

GIBRALTAR INDUSTRIES, INC.
Form DEF 14A
April 06, 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

Filed by a Party other than the Registrant

Check the appropriate box:

- 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):

- No fee required
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(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 poised 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

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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).
Approval of the material terms of the Company's Management Incentive Compensation Plan to enable the
4. 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.

1

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	Class II Directors	Class III Directors
Term Expiring in 2017	Term Expiring in 2016	Term Expiring in 2015
Frank G. Heard	William J. Colombo	Jane L. Corwin ¹
Vinod M. Khilnani	Craig A. Hindman	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 distributor 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