Sporting Goods, Inc. (“Dick’s”) from 1995 to 1998 and as President of dsports.com LLC, the Internet commerce subsidiary of Dick’s from 1998 to 2000. From 2002 through 2008, Mr. Colombo served as President, Chief Operating Officer, and a Director of Dick’s. Mr. Colombo currently serves as Vice Chairman of the Board of Dick’s. Mr. Colombo’s qualifications to serve on the Company’s Board include his ability to provide the perspective of an executive and board member of a large, public company and national retailer that is similar to some of the Company’s largest customers.

Frank G. Heard

FRANK HEARD has served as Chief Executive Officer and a Director of the Company since January 2015. He joined Gibraltar as President and Chief Operating Officer in 2014 with more than 25 years of experience in the building products industry. Prior to Gibraltar, Mr. Heard served as President of the Building Components Group, a division of Illinois Tool Works Inc. (“ITW”), a Fortune 200 global diversified industrial manufacturer. In that role, he had global responsibility for the strategic direction and operational performance of 25 business units in 18 countries across a wide range of industry segments including residential and commercial construction, retail, and component manufacturing. Prior to serving as President of the Building Components Group, Mr. Heard filled various executive management roles for ITW dating back to 1990. Mr. Heard’s qualifications to serve as a member of the Company’s Board include his demonstrated leadership skills as President of the Company since May 2014 through present, his integral knowledge of the markets in which the Company operates, competitors, as well as the Company’s products, personnel, manufacturing facilities, and target markets as well as his global operating company experience in the building products industry at ITW.

Craig A. Hindman

CRAIG HINDMAN was appointed to the Board of Directors on October 10, 2014. He is a global executive with 35 years of leadership experience across multiple industry segments and has served on the board of various companies and not-for-profit organizations. Most recently, Mr. Hindman was Executive Vice President and Chief Executive Officer of the Industrial Packaging Group of businesses at Illinois Tool Works Inc. In that role, he was responsible for 110 business units operating in 30 countries, and was successful in growing revenues and increasing margins through innovation and business simplification initiatives. He also completed two acquisitions before leading the sale of the Industrial Packaging Group to The Carlyle Group in May 2014. Mr. Hindman spent more than two decades in ITW's Construction Products Group, providing him with significant experience in and familiarity with Gibraltar's end markets. He also serves as a director of a number of not-for-profit organizations and private companies, including Wilsonart International which he serves as a member of the compensation committee. Mr. Hindman's qualifications to serve on the Company's Board include his experience as an executive with responsibility for financial and operating performance of large global manufacturing business units. Other qualifications include his experience in the integration of acquired businesses and business simplification over a period of more than 20 years.

Vinod M. Khilnani

VINOD KHILNANI was appointed to the Board of Directors on October 10, 2014. Most recently, he was Executive Chairman of the Board at CTS Corporation from January 2013 to May 2013, a sensors and electronics components company with operations in North America, Europe, and Asia. Mr. Khilnani previously served as CTS Corporation's Chairman and Chief Executive Officer from 2009 to 2013, President and Chief Executive Officer from 2007 until 2009, and held the Senior Vice President and Chief Financial Officer role from 2001 to 2007. In addition to implementing growth and market diversification strategies at CTS Corporation, he successfully led restructurings and acquisition transactions, completed private equity and debt offerings, and established operations in Eastern Europe and Asia. Mr. Khilnani is currently a director of Materion Corporation, 1st Source Corporation (parent of 1st Source Bank) and ESCO Technologies, Inc. He serves on the compensation committee of Materion Corporation. Mr. Khilnani's qualifications to serve on the Company's Board include his service as a director of publicly-held, global organizations in a number of industries, his leadership role as Chairman and Chief Executive Officer of CTS Corporation, and his extensive background in accounting and finance for global manufacturing entities.

Brian J. Lipke

BRIAN LIPKE has been Chairman of the Board since 1992 and a director of the Company since its formation. He served as Chief Executive Officer from 1987 until his retirement on December 31, 2014, and as President of the Company through 1999. From 1972 to 1987, Mr. Lipke held various positions with the Company in production, purchasing, and divisional management. He is also a director of Merchants Mutual Insurance Company and Moog Inc. Mr. Lipke's qualifications to serve on the Company's Board include his demonstrated leadership skills and extensive operating and executive experience acquired over his career with the Company. He has extensive experience in driving operational excellence, targeting growth opportunities, and attaining financial objectives under a variety of economic and competitive conditions. These experiences are valuable to the Company which strives for excellence, has grown historically through acquisitions, as well as internally, and regularly faces diverse and often challenging economic and competitive conditions.

William P. Montague

WILLIAM MONTAGUE has served as a director of the Company since the consummation of the Company's initial public offering in 1993. He served as Executive Vice President and Chief Financial Officer of Mark IV Industries, Inc. ("Mark IV"), a manufacturer of engineered systems and components from 1986 to 1996, as Mark IV's President and a

Director from 1996 through 2004, and as Chief Executive Officer and a Director of Mark IV from 2004 to 2008. In April 2009, subsequent to Mr. Montague's retirement, Mark IV filed for bankruptcy protection. Mr. Montague also serves on the Board of Directors of Endo International plc., where he is chairman of the compensation committee and serves on the audit, transaction, and nominating and corporate governance committees. He is also a director of International Imaging Materials, Inc., a private company, where he serves on the compensation and audit committees. Mr. Montague's qualifications to serve on the Company's Board include his ability to offer the perspectives of a former chief executive officer along with his extensive financial and accounting experience acquired during his career with Mark IV. His experience as a director, chief financial officer, and chief executive officer with other public companies with complex capital resource requirements and diverse geographical operations similar to the Company provides significant value to the Board.

Arthur A. Russ, Jr.

ARTHUR RUSS has served as a director of the Company since 1993. He has served as the President of Buffalo Abrasives, Inc. since 2013, a manufacturer and distributer of highly engineered bonded abrasive products, where he also serves as a board member. He has been engaged in the private practice of law since 1969 and was a partner in the firm of Phillips Lytle LLP, located in Buffalo, New York, until his retirement in 2010. Mr. Russ also serves as an officer or director of several not-for-profit organizations. Mr. Russ's qualifications to serve on the Company's Board include his legal and business expertise in the areas of corporations, taxation, securities, and general business and finance. He is able to provide the Board insights on a broad range of general business and financial issues as a result of his diverse legal and business experience.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE NOMINEES FOR CLASS III DIRECTORS IN PROPOSAL 1

PROPOSAL 2
APPROVAL OF AN AMENDMENT TO THE CERTIFICATE OF INCORPORATION

The Board of Directors and the Board's Nominating and Corporate Governance Committee recommends an amendment to the Certificate of Incorporation of Gibraltar Industries, Inc. The proposed amendment to the Certificate of Incorporation will reduce the term our directors serve on the Board of Directors from three years to one year. The proposed amendment will result in a de-classification of the Company's Board and annual elections of each director.

Under this proposal, the term of directors and nominees currently serving the Board will continue until each term is served, at which time the Nominating and Corporate Governance Committee will choose nominees to stand for election for a one-year term. As a result, if this proposal is supported by a majority vote of our stockholders, all director nominees standing for election at the Annual Meeting in 2018 will only serve one-year terms, and there will no longer be any Class I, II, and III designations for any director.

The Company believes the proposed amendment to the Certificate of Incorporation provides stockholders with improved rights. The Nominating and Corporate Governance Committee recommends that these rights be provided to our stockholders as part of our continuing focus to improve our corporate governance practices.

