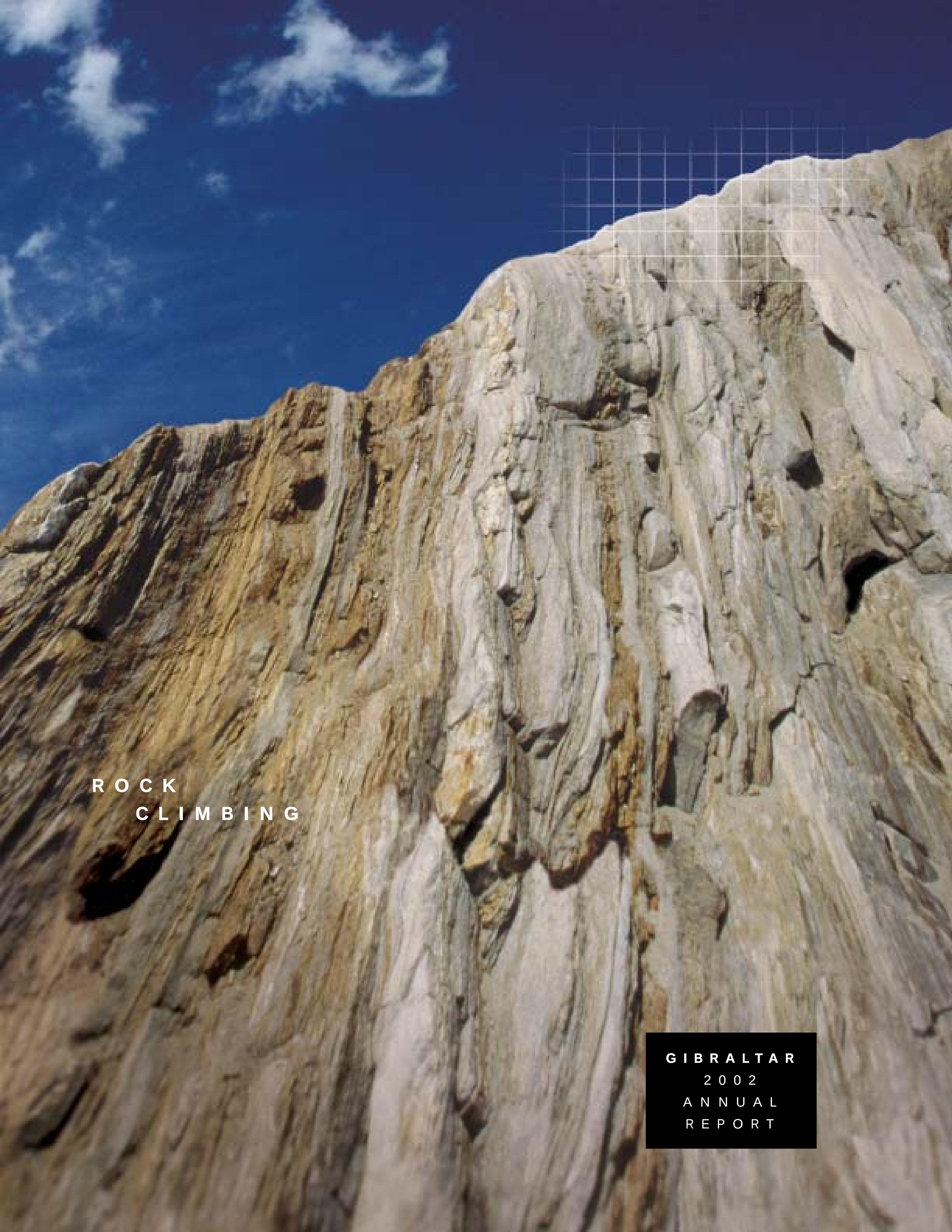

ROCK
CLIMBING
GIBRALTAR
2002
ANNUAL
REPORT

GIBRALTAR (NASDAQ: ROCK) HAS ALWAYS FOCUSED ON GROWTH

From 1972-1993, we grew our sales, on average, by 15% a year. At the time of our Initial Public Offering (IPO) in 1993, we outlined steps to accelerate our growth, and set a goal to reach $1 billion in annual sales by the end of 2003.

The aim was to make Gibraltar stronger, not just bigger – and we've done that in a number of ways. We now serve 10,000 customers, versus 900 in 1993. Manufactured end products now represent approximately half of our sales, compared to 14% in 1993. And we've increased the number of facilities we operate by more than sevenfold.

In the last 10 years, we focused on growing and stabilizing our margins. We've invested more than $170 million in our existing operations, and we made 17 acquisitions, giving us strong and growing businesses in two new areas: building products and heat treating.

In short, we've expanded the traditional definition of a steel processor. We give our customers an unmatched and unprecedented mix of quality, variety, and service, and offer them the widest array of products and services available from any company in our industry, while still meeting their most critical specifications and highest demands.

While we're proud of what we've accomplished over the last 10 years, we truly believe our best days are in front of us. **We have never been stronger or had more opportunities for growth.**

We are again charting a decisive course for the future, setting our sights on the next set of goals, strengthening our leadership position, and finding ways to make Gibraltar even stronger.

Our focus today is really no different than it was the day we went public 10 years ago, or the day we were founded more than 30 years ago. Our performance in the past is connected to our possibilities in the future by an unwavering commitment: ROCK climbing.

ROCK SOLID
OPPORTUNITY

BUILDING PRODUCTS

When 1997 began, this Gibraltar segment didn‘t even exist. Just six years later, it‘s our largest, accounting for $292 million, or 45%, of sales.

And in just six years, we‘ve become a true leader within this industry. We are the nation‘s largest mailbox manufacturer, and its second-largest maker of structural connectors. All totaled, our Building Products segment manufactures and distributes more than 5,000 products, including ventilation products, rain-carrying and soffit systems, registers and grilles, and metal roofing and roof accessories.

While we‘ve already built a formidable presence in this area, we have no intention of standing pat in this highly fragmented, $480-billion industry that holds numerous opportunities for acquisitions and margin improvement. And with continuing growth, led by market leaders like The Home Depot, Lowe‘s, Menards, and Wal-Mart, whom we are fortunate and proud to count among our best customers, we expect this segment will continue to be a major part of our success.

HEAT TREATING

Like our Building Products segment, we entered the Heat Treating market in the mid-1990s to further diversify our business and reduce our reliance on any one market or industry. Here too, we have quickly become a leader, growing into the second-largest commercial heat treater in North America in just seven years.