Any amendment to the Company's Certificate of Incorporation must be approved by a majority of the Company's stockholders. As a result, the Company's Board of Directors is submitting the approval of the Amendment to the Certificate of Incorporation, as described above, to the stockholders.
THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE APPROVAL OF AN AMENDMENT TO THE CERTIFICATE OF INCORPORATION IN PROPOSAL 2.

CORPORATE GOVERNANCE

The Board of Directors has adopted Corporate Governance Documents which set forth the practices the Board of Directors will follow with respect to various matters, such as director responsibilities, compensation, and access to management. The Corporate Governance Documents are posted on the corporate governance page of the Company's website at www.gibraltar1.com and are available in print to stockholders and other persons who request a copy.

Board Leadership
The Board of Directors is responsible for oversight of management of the business and affairs of the Company with the objective of enhancing stockholder value. To carry out these responsibilities and the activities of its committees, the Board of Directors was comprised of between seven to ten directors during the year ended December 31, 2014. As noted above, three new directors were appointed to the Board of Directors during 2014 and two tenured-directors, David Campbell and Gerald Lippes, retired from the Board effective December 31, 2014. Jane Corwin, Craig Hindman, and Vinod Khilnani were appointed to the Board in 2014 to succeed David Campbell, Gerald Lippes, and Arthur Russ who announced he will retire from the Board immediately prior to the 2015 Annual Meeting. Effective January 1, 2015, Frank Heard was also appointed to the Board of Directors, concurrent with his promotion to Chief Executive Officer, and will succeed Brian Lipke upon his retirement from the Board effective June 1, 2015.

In recommending the candidates described above, the Company's Nominating and Corporate Governance Committee considered qualified candidates who will provide the Board of Directors with dedicated service, strong business-related skills and experience, and diversity as such qualifications are described below in the "Director Nomination Process". The appointment of the new directors will also lead to a significant reduction in the average tenure of service by the directors and introduce new leadership to the Company.

The Board of Directors does not have a written policy as to whether the roles of Chairman of the Board and Chief Executive Officer ("CEO") should be separate or combined and as such has the authority and flexibility to select the appropriate leadership structure for the Company. Under the Company's Bylaws, the Chairman of the Board presides over meetings of the Board of Directors and meetings of the stockholders, while the CEO has general authority for strategic initiatives involving the business and operational affairs of the Company, subject to the supervision and oversight of the Board.

Upon Brian Lipke's retirement as CEO on December 31, 2014, the Board approved a separation of the Chairman and CEO roles. However, Mr. Lipke is not considered an independent member of the Board of Directors due to the significant time spent as an officer and member of the Gibraltar executive management team. As a result, the Board of Directors maintained the position of Lead Independent Director, who among other things, chairs all meetings of the Board in the absence of the Chairman, chairs all executive sessions of the Board's independent members, and acts as principal liaison between the independent members of the Board and the Chairman and CEO of the Company. William Montague has served as the Company's Lead Independent Director since the position was created in 2010.

Upon Brian Lipke's retirement from the Board of Directors on June 1, 2015, William Montague will assume the Chairman of the Board role. The Chairman and CEO positions will remain separated and the Lead Independent Director role will no longer be necessary since the Chairman will be an independent member of the Board. Through the succession plan that will be completed during 2015, Gibraltar has adopted a Board leadership structure that better aligns with corporate governance best practices. The separated Chairman of the Board and CEO roles helps to enhance the independent oversight of management which we believe more closely aligns the Company's leadership with the expectations of our stockholders.

In addition to the leadership structure described above, the independent directors of our Board meet in executive session at each quarterly board meeting, and all of the Board's key committees - the Audit Committee, Compensation

Committee, and the Nominating and Corporate Governance Committee - are comprised solely of and led by independent directors.

Board Tenure

Our corporate governance guidelines require our nonemployee directors to submit their resignation from the Board upon reaching the age of 72. We do not have any other director tenure requirement, as we believe our retirement policy and natural turnover achieve the appropriate balance between maintaining longer-term directors and with deep institutional knowledge and refreshing the Board with new directors who bring a new perspective and diversity to the Board. Whenever possible, we structure director retirements and new director appointments to overlap so this institutional knowledge can be transferred to new directors as much as possible. We also conduct an onboarding process for our new directors so they can obtain an understanding of Gibraltar’s business, the opportunities and challenges the Company manages, and provide an opportunity to meet the management team.

As a result of succession planning process described above and the retirements (or planned retirements) of a number of our directors, the Board's tenure has decreased, and will continue to decrease during 2015, as shown in the table below:

Director	Years of Service		
	As of March 23, 2014	As of March 23, 2015	Pro forma as of March 23, 2016
David N. Campbell (retired)	21	n/a	n/a
William J. Colombo	11	12	13
Jane L. Corwin	—	1	2
Frank G. Heard	n/a	—	1
Craig A. Hindman	n/a	—	1
Vinod M. Khilnani	n/a	—	1
Brian J. Lipke (retiring in June 2015)	21	22	n/a
Gerald S. Lippes (retired)	21	n/a	n/a
William P. Montague	21	22	23
Arthur A. Russ, Jr. (retiring in May 2015)	21	22	n/a
Robert E. Sadler, Jr.	11	12	13
Average Years of Service	16	10	8

Risk Oversight

The Board of Directors is actively engaged in the oversight of strategies adopted by management for mitigating risks faced by the Company. A fundamental part of risk oversight is not only understanding the material risks a company faces and the steps management is taking to manage those risks, but also understanding what level of risk is appropriate for Gibraltar. The involvement of the Board of Directors in reviewing the Company's business strategy is an integral aspect of its assessment of management's tolerance for risk and also its determination of what constitutes an appropriate level of risk for the Company.

Risks may arise in many different areas, including, among many others, business strategy; financial condition; competition for talent; operational efficiency; quality assurance; environmental, health, and safety; supply chain management; reputation; customer spending patterns; and intellectual property. The Board of Directors believes that, in light of the interrelated nature of the Company's risks, oversight of risk management is ultimately the responsibility of the full Board and has not divided the responsibility for oversight of risk management among its committees. In carrying out this critical responsibility, the Board receives regular reports from management on business strategy, associated risks, and actions taken to manage such risks.

Independence of Directors

The Board of Directors has determined that each of Jane Corwin, William Colombo, Craig Hindman, Vinod Khilnani, William Montague, Arthur Russ, and Robert Sadler is an "independent director" as defined under NASDAQ rules, which the Board has adopted as the standards by which it will determine independence.

Board Committees and Related Matters

Our Board of Directors has three standing committees - the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee. Copies of the charters of these committees are available on the Company's website at www.gibraltar1.com. The current composition of each board committee is set forth below:

Director	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Board of Directors
Brian J. Lipke				Chair
William J. Colombo		Chair	X	X
Jane L. Corwin	X		X	X
Frank G. Heard				X
Craig A. Hindman		X	X	X
Vinod M. Khilnani		X	X	X
William P. Montague	X	X	Chair	Lead Ind. Dir.
Arthur A. Russ, Jr.				X
Robert E. Sadler, Jr.	Chair	X		X
Fiscal 2014 Meetings	4	3	4	10

In addition to the standing committees described above, an Executive Search Committee consisting of William Colombo, Brian Lipke, and William Montague was formed in 2013 to perform an executive search to fill the vacated President and Chief Operating Officer role. The Executive Search Committee worked with an independent firm, Korn Ferry, to identify potential candidates to fill the vacated position. As a result of this committee's efforts, Frank Heard was appointed the President and Chief Operating Officer in May 2014. He was promoted to Chief Executive Officer and appointed a director on January 1, 2015.

Each director attended at least 75% of the aggregate number of meetings of the Board of Directors and committees on which he served during the period.

Audit Committee

The Audit Committee is comprised of Jane Corwin, William Montague, and Robert Sadler, each of whom is independent as required by the NASDAQ rules applicable to such Committee. Mr. Sadler serves as the chairman of the Audit Committee. The Audit Committee acts in accordance with its charter to assist the Board of Directors in its oversight of matters relating to the financial reporting process, the system of internal accounting control and management of financial risks, the audit process, review and approval of related party transactions, compliance with laws and regulations, and the Company's code of business conduct. The Board of Directors has made a determination that each of Jane Corwin, William Montague, and Robert Sadler is an "audit committee financial expert" under the standards established by SEC rules as a result of their business experience as set forth above under "Election of Directors".

Compensation Committee

The Compensation Committee is composed of William Colombo, Craig Hindman, Vinod Khilnani, and Robert Sadler, each of whom is independent as required by NASDAQ rules as applicable to such Committee. Mr. Colombo serves as the chairman of the Compensation Committee. The Compensation Committee acts in accordance with its charter to approve the structure and design of the compensation programs in effect for executive officers and directors of the Company. The Company's Compensation Committee meets in executive session to determine and approve the compensation packages provided to the executive officers. The Compensation Committee is responsible for ensuring the decisions regarding compensation are in line with market conditions and enhance the Company's ability to attract, retain, and motivate highly qualified individuals to serve as executive officers and directors. To fulfill its responsibilities, the Compensation Committee has the authority to obtain and retain the advice of advisors and employs a nationally recognized compensation consultant, Towers Watson, to perform market studies of compensation programs offered by a peer group of companies. The Compensation Committee determined Towers Watson is an independent advisor by assessing the firm on six factors as prescribed by the SEC. The Compensation

Committee works with Towers Watson and the Company's executive management team to make final decisions regarding the design of the programs used to compensate the Company's executive officers and directors in a manner which is consistent with the Company's compensation objectives. The Compensation Committee is also responsible for the administration of the Company's incentive compensation plans and authorization of grants of equity-based awards pursuant to such plans.

Compensation Committee Interlocks and Insider Participation

During 2014, William Colombo, Craig Hindman, Vinod Khilnani, William Montague and Robert Sadler served as members of the Compensation Committee. None of Mr. Colombo, Mr. Hindman, Mr. Khilnani, Mr. Montague, or Mr. Sadler was an executive officer or employee of the Company or any of its subsidiaries during 2014 or prior thereto. In 2014, none of the executive officers of the Company or members of the Compensation Committee served on the compensation committee or on any other committee performing similar functions for any other entity's board of directors, any of whose officers or directors served on the Company's Board of Directors or Compensation Committee.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is comprised of William Colombo, Jane Corwin, Craig Hindman, Vinod Khilnani, and William Montague, each of whom is independent as required by NASDAQ rules applicable to such Committee. Mr. Montague serves as the chairman of the Nominating and Corporate Governance Committee. The purpose of the Nominating and Corporate Governance Committee is to identify and nominate individuals qualified to become Board and committee members, to establish and implement policies and procedures relating to the nominations of qualified candidates, to develop and recommend to the Board a set of corporate governance guidelines for the Company, and to oversee, review and make periodic recommendations to the Board concerning the Company's corporate governance guidelines and policies. The current nominees for director were recommended for election to the Board at a meeting of the Nominating and Corporate Governance Committee held February 19, 2015. Jane Corwin did not participate in the recommendation that she be nominated for election to the Board.

Director Nomination Process

When a Board vacancy arises, the Committee seeks to identify candidates for nomination who are highly qualified, willing to serve as a member of the Company's Board, and will be able to serve the best interests of stockholders. Each candidate must possess at least a the following minimum qualifications:

- Each candidate shall be prepared to represent the best interests of all stockholders and not just one particular constituency;
- Each candidate shall be an individual who has demonstrated integrity and ethics in his or her personal and professional life and has established a record of professional accomplishment in his or her chosen field; and
- Each candidate shall be prepared to participate fully in board activities, including active membership on at least one board committee and attendance at, and active participation in, meetings of the board and the committees of which he or she is a member, and not have other personal or professional commitments that would interfere with or limit his or her ability to do so.

The Committee believes that, given the size and complexity of the Company's operations, the best interests of the Company's stockholders will be served by a Board which is composed of individuals that contribute to the Board's overall diversity - diversity being broadly construed to mean a variety of opinions, perspectives, as well as personal and professional experiences and backgrounds. Accordingly, the Committee seeks to identify candidates for nomination who will contribute to the diversity of perspectives present in Board deliberations. During the nomination process, the Committee considers whether the Board's composition reflects an appropriately diverse mix of skills and experience, in relation to the needs of the Company.

The Nominating and Corporate Governance Committee identifies candidates from a number of sources including directors on the Board, Gibraltar's executive management team, and research, including database and internet searches. All potential candidates for a director role, including incumbents, are considered and evaluated against the qualifications outlined above.

Stockholder Recommendations of Nominees

The Company has adopted a policy regarding stockholder recommendations of nominees for director to be submitted for evaluation to the Nominating and Corporate Governance Committee. A stockholder may recommend a nominee for consideration by the Nominating and Corporate Governance Committee by sending a recommendation, in writing, to the Secretary of the Company or any member of the Nominating and Corporate Governance Committee, together with such supporting material as the stockholder deems appropriate. Any person recommended by a stockholder in accordance with this policy will be considered by the Nominating and Corporate Governance Committee in the same manner and by the same criteria as other potential nominees. The Nominating and Corporate Governance Committee did not receive any nomination recommendations from stockholders during 2014.

Succession Planning

In light of the critical importance of executive leadership to Gibraltar's success, we have a succession planning process that is enterprise wide for managers up to and including our Chief Executive Officer. Our Board of Directors' involvement in the process includes a review of succession plans and recommendations as to succession in the event of each executive officer's termination of employment with Gibraltar for any reason.

Our Chief Executive Officer provides an annual review to the Board of Directors assessing the executive officers of Gibraltar. Our Compensation Committee, pursuant to its charter, annually reviews the performance of the executive officers and discusses succession plans for each such officer with the Chief Executive Officer.

The Board of Directors has the primary responsibility to develop succession plans for the Chief Executive Officer and other key executive positions. Beginning in 2013, an Executive Search Committee of the Board of Directors initiated a search for a President and Chief Operating Officer who would eventually succeed to the Chief Executive Officer role.

The Board of Directors and Nominating and Corporate Governance Committee also work together to assess the composition, tenure, and diversity of the Board of Directors. In 2014, four board members, David Campbell, Brian Lipke, Gerald Lippes, and Arthur Russ, announced intentions to retire from the Board. The Nominating and Corporate Governance Committee identified Jane Corwin, Frank Heard, Craig Hindman, and Vinod Khilnani as new directors to fill the vacated board seats.