PROCESSED STEEL PRODUCTS

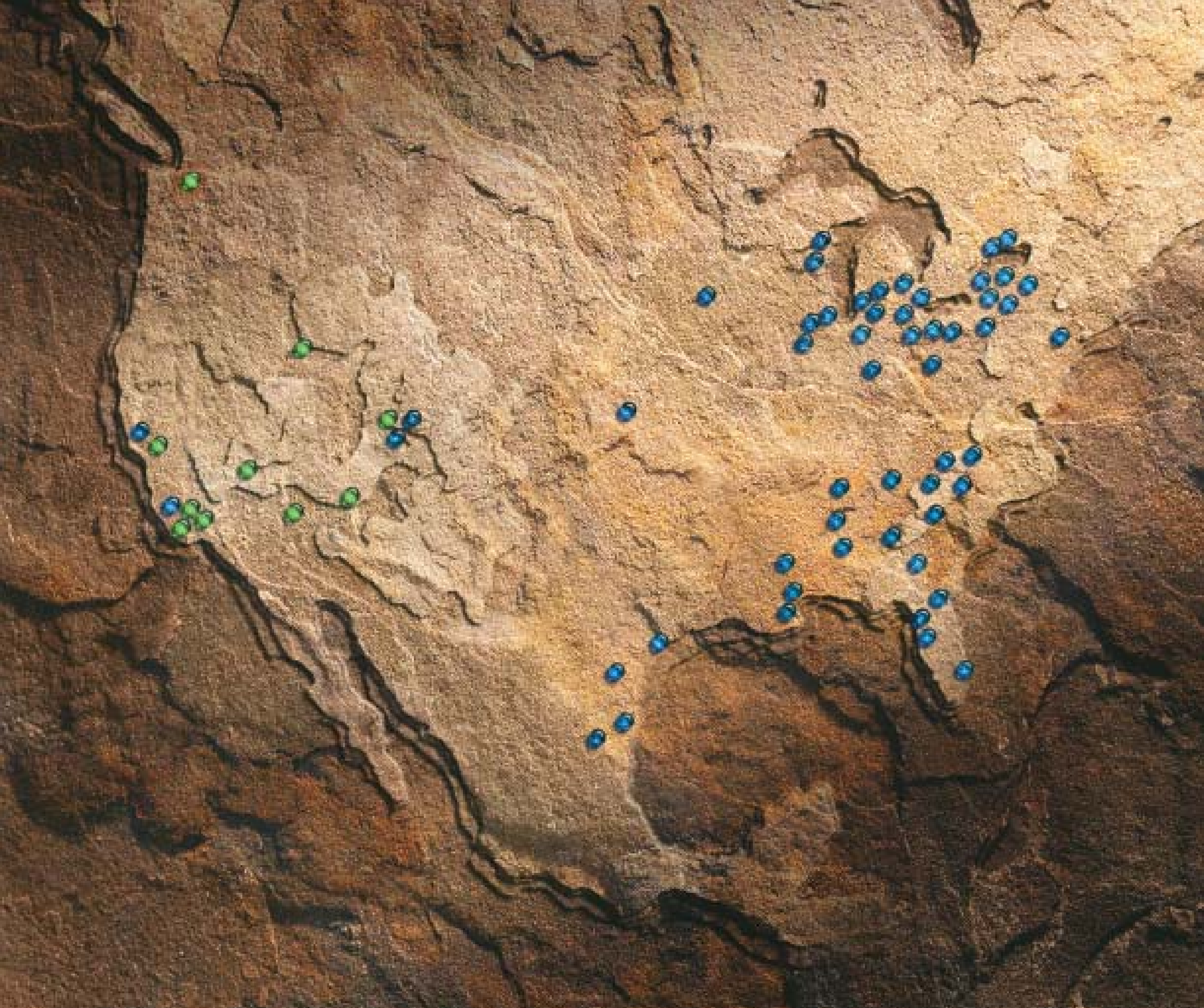
Our Processed Steel Products segment, the business from which Gibraltar was born more than 30 years ago, continues to evolve and thrive for us today.

Comprising $273 million, or 42%, of our sales, our cold-rolled strip and strapping operations, painted steel products, just-in-time materials management facilities, and steel pickling joint venture combine to meet some of the most demanding customer needs and specifications within our industry. And by focusing on the most precise and complex applications, we not only differentiate ourselves from our competitors, we position ourselves in the highest-margin areas of the business.

All of this has helped the Gibraltar name become synonymous with superior quality and customer service among the automotive industry's leaders (including Chrysler, Ford, GM, Honda, and Toyota), as well as the appliance, industrial, and hardware industries, among others.

Our leadership position has earned us the opportunity to serve high-profile customers like Black & Decker, Caterpillar, Cooper, Elkay, Frigidaire, GE, GM, and Sears-Craftsman. Even though heat treating currently accounts for $80 million in sales, 13% of our total, our goal is to have this segment produce $100 million in sales. And with more than 700 independent heat treaters in this $20-billion industry, acquisition opportunities are plentiful.

The Company wishes to take advantage of the Safe Harbor provisions included in the Private Securities Litigation Reform Act of 1995 (the “Act”). Statements by the Company, other than historical information, constitute “forward-looking statements” within the meaning of the Act and may be subject to a number of risk factors. Factors that could affect these statements include, but are not limited to, the following: the impact of changing steel prices on the Company’s results of operations; changing demand for the Company’s products; risks associated with the integration of acquisitions; and changes in interest or tax rates.



At the time of our IPO in 1993, we operated nine facilities in four states, primarily around the Great Lakes. Today – just nine years later – we have 64 facilities in 25 states, Canada, and Mexico, and we are in many of the fastest-growing regions of North America. While we have substantially expanded our geographic footprint, there are a number of attractive markets still open to us. We fully intend to continue strengthening our domestic operations, and look for additional growth opportunities in international markets.

Gibraltar facilities as of December 31, 2002.   Acquired via the April 2, 2003 acquisition of Construction Metals, Inc.