Communication with the Board of Directors

The Board of Directors has established a policy with respect to stockholder communication with the directors. Stockholders may send communications to the Board of Directors in care of the Secretary at the Company’s headquarters located at 3556 Lake Shore Road, PO Box 2028, Buffalo, NY 14219-0228. All mail will be opened and logged. All communication, other than trivial communication or obscene material, will be forwarded promptly to the Directors. Trivial material will be delivered at the next meeting of the Board of Directors. Mail addressed to a particular member of the Board of Directors will be forwarded to that member. Mail addressed to “Outside Directors” or “Non-Management Directors” or similar addressees will be sent to the chairman of the Audit Committee.

The Company does not have a policy regarding director attendance at the annual meeting. Last year’s annual meeting was attended by the entire Board of Directors.

DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

Directors and Executive Officers
The following table sets forth certain information regarding the Directors and executive officers of the Company as of March 23, 2015:

Name	Age	Position(s) Held
Brian J. Lipke	63	Executive Chairman of the Board [1]
Frank G. Heard	56	Director, President, and Chief Executive Officer [1]
Kenneth W. Smith	64	Senior Vice President and Chief Financial Officer
Paul M. Murray	62	Senior Vice President of Human Resources and Organizational Development
Timothy F. Murphy	51	Vice President, Treasurer, and Secretary
William P. Montague	68	Lead Independent Director
David N. Campbell	73	Director [2]
William J. Colombo	59	Director
Jane L. Corwin	51	Director
Craig A. Hindman	60	Director
Vinod M. Khilnani	62	Director
Gerald S. Lippes	75	Director [2]
Arthur A. Russ, Jr.	72	Director
Robert E. Sadler, Jr.	69	Director

1 Mr. Lipke retired as Chief Executive Officer effective December 31, 2014. Mr. Heard was promoted from Chief Operating Officer to Chief Executive Officer effective January 1, 2015. We included both Mr. Lipke and Mr. Heard in the Summary Compensation Table with their titles as of December 31, 2014 in accordance with Item 402 of Regulation S-K.

2 Mr. Campbell and Mr. Lippes retired from the Board effective December 31, 2014. We included both Mr. Campbell and Mr. Lippes in the 2014 Director Compensation Table in accordance with Item 402 of Regulation S-K.

The recent business experience of the directors is set forth above under "Election of Directors." The recent business experience of the executive officers who are not also directors is as follows:

Kenneth W. Smith

KENNETH SMITH has been the Company's Senior Vice President and Chief Financial Officer since joining the Company in 2008. Prior thereto, he served as Chief Financial Officer of Circor International, a global manufacturer of flow control components from 2000 through 2008, for the period from 1996 to 2000 he served as Vice President of Finance for North Safety Products, a manufacturer of personal protection equipment for employees of industrial companies, and before that as Finance Director of Digital Equipment Corporation, a manufacturer of computer hardware and software and a provider of integration services.

Paul M. Murray

PAUL MURRAY has been Senior Vice President of Human Resources and Organizational Development of the Company since 2004 and was Vice President of Administration from 1997 to 2004. Prior thereto, Mr. Murray held Human Resource management positions at The Sherwin Williams Company and Pratt & Lambert.

Timothy F. Murphy

TIMOTHY MURPHY has served as Treasurer since 2013, Secretary since 2012, and Vice President of Treasury Operations since 2010. Mr. Murphy served various roles as a director within the Company's Finance Department from 2004 to 2010. Prior to joining the Company, Mr. Murphy served as a Senior Manager at KPMG.

COMPENSATION OF DIRECTORS

Towers Watson, a nationally recognized compensation consultant, provides survey information and advice to the Compensation Committee with respect to compensation related matters. Towers Watson provided the Compensation Committee survey data and other publicly available information relating to non-employee director compensation for a peer group of companies. The peer group is the same as the peer group disclosed in the section entitled “Compensation Discussion & Analysis” below.

Using this information, the Compensation Committee approved a compensation program for non-employee directors consisting of an annual retainer of $30,000 per year, an additional $5,000 retainer for the Lead Independent Director, meeting fees of $2,000 for each meeting of the Board of Directors or committee meeting attended, and an additional fee to the Chairmen of the Compensation Committee, the Nominating and Corporate Governance Committee, and the Audit Committee of $5,000 per year, respectively, for serving as Chairman. During 2014, the Compensation Committee approved a special $20,000 fee for the substantial effort put forth by the two independent directors that served on the Executive Search Committee.

In addition, in 2014, the Compensation Committee approved annual grants of restricted stock to non-employee directors in the amount of $52,000. Restrictions on these shares of restricted stock expire three years following the grant date. Pursuant to this approval, in May 2014, each non-employee director received awards of 3,103 shares of restricted stock. The amount of restricted stock issued to our directors was changed from a number of shares with a fair value of $37,000 to a number of shares with a fair value of $52,000 to align with the compensation level proposed in the peer study described above. These changes are being made to align the compensation of our directors with compensation paid to directors of our peer group.

Our Management Stock Purchase Plan (“MSPP”) permits non-employee directors to defer their receipt of payment of a portion of their retainer, chair, and meeting fees to an account established for the director and credited with restricted stock units (“RSUs”) equal in number to the number of shares of the Company’s stock which could have been purchased using the amount of director fees deferred (see the discussion of the MSPP under the caption Non-Qualified Deferred Compensation in the “Compensation Discussion & Analysis” below). The Company allocates additional RSUs (“Matching RSUs”) to the accounts of non-employee directors who defer the receipt of retainer fees to match the amount of RSUs allocated to reflect deferred retainer fees of non-employee directors. The directors forfeit the Matching RSUs if they terminate Board service prior to reaching age sixty (60) for any reason other than a change in control transaction. RSUs credited to the account of an non-employee directors to reflect amounts deferred under the MSPP are paid to the participant upon a termination of the their service to the Board. In addition, if the director’s employment is terminated after age sixty (60), the participant will be entitled to receive payment for Matching RSUs.

2014 Director Compensation

Name	Fees Earned or Paid in Cash (1)	Stock Awards (2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (3)	Total
David N. Campbell	$65,000	$52,006	$30,000	$147,006
William J. Colombo	$91,000	$52,006	$30,000	$173,006
Jane L. Corwin	$45,750	$52,006	$23,750	$121,506
Craig A. Hindman	$15,000	$—	$5,000	$20,000
Vinod M. Khilnani	$15,000	$—	$5,000	$20,000
Gerald S. Lippes	$56,000	$52,006	$30,000	$138,006

William P. Montague	$96,000	$52,006	$30,000	$178,006
Arthur A. Russ, Jr.	$58,000	$52,006	$30,000	$140,006
Robert E. Sadler, Jr.	$56,000	$52,006	$30,000	$138,006

(1) Consists of annual retainer fees of $30,000 (pro-rated for new directors); $5,000 for each of Messrs. Campbell, Colombo, and Montague, to reflect their respective positions as Committee Chairman; $5,000 for Mr. Montague to reflect his position as Lead Independent Director; $20,000 for Messrs. Colombo and Montague for the Executive Search Committee fee; and additional fees of $2,000 for attendance at each meeting of the Board of Directors and any committee. Messrs. Campbell, Hindman, Khilnani, Lippes, Russ, and Sadler deferred all of their fees into the MSPP. Messrs. Colombo and Montague and Ms. Corwin deferred a portion of their fees into the MSPP. Ms. Corwin's compensation reflects a partial year of board fees as does that of Mr. Hindman and Mr. Khilnani.

(2) This column represents the grant-date fair value of restricted stock granted during the year. The fair value of restricted stock is calculated using the closing price of Gibraltar Industries, Inc. common stock on the date of grant.

(3) This column represents the Company match on the deferred retainer in each respective director’s account under the MSPP.

Outstanding Equity Awards at Fiscal Year End

The following chart summarizes the aggregate number of stock awards outstanding at December 31, 2014 for each director:

Name	Restricted Shares (1)	Restricted Stock Units ("RSUs") (2)	Aggregate Number of Stock Awards Outstanding
William J. Colombo	13,156	33,300	46,456
Jane L. Corwin	3,103	2,946	6,049
Craig A. Hindman	—	1,252	1,252
Vinod M. Khilnani	—	1,252	1,252
William P. Montague	9,156	26,065	35,221
Arthur A. Russ, Jr.	9,156	46,730	55,886
Robert E. Sadler, Jr.	13,156	25,705	38,861

(1) Restricted shares generally vest over three years. Messrs. Montague and Russ hold 2,000 restricted shares and Messrs. Colombo and Sadler hold 6,000 restricted shares that will vest upon retirement from the Board.

(2) Represents Restricted Stock Units ("RSUs") deferred in the MSPP that will be converted to cash and paid out upon retirement from the Board. Includes 15,441 and 1,473 unvested RSUs for the benefit of Mr. Colombo and Ms. Corwin, respectively, which will be forfeited if their service as a member of the Company's Board of Directors is terminated prior to age sixty (60).

PROPOSAL 3

ADVISORY VOTE ON EXECUTIVE COMPENSATION ("SAY-ON-PAY")

We are providing our stockholders with the opportunity to cast an advisory vote to approve the compensation of our named executive officers as described in this Definitive Proxy Statement (commonly referred to as the "Say-on-Pay" vote). The Say-on-Pay vote is advisory and therefore not binding on the Company or the Board of Directors. However, the outcome of the vote will provide information to the Company and the Board of Directors regarding stockholder sentiment about our compensation policies and procedures, which the Compensation Committee will carefully review and consider when making future decisions regarding the compensation of our executive officers. Stockholders are encouraged to read the section entitled "Compensation Discussion & Analysis", which describes how our compensation policies and procedures implement our compensation philosophy.

We believe the Say-on-Pay vote represents an additional means by which we may obtain important feedback from our stockholders about compensation of our executive officers, which is established by the Compensation Committee and designed to link pay with performance while enabling the Company to attract and retain qualified talent on the executive management team.

As set forth in the Compensation Discussion & Analysis, the overall objective of our executive compensation program is to attract, retain, and motivate highly qualified individuals to serve as our executive officers and to align the financial interests of our executive officers with those of our stockholders. To meet this objective, the Compensation Committee has designed a compensation program for our executive officers that focuses on performance and long-term incentives. A significant portion of an executive officer's overall compensation is performance-based, in that it depends on the achievement of both short and long-term financial goals and strategic objectives. In 2014, incentive compensation represented 66% and 48% of the Chief Executive Officer's and other named executive officers' target compensation opportunity, respectively. We believe that this emphasis on both short and long-term financial performance aligns executives' and stockholders' interests. The Compensation Committee believes that the executive compensation program is strongly aligned with the long-term interests of our stockholders and is effective in implementing our compensation philosophy and in achieving our strategic goals.

The Say-on-Pay vote gives you, as a stockholder, the opportunity to provide feedback on our executive compensation program by voting for or against the following resolution:

"RESOLVED, that the stockholders of Gibraltar Industries, Inc. (the "Company") approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed in this Definitive Proxy Statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion & Analysis, the Summary Compensation Table, and other related tables and disclosure."

The Board urges stockholders to endorse the executive compensation program by voting in favor of this resolution. As set forth in the Compensation Discussion & Analysis, the Compensation Committee is of the view that the executive compensation for 2014 was reasonable and appropriate, justified by the performance of the Company during a challenging economic environment, and the result of a carefully considered approach.

Although the Say-on-Pay vote is non-binding, the Board of Directors and Compensation Committee will carefully review the outcome of the vote. The Compensation Committee will consider the outcome of the Say-on-Pay vote, as well as other communication from stockholders relating to our compensation practices, in future determinations concerning our executive compensation program.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE ADVISORY APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS DEFINITIVE PROXY STATEMENT PURSUANT TO THE COMPENSATION DISCLOSURE RULES OF THE SEC IN PROPOSAL 3.

COMPENSATION DISCUSSION & ANALYSIS

This section (the “CD&A”) provides the Company’s stockholders with information about the compensation awarded to our named executive officers (“NEOs”) who are listed in the Summary Compensation Table and demonstrates how the compensation program encourages our NEOs to create stockholder value. The CD&A further illustrates the considerations the Compensation Committee has used and will continue to use in establishing the Company’s compensation philosophy, overseeing the policies that result from that philosophy, and making decisions with respect to those policies, including changes to the policies if warranted.

Executive Summary

Leadership Transition

Beginning in 2013 and ending in 2014, the Board was engaged in a succession planning process that significantly impacted our executive management team. In May 2014, the Company hired Frank G. Heard to serve as the Company’s President and Chief Operating Officer and eventually to be promoted to the Chief Executive Officer (“CEO”) role which he assumed on January 1, 2015. In connection with the hire of Mr. Heard and his promotion to CEO, Brian J. Lipke announced his retirement from the CEO role effective December 31, 2014 and his intention to retire from the Board on June 1, 2015. In connection with these leadership changes, the Compensation Committee established the following compensation for Mr. Heard in 2014:

- Established Mr. Heard’s salary at $450,000, which was pro-rated based upon the number of days he was employed;
- Set Mr. Heard’s targeted annual incentive compensation equal to 75% of his salary subject to the same performance goals as the rest of the executive management team;
- Awarded Mr. Heard with annual grants of time-based restricted stock units (“RSUs”) equal to 60% of his salary;
- Awarded Mr. Heard with annual grants of performance stock units equal to 110% of his salary subject to the same performance goals as the rest of the executive management team;
- Provided the right for Mr. Heard to participate in the Company’s deferred compensation program, the Management Stock Purchase Plan;
- Provided Mr. Heard with limited perquisites consisting of personal use of a company car and reimbursable medical benefits along with the other benefits provided to employees of Gibraltar’s headquarters;
- Granted Mr. Heard a special award of 50,000 RSUs upon announcing his promotion to CEO; and
- Entered into an employment agreement with Mr. Heard.

The Compensation Committee set this level of compensation for Mr. Heard based upon market studies performed by the independent compensation consultant, Towers Watson. The special grant of 50,000 RSUs was made to reward Mr. Heard for his promotion, act as a motivation to retain services over the five-year vesting period, and enable him the ability to meet the Company’s stock ownership guidelines.

Mr. Lipke’s compensation package for 2014 remained unchanged from previous years since his retirement from the CEO role took effect on December 31, 2014.

2014 Business Results

Our Compensation Committee's executive compensation philosophy aims to encourage the creation of sustainable, long-term stockholder value and alignment of the interests of senior management with those of our stockholders through our compensation program. Our pay-for-performance compensation philosophy can only be understood in the context of the financial and strategic achievements of the Company in 2014 as outlined below.

The Company entered a transitional period in 2014 where significant management team changes and investments in operational initiatives positioned Gibraltar for future profitable growth. However, these transitional initiatives combined with increases in the cost of our raw materials and production inefficiencies resulted in a decline in earnings year over year despite sales growth from our postal storage and roofing-related products.