PERFORMANCE HIGHLIGHTS

- Net income grew by 90% to $23.9 million; sales were up 5% to $645 million
- Earnings per share increased by 57% to $1.54, despite 22% more shares outstanding
- Completed a stock offering in March 2002 that raised approximately $51 million
- Acquired B&W Heat Treating, Canada's largest commercial heat treater, in July
- Increased our annual dividend by 14%, to $.16 per share
- Restructured our debt, including a $50-million private placement, in July
- Reduced our debt-to-cap ratio to 36%, our lowest year-end level since 1996
- Acquired Construction Metals, Inc. on April 2, 2003, expanding our operations in the western U.S.
- Numerous acquisition opportunities exist to fuel continued growth

FINANCIAL HIGHLIGHTS

Year Ended (In thousands, except percent and per share data)	**December 31, 2002**	**December 31, 2001**	**Change**
Net sales	$ 645,114	$ 616,028	4.7%
Gross profit	127,289	116,083	9.7%
Income from operations	50,160	37,509	33.7%
Net income	23,854	12,533	90.3%
Net income per share, diluted	$ 1.54	$ 0.98	57.1%
Weighted average shares outstanding, diluted	15,519	12,773	21.5%
Long-term debt	$ 166,308	$ 211,462	(21.3)%
Shareholders' equity	293,117	218,347	34.2%
Capital expenditures	15,995	14,344	N/A
Depreciation and amortization	$ 20,481	$ 23,486	N/A
Return on average equity	9.3%	5.9%	57.6%
Return on sales	3.7%	2.0%	85.0%

Net Sales in millions

Net Income in millions

While the economy did generate some improvements in 2002, it still has a long way to go to get back to the levels of late 1999 and early 2000, so there is considerable upside in our sales and earning potential.

TABLE OF CONTENTS

Gibraltar's Executive Management Team: left to right, Bob Brunson, Jack Flint, Ken Matz, Henning Kornbrekke, Walt Erazmus, Brian Lipke, Eric Lipke, and Carl Spezio.

Fellow Shareholders, We had a very good year in 2002, an achievement that is especially noteworthy since we had to overcome a slow and struggling economy. We generated significantly higher earnings on modest sales growth. We also completed a highly successful stock offering, restructured and strengthened our balance sheet, and acquired B&W Heat Treating.

During a year in which many manufacturing companies had shrinking sales, our top line increased by approximately five percent to $645 million. Because of our focused efforts to control costs, our net income grew by 90 percent to $23.9 million. Most importantly, our earnings per share increased by 57 percent in 2002 to $1.54, despite the addition of 3,150,000 shares from our March follow-on stock offering.

While strong in some areas – like automotive (which represents 29 percent of our sales) and housing – the economy was still slow and spotty in 2002. We did see some improvements from the lows experienced in the fourth quarter of 2001, but overall, the economy still has a long way to go to get back to the levels of late 1999 and 2000, leaving a lot of upside in our sales and earnings potential.

We continue to benefit from our strategic diversification as we work our way through a slowly improving economy. We have broadened our customer base and business mix, expanded the steel-consuming markets we are serving, and extended our geographic reach into many of North America's fastest-growing markets. This carefully planned and executed strategy – along with our evolution into a seller of manufactured end products, which now account for approximately 50 percent of sales compared to 14 percent in 1993 – has given us the ability to generate higher and more consistent margins.

Those strategic decisions – coupled with our ongoing efforts to reduce costs and maximize asset utilization – place us in a much stronger position to successfully weather any slowdown and to expand profits in good markets.

LETTER TO SHAREHOLDERS

Sure Steps in Uncertain Times

Ever since the industrial economy entered a recession in the fall of 2000, it has been a difficult operating climate for most businesses. Despite the challenges of the general economy, which we cannot control, there were a number of opportunities to better position our company, which we could control, including:

Gibraltar doubled its sales in the three years following its IPO, and then doubled sales again in four years after our 1996 secondary offering. We see similar – and possibly even greater – opportunities following our most recent offering.

Completed Secondary Stock Offering – In March 2002, we completed a highly successful stock offering that raised net proceeds of $51 million and increased our liquidity by putting four million additional shares into the public float. We used the proceeds from the offering to pay down debt, and we ended the year with a debt-to-cap ratio of 36 percent, our lowest year-end level since 1996.

Acquired B&W Heat Treating – In July 2002, we completed the immediately accretive acquisition of B&W, the largest independent commercial heat treater in Canada, with annual sales of approximately $10 million. In addition to extending our geographic reach, B&W broadened our services offerings, since it is a leader in aluminum processing, a rapidly growing area. This acquisition strengthened our position as the second-largest commercial heat treater in North America.

Acquired Construction Metals – On April 2, 2003, we acquired Construction Metals, Inc., a manufacturer of a wide array of building and construction products with annual sales of approximately $35 million. With 10 facilities throughout the western United States, Construction Metals strengthens our distribution network in one of the largest and fastest-growing parts of the country.

Restructured our Balance Sheet – We extended our $225-million credit facility (expandable to $275 million) for a five-year term, giving us considerable flexibility to pursue growth opportunities that would further strengthen our market position. We also completed a $50-million private placement of debt, which locked in a substantial portion of our debt at fixed rates for five years, reducing our exposure to future rate increases and providing greater consistency and stability in our future earnings.

$1 Billion…and Beyond

The economic slowdown of the last 2 1/2 years has interrupted the plans and delayed the goals of many companies, including Gibraltar. For us, the slowdown is no more than a temporary interruption to our record of consistent sales and earnings growth. We are still clearly focused on our strategic plan, which we detailed at the time of our Initial Public Offering (IPO) in 1993, with goals of average annual sales and earnings growth of 20 percent, and annual sales of $1 billion and annual net income of $45 million.

More importantly, we are coming through this difficult period as an even stronger company. We have taken steps to drive our gross margin back above 20 percent and our operating margin north of 10 percent. We are also continuing our efforts to generate improvements in our returns on invested capital, equity, and assets, all of which improved in 2002.

EBITDA in millions **CAGR: 1993-2002=18%**

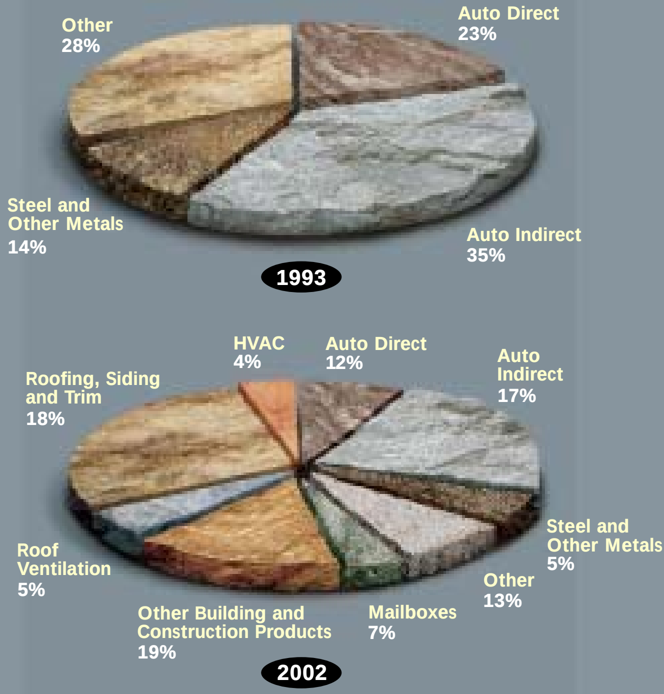
As a result of these steps, we are well positioned to resume our sales and earnings growth. As a point of reference, Gibraltar doubled its sales in the three years following its IPO, and then doubled sales again in four years after our 1996 secondary offering. We have clearly used the proceeds from past offerings to accelerate growth, and we see similar – and possibly even greater – opportunities following our most recent offering.