As a result, the Company's financial results did not meet targets set for performance goals under the Company's performance-based compensation programs. The charts below compare our financial results from 2014 to 2013 and 2012 under the financial metrics that are used in determining payouts under (i) our Management Incentive Compensation Plan ("MICP") and (ii) number of Performance Stock Units ("PSUs") earned under our annual grant of performance-based equity compensation. Note that these financial measures differ from GAAP measures reported as a result of non-recurring charges, primarily related to intangible asset impairment charges recognized for business units that were negatively impacted by economic and competitive conditions in the markets they serve. We add back these non-recurring charges, in accordance with the terms of our performance-based compensation, to provide a measurement of earnings from our ongoing operations and serve as a basis to assess the Company in future periods.

The charts above reflect a link between incentive compensation and performance for 2014, as our NEOs all earned an annual incentive equal to 42.7% of target under our MICP and did not earn any PSUs as a result of not meeting the threshold for the return on invested capital, or ROIC, performance goal. These performance goals were established with targets that were designed to reward the executive management team when performance exceeds market levels.

Note that we reference several adjusted financial measures to explain our 2014 achievements. Adjusted financial data excluded special charges consisting of intangible asset impairments, restructuring activities, acquisition-related costs, tax valuation allowance adjustments, and note re-financing costs. These adjusted financial measures are reconciled to our GAAP financial measures within the CD&A. We believe that the presentation of adjusted financial measures provides meaningful supplemental data to stockholders, as well as management, that are indicative of the Company's core operations and facilitates comparison across reporting periods as well as to peer companies. Management uses these adjusted financial measures to assess the performance of our segments and business units.

The Compensation Committee uses adjusted financial information to determine the incentive compensation paid to NEOs under our performance-based compensation plans. The Committee believes the impairments and tax valuation allowance charges are valuation items that were generated from unfavorable economic conditions outside the control of management. The Committee wants to keep management motivated to make hard decisions to drive long-term value creation, such as entering into restructuring plans, making acquisitions and divestitures, and opportunistically managing our capital structure despite the short-term costs associated with these activities. These items normally are not subject to the budgeting process and cannot necessarily be anticipated. The Committee seeks to motivate management to drive current and long-term improvement in operating results without penalizing management for special charges or giving them credit for one-time income activities, such as a gain on the sale of assets. Therefore, the Compensation Committee believes adding back special charges consisting of intangible asset impairments, restructuring activities, acquisition-related costs, tax valuation allowance adjustments, and note re-financing costs will keep management motivated to generate stockholder value and drive improved operating results. The Committee also reviewed the compensation plans of our peer group and noted that more than half of the companies in our peer group use adjusted financial measures to determine their compensation under incentive plans. The special charges added back by our peer companies to determine adjusted financial data were similar in nature to those used by Gibraltar.

Executive Compensation Actions

Our Company continues to be committed to a strong pay-for-performance philosophy that we believe meets or exceeds industry norms. Over the past several years, our Company took several compensation and corporate governance actions to strengthen the design of our pay-for-performance compensation programs. Some of the best practices we employ to achieve the objective include:

What We Do	What We Don't Do
Deliver a significant portion of executive compensation in the form of at-risk, performance-based compensation	Have single-trigger change-in-control agreements
Set performance goals on ROIC based on stockholder recommendations	Provide excise tax gross-ups in our change-in-control agreements
Limit the maximum payout that can be received in our annual cash incentive plan to 300% of target	Provide change-in-control cash benefits greater than 275% of cash compensation
Require our directors and executive officers to satisfy stock ownership guidelines	Allow our directors and employees to enter into hedging and pledging transactions with Gibraltar stock
Maintain a Clawback Provision that applies to all employees	Maintain a supplemental executive retirement plan
Conduct annual “say-on-pay” advisory votes	

In addition, during 2014, the Compensation Committee established a compensation package for our newly-hired President and Chief Operating Officer that aligns with our peer group and includes significant performance-based compensation elements. This compensation package was established in consultation with the Committee’s independent compensation consultant, Towers Watson.

The Compensation Committee believes the highlights above reflect the Company’s pay-for-performance philosophy and commitment to compensation programs that encourage the creation of sustainable, long-term stockholder value and alignment of the interests of senior management with those of our stockholders. The Company’s lower than targeted performance in 2014 led to the lower than targeted compensation earned under our incentive compensation plans. This demonstrates the effectiveness of the Company’s pay-for-performance philosophy. The highlights above, as well as the information contained in this CD&A, further reflect the Compensation Committee’s aim to design a compensation program that aligns with best practices and industry standards. As a result, the Compensation Committee recommends you vote FOR the advisory approval of executive compensation (commonly referred to as the “Say-on-Pay” vote) in Proposal 2.

Compensation Overview and Pay-for-Performance

As noted above, we are committed to a strong pay-for-performance philosophy. With that in mind, we have designed our compensation program to attract, retain, and motivate highly qualified individuals to serve as our executive officers and to align the financial interests of our executive officers with those of our stockholders.

We believe it is in the best interest of our stockholders to encourage and reward the creation of sustainable, long-term stockholder value. To best encourage the practice of creating stockholder value, we developed our executive officer and senior management compensation to place a significant emphasis on pay-for-performance. Executive officers and senior management's interests are more directly aligned with the interests of our stockholders when compensation programs are significantly impacted by the value of our common stock, encourage ownership of our common stock, and reward both short and long-term financial performance. A significant element of our compensation program is long-term equity awards under the Long-term Incentive Plan ("LTIP") which meet the objectives noted above and are comprised of both performance-based and time-based equity awards. Another significant element of our compensation program, the annual Management Incentive Compensation Plan ("MICP") depends on the achievement of financial and strategic goals. We believe the other elements of our compensation program are competitive with the market and allow us to attract, retain, and motivate a highly qualified senior management team.

The significant elements of our compensation program for executive officers and senior management include base salary, the MICP, equity-based incentive compensation under the LTIP, retirement plans, other perquisites, and a non-qualified, equity-based deferred compensation plan ("MSPP"). Therefore, the compensation program includes a significant portion of performance-based compensation, including the MICP and performance-based equity awards issued under the LTIP.

Consistent with our pay-for-performance philosophy, our CEO target compensation is designed to be heavily weighted toward performance-based compensation. As depicted in the chart below, 66% of our CEO's target compensation is provided in the form of performance-based compensation. The target compensation of our other NEOs is also weighted toward performance-based compensation. On average, 48% of their compensation is performance based with another 16% tied to time-vested stock awards. The long-term value of time-vested stock awards will fluctuate with our stock price, thus aligning our executive officers' interests with our stockholders' interests.

The following charts highlight the targeted compensation mix for our CEO and the average mix for the other NEOs:

Performance-based compensation includes annual incentive compensation and performance-based equity awards. A significant portion of the executive officers' compensation is at-risk based on the value of the Company's common stock and financial performance. The above charts include targeted compensation generated from the Company match, which is provided for salary and MICP deferrals into our non-qualified deferred compensation plan, the MSPP, an important part of our compensation program. Compensation deferred into the MSPP is converted to restricted stock units and the aggregate amount deferred is also at-risk since the amounts paid are based on the value of the Company's common stock. The structure of the MSPP furthers our goal of placing particular emphasis on pay-for-performance as it relates to our executive officers' compensation program.

The components of compensation that are performance-based ensure that executive pay is aligned to performance. Our annual MICP has the following performance related criteria: (i) adjusted net income from continuing operations as a percentage of sales (net income margin), (ii) net sales growth, and (iii) days of working capital. We believe the structure of the annual incentive compensation plan has incentivized management to maintain market share and pursue growth and cost reduction opportunities during a challenging operating environment. The weighting of each performance goal changes from year to year based on the Compensation Committee and management's determination of the most significant goals included in the strategic plan. During 2014, net income margin was the most significantly weighted performance goal as the Compensation Committee wanted the executive management team to be incentivized to improve earnings.

Another significant portion of our executive officer’s performance-based compensation is performance stock unit awards (“PSUs”). For 2014, PSUs were awarded to our executive officers and earned during the annual performance period based on our return on invested capital (“ROIC” as defined in the awards) compared to targeted ROIC.

As noted above under the “2014 Business Results”, our NEOs only earned 42.7% of their target compensation under the annual MICP and earned 0% of the targeted PSU awards granted to them during the most recent year. These percentages of target were calculated based upon the financial results generated by the Company during 2014. A more detailed calculation of the amounts earned under these components of performance-based compensation can be found below in the section entitled “Elements of Our Compensation Program”.

The other significant components of compensation for our executive officers are not at-risk and consist of a competitive base salary and, for NEOs other than our CEO, long-term incentive compensation consisting of time-based restricted stock units (“RSUs”). The RSUs convert to shares over a vesting period generally consisting of four years. We believe the RSU awards align the executive officers’ goals with the interests of our stockholders as the officers are incentivized to increase the stock price through ownership of RSUs and shares of the Company’s common stock. Time-based equity awards provide a good balance between retention and performance by encouraging executive officers to remain employed with the Company through the vesting date and encouraging the creation of sustainable, long-term stockholder value. In 2014, the CEO did not receive any time-based RSUs so that the mix of compensation provided to the CEO was more significantly performance-based.

Distinguishing Awarded Compensation from Realized Compensation

It is important to distinguish the reported compensation awarded to our executive officers in 2014 from the compensation that was actually earned by our executive officers. Compensation reported within the Summary Compensation Table uses different measurements of the compensation reported depending on the type of compensation. The PSU compensation reported for each executive officer is disclosed at targeted award value, or grant-date fair value, while the compensation from the MICP reported in the table reflects the actual amount earned and paid to the executive officers, or realized value. If both portions of performance-based compensation were measured at their realized value, it would show the impact of actual performance on each executive officer’s compensation. Additionally, the actual value of retirement benefits and the MSPP may differ from those values reported in the Summary Compensation Table due to the volatile and significant effects of changes in actuarial assumptions and the Company’s stock price.

The following table provides the impact that performance based compensation and retirement benefits had on compensation realized by our executive officers in 2014:

	Fixed Compensation			Performance Based Compensation								
Name	Salary (1)	Time-vested RSUs (1)	All Other (1)	MICP		PSUs		Pension & Deferred Compensation		Total Compensation		
				Target (2)	Realized (1)	Target (1)	Realized (3)	Target (4)	Realized (4)	Target	Realized	% of Target
Brian J. Lipke	$680,000	$—	$68,343	$612,000	$261,324	$816,002	$—	$—	$—	$2,176,345	$1,009,667	46%
Frank G. Heard	$278,654	$1,083,001	$5,031	$224,775	$96,075	$320,055	$—	$203,413	$—	$2,114,929	$1,462,761	69%
Kenneth W. Smith	$374,596	$260,846	$62,802	$225,000	$96,075	$374,994	$—	$215,575	$224,913	$1,513,813	$1,019,232	67%
	$223,000	$129,437	$66,825	$78,050	$33,327	$222,996	$—	$86,413	$81,728	$806,721	$534,317	66%

Paul M. Murray												
Tim F. Murphy	$186,738	$83,166	$34,810	$46,750	$19,962	$112,205	$ —	$58,405	$35,031	$522,074	$359,707	69%

(1) Amounts correspond to those set forth in the Summary Compensation Table.

(2) Equal to the target annual incentive compensation calculated for each NEO based upon a percentage of their salaries.

(3) Equal to the actual number of PSU shares earned based on performance of the Company times the 90-day average stock price as of the grant date.

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(4) The pension and deferred compensation target and actual are $0 for Mr. Lipke since the pension benefits that impact this compensation on the Summary Compensation Table have been vested for a number of years and only changes in valuation assumptions determine the compensation reported. For the other NEOs, the amounts reflected for target are equal to the company-match shares that would be credited to their MSPP accounts if each NEO deferred all eligible amounts under the MSPP and the MICP was at target. The realized amount equals the value of the company-match shares added to each NEO's MSPP account during 2014.

As shown above, the realized compensation earned by the Named Executive Officers approximated 46% to 69% of targeted compensation. The percentage of realized compensation to targeted compensation was lower for Mr. Lipke since he is not eligible to receive time-vested RSU awards, and his compensation package was more heavily weighted to performance-based compensation awards. In addition, targeted compensation for Mr. Lipke did not include any benefits from the company match in the MSPP as the Compensation Committee excluded him from participating in the plan during 2013. Realized compensation did not meet target compensation as a result of the Company's performance in relation to the performance goals set for the MICP and PSU awards. The Compensation Committee believes realized compensation is an important metric to understand when evaluating the effectiveness of the Company's compensation program.

Say-on-Pay Vote Results

At the 2014 Annual Meeting of Stockholders, Gibraltar received 99.8% support from its stockholders on the Say-on-Pay vote. The Compensation Committee considered the 2014 Say-on-Pay vote and concluded that the vast majority of stockholders approved of the Company's compensation program. The Company routinely meets with its stockholders to discuss the Company's performance and strategic plan. During this process, the executive team often solicits feedback from stockholders on corporate governance and compensation matters. A summary of the feedback we received from our investors and others, and the actions we have taken are highlighted below:

Stockholder feedback	Actions taken by the Company
Adopt annual elections for directors of the Board	Added a stockholder proposal to remove the classified board structure and adopt an annual election process
Separate the Chairman and CEO roles	As a part of the Company's succession planning process, the CEO and Chairman of the Board roles were separated January 1, 2015
Impose a limit on short-term incentive program payout	Limited the payout under our Management Incentive Compensation Plan to 300% of target
Use performance metrics in long-term incentive plan impacted by management (not market)	Awarded performance stock units in 2014 with ROIC as the performance metric as opposed to total shareholder return, or another relative performance goal

We are appreciative of the candid and constructive advice provided by our substantial stockholders and believe the changes we enacted to our corporate governance and compensation programs in response will increase the overall pay-for-performance focus.

Design of the Compensation Program

The Compensation Committee of our Board of Directors engages independent compensation advisor, Towers Watson, a nationally recognized compensation consultant, to provide survey information and assistance in the development of a compensation program for our executive officers which has a strong emphasis on performance and long-term incentives and which is competitive within our industry in terms of (1) base salaries, (2) annual incentives, and (3) long-term incentives. These three components are the key elements of the compensation program offered to our executive management team.

The Company's compensation program is reviewed annually to ensure the goals of the program are met and is amended from time to time to incorporate changes to further align the program with current industry best practices. The compensation program compensates our executive officers through a mix of base salary, annual incentive payments, and long-term equity-based incentives. The structure of this compensation program continues as the framework for compensation paid to the executive officers as reported in the Summary Compensation Table and was developed by the Compensation Committee in consultation with Towers Watson with respect to compensation practices of peer companies.