The Gibraltar Team: The Best in the Business

Our success, both operationally and in the capital markets, attests to the confidence and trust extended to us by our customers and our investors. We know we must earn that trust every day, and we are committed to fair and full disclosure, transparency, the highest standards of integrity, and accurate and timely reporting. This is the way we've always run our business, and these principles – now more than ever – continue to guide us.

None of this would be possible without great people, and I believe our Gibraltar Team – some 3,600 strong, at 64 locations in 25 states, Canada, and Mexico – is the best in the business, hands down.

Revenue Diversification



A major focus for Gibraltar since its 1993 IPO has been the diversification of its revenue. This diversity has made us less dependent upon any one industry or customer, making our earnings and share price less volatile. It has allowed us to perform better when the economy is healthy, and during downturns in economic activity.

A Constant Amidst the Change: ROCK Climbing

While we are a much different (and far stronger) company than we were at the time of our IPO in 1993 – and far different than other steel processors – no change is more significant than the amount, quality, and magnitude of growth opportunities now available to our Company. Today, we participate in more markets and businesses, and serve more customers, than at any point in our history. Because of that, we have never been in a better position to continue our sales and earnings growth.

Yet, for all the change, our focus today is no different than it was 10 years ago when we went public, or 30 years ago when the current management team acquired Gibraltar. We want to consistently grow our sales and earnings, improve our returns, and continue to build Gibraltar into an even stronger company. As we map out our steps to $1 billion...and beyond, in spite of new challenges and opportunities, our focus is constant: ROCK climbing.

Sincerely,

Brian J. Lipke
Chairman and Chief Executive Officer

B U I L D I N G   P R O D U C T S

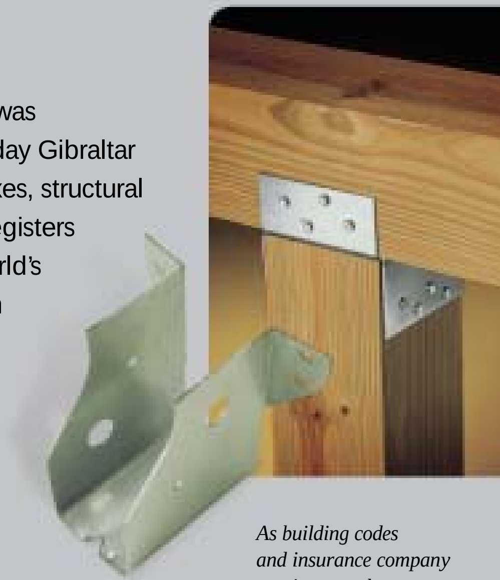
Gibraltar's rain-carrying systems (like this copper gutter) serve both the do-it-yourself and professional seamless gutter industries. We offer galvanized steel, painted aluminum, painted Galvalume, copper, and titanium-zinc products, each of which provides a unique appearance and benefit, filling the needs of almost any residential or commercial application.

At the time of our November 1993 Initial Public Offering, Gibraltar was a steel processor, pure and simple. That's what we did – and we did it very well. But we recognized that in order to hit our top and bottom line growth objectives, increase our financial strength, and generate higher returns for our shareholders, we needed to find additional, yet related businesses. That process led us to the Building Products market, where we made our first acquisition in 1995.

After seven additional acquisitions (and considerable internal growth), we have built this area into our largest business segment in just five years. In fact, it now accounts for 45 percent of our total sales. Moreover, manufactured end products now represent approximately 50 percent of our sales, up from just 14 percent in 1993, giving us the ability to generate higher and more consistent margins.

Today, our building products companies operate 33 facilities in 19 states, serve the top customers in all of the major distribution channels, and have annual sales of approximately $350 million. And we have detailed plans to continue the growth – and improve the profitability – of this part of our business.

Our goal in this area, like our strategy with our Processed Steel Products segment, was to become an industry leader, and we wasted little time in making that happen. Today Gibraltar manufactures a diverse line of more than 5,000 building products including mailboxes, structural connectors, metal roofing and accessories, rain-carrying systems, heating/cooling registers and grilles, and ventilation products. We are North America's – and possibly the world's – largest mailbox manufacturer, the second-largest maker of structural connectors in the United States, and one of the largest manufacturers of ventilation products.



As building codes and insurance company requirements have become more strict, products like our structural connectors, that help structures withstand high winds and seismic activity, have seen increased demand.

Our leadership goes well beyond the products we sell and our market position. For us, it's not just what we sell – but where we sell it – that is a growth driver for our continued success. Our customers include industry leaders, like The Home Depot, Menards, Lowe's, and Wal-Mart, who together accounted for approximately one-third of our building products sales in 2002. Our strong and growing relationships with these industry leaders, all of whom have aggressive plans to grow their business, will fuel our continued growth. We also serve leading wholesalers (like Georgia-Pacific and Prime Source), buying groups (such as Ace Hardware), and major roofing distributors.

Our goal in this segment is to strengthen the leadership position of our existing products, as we broaden and diversify our offering. Since the building products industry remains highly fragmented, with numerous manufacturers of varying size, location, and products, there are plenty of opportunities to expand and enhance our product lines, broaden and diversify our geographic footprint, and increase our sale of manufactured end products through additional acquisitions.

Developing new products at our existing operations is another key part of our growth strategy. For example, at Solar (our company that makes mailboxes), 24 percent of their 2002 sales came from products that did not even exist when Solar became part of the Gibraltar family four short years ago.

We also have available capacity at our existing facilities, capacity that we bought and paid for in our earlier acquisitions. Most of the companies we acquired, although profitable and immediately accretive, were only running one or $1\frac{1}{2}$ shifts a day, five or six days a week. As we more fully utilize this capacity, we expect to accelerate our sales growth, enhance our profitability, and improve our returns on sales, assets, equity, and capital.

Couple these initiatives with the many cost-cutting actions we took during the last two years, and the addition of Henning Kornbrekke (who ran one of the largest divisions of Stanley Tool before joining Gibraltar) to lead this segment, and you can see that we are well positioned to continue, and possibly accelerate, our growth in the Building Products market for many years to come.

Gibraltar's full line of vents, soffits, and fascia provide critical ventilation to homes in both hot and cold climates, preventing homes from many kinds of heat and moisture damage, while ensuring comfortable in-home temperatures.

Gibraltar's heat-treating facilities service a wide variety of lawn and garden equipment, ranging from smaller hand gardening tools to the largest tractors and mowers, to mid-sized power gardening tools like this hedge trimmer.

At the same time that we were looking at the Building Products market, we found another industry to further diversify and strengthen Gibraltar. Heat treating (a process which improves the strength, durability, and effectiveness of a wide array of metal products and components) was an obvious extension of our steel processing experience and expertise. We have been heat treating steel in our cold-rolled strip and strapping operations since 1972. We entered the commercial heat-treating market with a bang in early 1996, acquiring Carolina Commercial Heat Treating (CCHT), the largest company in the Southeastern United States.

This is an attractive market for a number of reasons. There is $20 billion of heat-treating work done every year in North America, so it's a big business. Like Building Products, it is highly fragmented, and there are hundreds of acquisition opportunities among the more than 700 independent heat treaters in North America. Plus, as the trend toward outsourcing continues (today, just 10 percent of heat treating is done by commercial providers, like Gibraltar, with the rest done by captive or in-house operations), it is clear that the upside for Gibraltar is huge.

We also offer an "in-sourcing," or IS 21 Partnership, which allows our customers to work with one or more of Gibraltar's heat-treating companies – forming a partnership that gives them full access to the services and skills of an industry leader. In an IS 21 Partnership, we install state-of-the-art equipment at their facility, and staff and operate it with our highly trained and experienced people. In addition, customers have full access to all of the other equipment in our other plants as well.

Gibraltar also heat treats a wide variety of hand and power tools used in both the professional and do-it-yourself building and construction markets.

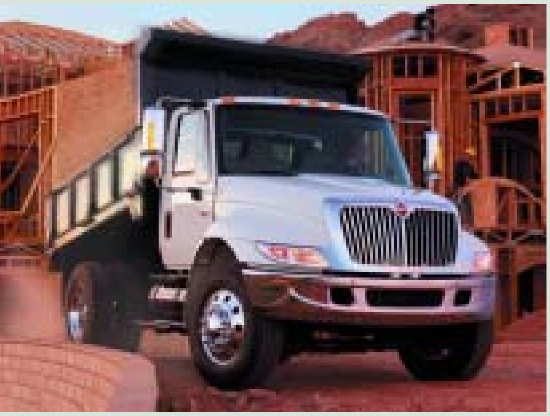
The products heat treated by the Gibraltar family of companies span the gamut from very sophisticated medical equipment (such as dental drills and picks) to hair clips. They range in size from pins to engine blocks. We heat treat crank shafts, bearings, gears, nails, screws, and hand and power tools. For one of our customers, we even heat treat the kitchen sink!

Unlike Gibraltar's other two segments, heat treating offers one unique advantage: there are no inventory or raw material concerns; it is strictly a tolling business. Participating in this market has helped Gibraltar reduce its exposure to fluctuations in raw material prices, contributing to greater stability and consistency in our margins and earnings.

Since Gibraltar literally takes the products from other companies, heat treats and then returns them to the customer within a relatively short time frame, this segment does not have many of the cost- and time-management issues of a traditional manufacturing business, making it the highest-margin segment of our company. While it is our smallest revenue generator and accounts for just 13 percent of total company sales (again, because there is no raw material), it has enhanced our profitability.

In light of these considerations, it's easy to see why this segment has become such a critical part of our strategic diversification – so important, in fact, that we set a short-term goal in 1996 of reaching $100 million in heat-treating sales. Seven years and eight acquisitions later, we are moving steadily toward that goal. Our July 2002 acquisition of B&W Heat Treating increased this segment's sales to more than $80 million in 2002.

Our B&W acquisition also gave us our first facilities in Canada, and immediately established us as the leader in that important market, since B&W is that country's largest commercial heat treater. Located in the heart of Canada's largest industrial region, just southwest of Toronto, B&W serves more than 250 customers in a wide range of industries. Even more importantly, B&W is a recognized leader in the rapidly growing aluminum processing market. Aluminum cast products – like engine blocks and transmission housings – are gaining a significantly increased share of the market due to weight and strength advantages. In the automotive market, for example, aluminum content has doubled since 1990, and growth continues.