Peer Company Analysis

We analyzed our executive officers' 2014 compensation in relation to executives' compensation of a peer group of companies used for comparative data, which consists of:

Actuant Corporation	Eagle Materials	Patrick Industries, Inc.
Albany International Corp.	Griffon Corporation	Ply Gem
American Woodmark	Headwaters Incorporated	Quanex Building Products
A.O. Smith Corporation	L.B. Foster Company	Simpson Manufacturing
Apogee Enterprises	NCI Building Systems	Trex Company
Builders FirstSource		

The Company revamped its peer group during 2014 to expand the peer group from nine companies to 16 companies to align with best practices, broaden the sample size from which we draw conclusions, and better reflect the market for executive talent that our business faces. The peer companies were selected based on their comparable size, as measured by sales and market capitalization, and industry. Companies within the selected peer group are all building products or industrial businesses that have revenues, market capitalization, or assets equal to 50%-250% of Gibraltar's.

As of December 31, 2014, the median full year revenues, market capitalization, and assets of the peer group (using the most recent annual information available) compared to Gibraltar is set forth in the table below (in millions):

Assets ($)		Market Capitalization ($)		Revenues ($)	
Peer Company	As of 12/31/14	Peer Company	As of 12/31/14	Peer Company	As of 12/31/14
A.O. Smith	2,515	A.O. Smith	5,023	A.O. Smith	2,356
Actuant Corporation	1,857	Eagle Materials	3,819	Griffon Corporation	1,992
Griffon Corporation	1,820	Simpson	1,695	Builders FirstSource	1,604
Eagle Materials	1,512	Albany International	1,680	Ply Gem	1,567
Ply Gem	1,255	NCI Building Systems	1,365	Actuant Corporation	1,400
Albany International	1,029	Trex Company	1,350	NCI Building Systems	1,371
Simpson	973	Apogee Enterprises	1,230	Eagle Materials	898
Headwaters	903	Actuant Corporation	1,211	Headwaters	791
NCI Building Systems	759	Headwaters	1,104	Apogee Enterprises	771
Builders FirstSource	583	Ply Gem	950	Simpson	752
Apogee Enterprises	565	Builders FirstSource	674	Albany International	745
Quanex	517	American Woodmark	643	Patrick Industries, Inc.	736
L.B. Foster Company	495	Quanex	632	American Woodmark	727
American Woodmark	330	Griffon Corporation	615	L.B. Foster Company	607
Patrick Industries, Inc.	256	L.B. Foster Company	503	Quanex	595
Trex Company	196	Patrick Industries, Inc.	452	Trex Company	392
Median	831	Median	1,158	Median	781
Gibraltar Industries	814	Gibraltar Industries	503	Gibraltar Industries	862

To support the reasonableness of the base salaries and other key elements of compensation provided to our NEOs, the compensation of similar officers of the peer group was analyzed. The following table compares the significant compensation elements for Gibraltar's executive officers to other executives from our peer group with similar responsibilities. The compensation elements below include salary, annual cash bonus, and granted equity compensation, which are represented in thousands:

Name	Base Salary			Non-Equity Incentive Compensation			Long-Term Incentives			Total Comp. (3)
	Gibraltar	Peer Group Median	% of Median (1)	Gibraltar	Peer Group Median	% of Median (1)	Gibraltar	Peer Group Average	% of Median (1)	% of Median (1)
Brian J. Lipke, CEO	$680	$720	94 %	$612	$695	88 %	$816	$1,340	61 %	77 %
Frank G. Heard, COO	$450	$460	98 %	$338	$285	119 %	$765	$500	153 %	125 %
Kenneth W. Smith, CFO	$375	$380	99 %	$225	$290	78 %	$636	$500	127 %	106 %
Paul M. Murray, SVP (2)	$223	$320	70 %	$78	$140	56 %	$352	$370	95 %	79 %
Timothy F. Murphy, VP (2)	$187	$270	69 %	$47	$210	22 %	$195	$220	89 %	61 %
Average Ratios for all Named Executive Officers			86 %			73 %			105 %	90 %

(1) Measures the ratio of Gibraltar's compensation and the median of the peer group for each executive officer.
(2) Only a small sample of close comparisons for the duties performed by Mr. Murray and Mr. Murphy could not be found within the peer group. As such, we compared their compensation to the fourth and fifth highest paid NEOs in each peer company's summary compensation table, respectively.
(3) Total compensation includes all three components of direct compensation: base salary, non-equity incentive compensation, and long-term incentives.

The Compensation Committee approved the executive officer base salaries based on recommendations from management and review of the Towers Watson data summarized above along with survey data also provided by Towers Watson. In general, our base salaries are competitive with the peer group with our more experienced executive officers positioned closer to the average for the peer group. As noted above, our base salaries were, on average, 14% lower than comparable salaries within our peer group.

Additionally, our MICP, the annual cash bonus plan, is positioned on average 21% lower than our peer group's average incentive compensation. However, our long-term equity compensation is positioned 5% above the peer group's average. We believe the emphasis on long-term equity awards better aligns our executive management team's interests with our stockholders as it emphasizes stockholder value creation and return on invested capital. In total, our executive officers' total direct compensation approximates the median total compensation for executives in our peer group.

Compensation Committee Approval Process
Management recommendations for salary increases, for all executive officers other than the CEO, are made annually and are based on the CEO's evaluation of each executive officer's performance, length of service to the Company, experience, level of responsibility, the Company's financial position, and degree to which their efforts have contributed to the implementation of the Company's strategies and goals. This information is then used by the Compensation Committee to review and establish the base salaries of executive officers. The CEO's salary increase is determined by

the Compensation Committee based upon the same criteria.

Final authority for the establishment of annual base salaries of our executive officers resides with the Compensation Committee. Once base salaries are established, the formula-driven components of our compensation program are applied to determine the amount of the total compensation which our executive officers will be entitled to receive based upon the degree to which the Company’s annual goals have been achieved.

Based on the peer group analysis described above, targeted annual incentive compensation and long-term equity-based incentive compensation components of each executive officer's total compensation were set at percentages of each executive officer's base salary. Structuring our compensation to provide that a substantial portion of each executive officer's total compensation is based on (i) an annual incentive program and (ii) an equity-based long-term incentive program rewards our executive officers for achieving clearly defined annual financial goals and for implementation of policies and practices which generate long-term appreciation in the value of the Company's common stock. Additionally, the formulaic link between the amount of an executive officer's base salary and the annual and long-term equity incentive compensation reduces the need for the Compensation Committee to exercise discretion in the determination of the amount of an executive officer's incentive compensation. This provides the executive officers and stockholders a degree of certainty as to the level of incentive compensation which executive officers will be entitled to receive upon attainment of a specified level of performance.

The following table summarizes the targeted compensation for non-equity incentive compensation and equity incentive awards (including RSUs and PSUs) established by the Compensation Committee:

	Percentage of Salary	
Position	Annual Incentive Compensation	Long-term Equity Compensation
Chief Executive Officer	90%	120%
Chief Operating Officer	75%	170%
Chief Financial Officer	60%	145%
Senior Vice President	35%	125%
Vice President	25%	70%

The Compensation Committee set the targeted annual incentive compensation and long-term equity compensation levels as a percentage of salary after consulting with Towers Watson. The compensation levels were considered reasonable in comparison to the peer companies described above and tailored to the Company's leadership structure, level of responsibility, and emphasis on pay-for-performance while emphasizing stock ownership which we believe aligns management's interests with the interests of our stockholders.

The Compensation Committee, in consultation with senior management, developed a long-term equity-based incentive program which provides executive officers the ability to earn long-term equity-based incentive compensation which was base