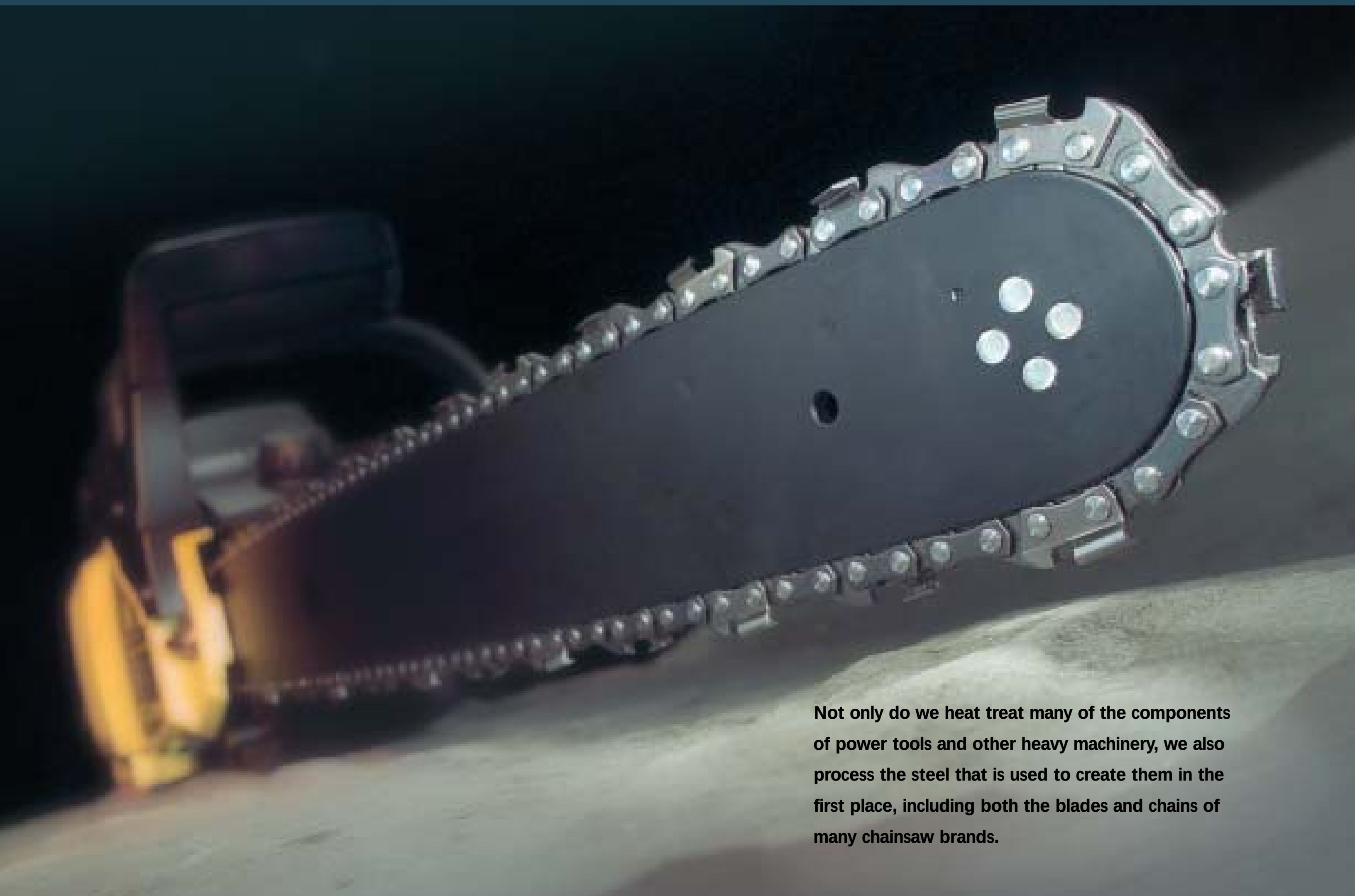


Gibraltar does a great deal of heat-treat work within the automotive market, treating major components such as torque converters and engine blocks, including those of the International Truck and Engine Corporation, a leading producer of trucks, school buses, and diesel engines.

When combined with our other heat-treating operations, which include the world's largest heat treater of powder metal parts (Pennsylvania Industrial Heat Treaters) the largest heat treater in the Southeastern United States (CCHT), a leading provider of brazing services (Brazing Concepts Company) and two of the leading heat treaters in the Midwest (Harbor Metal and Hi-Temp), you can see why we have a bright and prosperous future in this dynamic and growing market.

We are, in fact, already the second-largest commercial heat treater in North America, operating 16 facilities in nine states and Canada. With more than 700 independent heat treaters still operating, and a growing trend to outsource more business to commercial providers, the opportunities to expand our geographic reach, broaden and diversify our customer base (which currently exceeds 6,000 in a wide range of industries), and add to our menu of processes and services are vast.

PROCESSED STEEL



Not only do we heat treat many of the components of power tools and other heavy machinery, we also process the steel that is used to create them in the first place, including both the blades and chains of many chainsaw brands.

Our Processed Steel Products segment – which includes our flat-rolled products and strapping operations, coated steel products, just-in-time materials management facilities, and a steel pickling joint venture – is where Gibraltar got started back in 1972. Even as we took steps to diversify and expand our customer base and business mix, we found ways to consistently grow this business and improve its profitability.

Although this area now accounts for just 42 percent of our total sales (compared to 100 percent in 1993), sales have risen from $168 million in 1993 to $272 million in 2002.

Gibraltar is the leading manufacturer of cold-rolled strip steel in North America, having increased its market share from 16 percent in 1993 to 25 percent today. We focus on the most difficult and demanding applications, such as steel that is used in power transmissions and seat belts, and we process to the most exacting customer requirements in the industry, with precision tolerances, tempers, finishes, and chemistries. Through our nine rolling mills, we can process steel to tolerances of +/- .0002 inches, or $^{1}/_{12}$ the thickness of a sheet of paper.

By customizing its steel strapping with customer logos, safety messages, and painting requirements, Gibraltar has differentiated itself at the specialty, high-margin end of the market.

Five years ago, we installed a state-of-art, 56-inch rolling mill in Cleveland that dramatically expanded and improved our capabilities. It is the widest mill of its kind in North America, and it vastly improved our productivity and reduced our costs.

Our 15-strand oscillating slitter in Buffalo gives Gibraltar the unique ability to manufacture products that no competitor can match. We are able to place at least six times as much steel on these coils, compared to ribbon wound coil, which allows our customers to increase their productivity and lower their overall cost of manufacturing.

Gibraltar's annealing furnaces are the highest quality in the world. Our hydrogen anneals produce cleaner, brighter, more desirable coils, with faster turn-around time and efficient on-time delivery.

Gibraltar is also one of only four major domestic manufacturers of high-tensile steel strapping – which we manufacture in a wide range of colors and further customize with safety messages and customer logos – and we currently supply approximately eight percent of this $320-million market.

Through Hubbell Steel's coated steel products business, we are able to provide steel in more than 500 colors and a variety of coatings, including galvanized and Galvalume. Our extensive inventories position us to service, on a very timely basis, many markets, including construction products, rain goods, PVC spiral pipe, garage door, canopy, HVAC, insulated panels, walk-in coolers, and many others.

The automotive market has always been the major industry served by this segment. For all of Gibraltar, automotive accounts for 29 percent of our total sales, compared to 58 percent in 1993. And while we broadened and diversified our customer base during that time, automotive sales increased from $100 million in 1993 to $187 million in 2002, climbing back toward the pre-recession levels of 2000 (when sales were $200 million).

Both General Motors and Ford, two of our largest customers, are forecasting another strong year for 2003, which bodes well for this part of our company.

In addition to the major domestic automakers and their suppliers, with whom we developed very strong relationships over the last three decades, we have made excellent progress in recent years building similar partnerships with the major "transplant" manufacturers (such as Honda and Toyota), and their suppliers. This is a good and growing opportunity for Gibraltar, as Japanese automakers continue to shift more of their production to the United States.

While we continue to look for ways to diversify and strengthen Gibraltar's business, we remain committed to providing the highest levels of service, quality, and technical support to the automotive industry.

We will also continue to focus on the most challenging and demanding applications, which differentiates us from the competition and firmly positions us in the highest-margin areas of the business. Our well-earned reputation for producing the highest-quality products at the lowest cost, while delivering on time, every time, has resulted in a "preferred supplier" status with many of our customers – an advantage that will prove invaluable as the trend for companies to work with fewer and fewer suppliers continues.

Though we have purposely lowered the percentage of our business that relies on automakers and their suppliers (from 58% in 1993 to 29% in 2002), our revenue generated from these industries has actually risen 87% during this span.

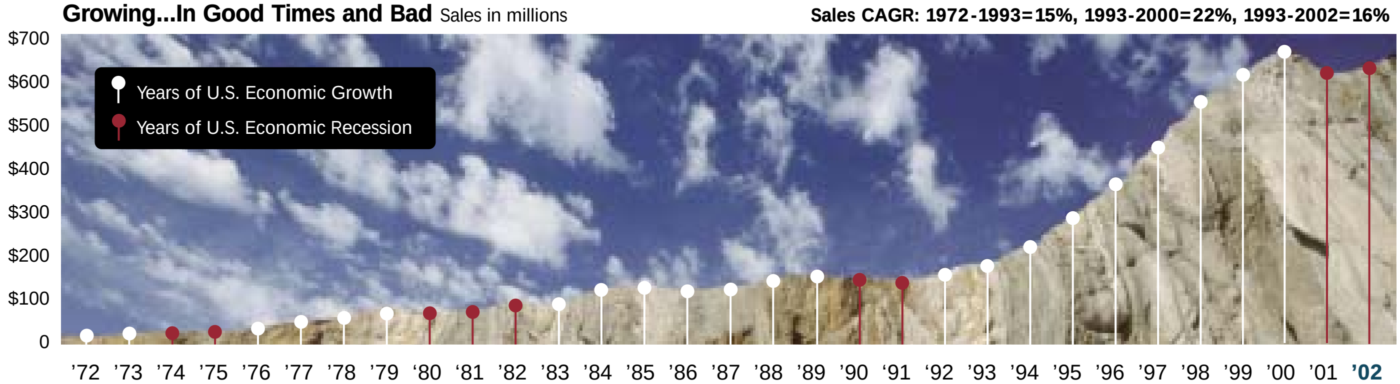
TEN-YEAR FINANCIAL HIGHLIGHTS

(In thousands, except percent and per share data)	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Net sales	**$ 645,114**	$ 616,028	$ 677,540	$ 621,918	$ 557,944	$ 449,700	$ 342,974	$ 282,833	$ 200,142	$ 167,883
EBITDA	**70,641**	60,995	81,080	72,921	57,788	41,081	36,863	24,906	19,624	16,333
Income from operations	**50,160**	37,509	59,892	55,469	44,455	32,603	30,617	20,368	16,179	12,934
Interest expense	**10,403**	16,446	18,942	13,439	11,389	5,115	3,827	3,984	1,374	1,621
Income before income taxes	**39,757**	21,063	40,950	42,030	33,066	27,488	26,790	16,384	14,805	11,513
Income taxes	**15,903**	8,530	16,585	17,022	13,226	11,072	10,815	6,662	5,996	6,300
Net income	**23,854**	12,533	24,365	25,008	19,840	16,416	15,975	9,722	8,809	7,337 *
Net income per share – Basic	**$ 1.56**	$ 1.00	$ 1.94	$ 1.99	$ 1.59	$ 1.33	$ 1.42	$ 0.96	$ 0.87	$ 0.72 *
Weighted average shares outstanding – Basic	**15,280**	12,591	12,577	12,540	12,456	12,357	11,261	10,164	10,163	10,163 *
Net income per share – Diluted	**$ 1.54**	$ 0.98	$ 1.92	$ 1.95	$ 1.57	$ 1.30	$ 1.39	$ 0.95	$ 0.86	$ 0.72 *
Weighted average shares outstanding – Diluted	**15,519**	12,773	12,685	12,806	12,651	12,591	11,464	10,213	10,200	10,165 *
Cash dividends per common share	**$ 0.155**	$ 0.135	$ 0.115	$ 0.125	–	–	–	–	–	–
Book value per share	**$ 18.34**	$ 17.32	$ 16.58	$ 14.75	$ 12.84	$ 11.29	$ 9.88	$ 6.91	$ 5.94	$ 5.08
Working capital	**$ 138,246**	$ 105,064	$ 132,407	$ 112,923	$ 124,236	$ 87,645	$ 68,673	$ 57,515	$ 48,524	$ 28,597
Total assets	**576,568**	535,040	556,046	522,080	438,435	281,336	222,507	167,423	126,380	92,868
Total debt	**166,932**	212,275	255,853	236,621	200,746	83,024	49,841	59,054	38,658	14,179
Shareholders' equity	**293,117**	218,347	208,348	185,459	160,308	140,044	121,744	70,244	60,396	51,587
Capital expenditures	**15,995**	14,344	19,619	21,999	22,062	21,784	15,477	14,504	16,171	10,468
Depreciation and amortization	**$ 20,481**	$ 23,486	$ 21,188	$ 17,452	$ 13,333	$ 8,478	$ 6,246	$ 4,538	$ 3,445	$ 3,399
Return on sales (%)	**3.7**	2.0	3.6	4.0	3.6	3.7	4.7	3.4	4.4	
Return on average equity (%)	**9.3**	5.9	12.4	14.5	13.2	12.5	16.6	14.9	15.7	

* Pro forma results

Growing...In Good Times and Bad Sales in millions

Sales CAGR: 1972-1993=15%, 1993-2000=22%, 1993-2002=16%



There have been four recessions during Gibraltar's 30-year history. Following each, Gibraltar generated strong and sustained growth. After the 1990-91 recession, Gibraltar generated nine consecutive years of sales growth and eight straight years of record earnings.

RESULTS OF OPERATIONS

Year Ended 2002 Compared to Year Ended 2001

Consolidated

Net sales increased $29.1 million, or 4.7%, to $645.1 million from net sales of $616.0 million in 2001. This increase resulted primarily from increased sales resulting from increased production levels in the automotive industry and the July 1, 2002 acquisition of B&W Heat Treating.

Cost of sales increased $17.9 million, or 3.5%, to $517.8 million in 2002 from $499.9 million in 2001. Cost of sales as a percentage of net sales decreased to 80.3% in 2002 from 81.2% in 2001 primarily due to lower raw material and freight costs partially offset by increased direct labor and health care costs and general insurance expense.

Selling, general and administrative expenses decreased $1.4 million, or 1.8%, to $77.1 million in 2002 from $78.6 million in 2001. Selling, general and administrative expenses as a percentage of net sales decreased to 12.0% for 2002 from 12.8% for 2001 primarily due to the elimination of goodwill amortization as a result of the implementation of new accounting rules in 2002, partially offset by increased incentive compensation. Additionally, in 2001 we had a non-cash charge of $1.0 million relating to the Company's E-Commerce investment.

Interest expense decreased $6.0 million primarily due to lower average borrowings during 2002 due to the use of proceeds from the Company's stock offering in mid-March 2002 and lower interest rates.

As a result of the above, income before taxes increased $18.7 million, or 88%, to $39.8 million in 2002 from $21.1 million in 2001.

Income taxes approximated $15.9 million in 2002, based on a 40% effective rate compared with a 40.5% effective rate in 2001.

Segment Information

Processed Steel Products – Net sales increased $20.4 million, or 8.1%, to $272.8 million in 2002, from net sales of $252.4 million in 2001. This increase was due primarily to increased sales resulting from increased production levels in the automotive industry in 2002.

Income from operations increased 12.6% to $32.8 million in 2002 from $29.2 million in 2001. Operating margin increased to 12.0% of net sales from 11.6% in 2001, primarily due to lower raw material and freight costs, partially offset by increased direct labor costs and incentive-based compensation.

Building Products – Net sales for 2002 of $292.2 million were comparable to net sales of $292.4 million for 2001. Weaker demand due to general economic conditions in this segment's industry early in the year were offset by an improvement in these conditions during the third and fourth quarters, especially through sales to major retail outlets.

Income from operations increased 17.4% to $21.3 million in 2002 from $18.2 million in 2001. Operating margin improved to 7.2% compared to 6.2% in 2001 primarily due to lower raw material costs, partially offset by increased health care costs, general insurance expense and incentive-based compensation.

Heat Treating – Net sales increased $9.0 million, or 12.6%, to $80.2 million in 2002 from net sales of $71.2 million in 2001. This increase was due primarily to the July 1, 2002 acquisition of B&W Heat Treating and increased sales resulting from increased production levels in the automotive industry.

Income from operations increased 12.6% to $9.9 million in 2002 from $8.8 million in 2001. Operating margin as a percentage of net sales of 12.4% for 2002 was comparable to 2001.

LIQUIDITY AND CAPITAL RESOURCES

The Company's shareholders' equity increased by approximately $74.8 million, or 34%, to $293.1 million at December 31, 2002. This increase was primarily due to the receipt of $50.7 million in net proceeds from the Company's stock offering in March of 2002. These proceeds were used to repay existing debt. During 2002, the Company's working capital increased $33.2 million, or 32%, to approximately $138.2 million.

The Company's principal capital requirements are to fund its operations, including working capital, the purchase and funding of improvements to its facilities, machinery and equipment and to fund acquisitions.

Net income of $23.9 million plus depreciation and amortization of $20.5 million and the provision for deferred income taxes of $5.8 million combined with an increase in accounts payable and accrued expenses of $3.5 million, to provide cash of $53.7 million. This cash was offset by $42.5 million used for working capital purposes, primarily due to an increase in accounts receivable of $9.2 million as a result of increased sales in the fourth quarter of 2002 compared to the fourth quarter of 2001 and a $30.3 million increase in inventory levels to support this increased sales volume and to ensure continued availability of material.

The $12.2 million of net cash provided by operations and the net proceeds of $50.7 million from the Company's stock offering plus cash on hand at the beginning of the period were used to pay down $45.4 million of the Company's revolving credit facility, to fund operations, the $8.8 million acquisition of B&W Heat Treating, capital expenditures of $16.0 million and cash dividends of $2.3 million.

At December 31, 2002, the Company had in use approximately $112 million of its $225 million secured revolving credit facility resulting in $113 million of availability. Additionally, this credit facility also includes a $50 million expansion feature.

During 2002, the Company entered into a $50 million private placement of debt with a financial institution. The private placement, which has an average term of 5.25 years and a blended rate of 8.17%, consists of a $25 million senior secured note and a $25 million senior subordinated note. The proceeds of this private placement were used to pay down the Company's secured revolving credit facility.

The Company believes that availability of funds under its credit facility together with cash generated from operations will be sufficient to provide the Company with the liquidity and capital resources necessary to support its principal capital requirements.

RECENT ACCOUNTING PRONOUNCEMENTS

In 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 143 *Accounting for Asset Retirement Obligations* which requires that the fair value of an asset retirement obligation be recognized in the period in which it is incurred. Implementation of SFAS No. 143 in 2003 will not have a material impact on the Company's results of operations.

In 2002, the FASB issued SFAS No. 146 *Accounting for Exit or Disposal Activities* which requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. The provisions of SFAS No. 146 are effective for exit or disposal activities that are initiated after December 31, 2002 and will not have a material impact on the Company's financial position or results of operations.

In 2002, the FASB also issued SFAS No. 148 *Accounting for Stock-Based Compensation – Transition and Disclosure – an amendment of FASB Statement No. 123* which provides alternative methods for the optional transition of the accounting for stock-based compensation from the intrinsic method to the fair value method. The Company does not plan to change its accounting for stock-based compensation from the intrinsic method and, therefore, SFAS No. 148 will not have a material impact on the Company's results of operations.

In addition, the FASB issued Interpretation No. 45 *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others* (FIN No. 45) in late 2002. FIN No. 45 requires the fair-value measurement and recognition of a liability for the issuance of certain guarantees issued or modified on January 1, 2003 or after. The Company has implemented the enhanced disclosure requirements required by FIN No. 45. Implementation of the fair-value measurement and recognition provisions of FIN No. 45 in 2003 will not have a material impact on the Company's financial position or results of operations.

CONSOLIDATED BALANCE SHEET

As of December 31, (In thousands, except share and per share data)	2002	2001
Assets		
Current assets:		
Cash and cash equivalents	**$ 3,662**	$ 8,150
Accounts receivable	**87,772**	76,696
Inventories	**106,155**	75,847
Other current assets	**5,405**	5,922
Total current assets	**202,994**	166,615
Property, plant and equipment, net	**231,526**	228,443
Goodwill	**133,452**	132,717
Other assets	**8,596**	7,265
	$ 576,568	$ 535,040
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	**$ 42,074**	$ 43,612
Accrued expenses	**22,050**	17,126
Current maturities of long-term debt	**624**	813
Total current liabilities	**64,748**	61,551
Long-term debt	**166,308**	211,462
Deferred income taxes	**44,656**	38,043
Other non-current liabilities	**7,739**	5,637
Shareholders' equity:		
Preferred shares, $.01 par value; authorized: 10,000,000 shares; none outstanding	**–**	–
Common shares, $.01 par value; authorized: 50,000,000 shares; outstanding 15,981,999 shares in 2002 and 12,607,061 shares in 2001	**160**	126
Additional paid-in capital	**124,825**	70,063
Retained earnings	**172,147**	150,578
Accumulated comprehensive loss	**(2,560)**	(1,578)
Unearned compensation	**(1,086)**	(842)
Currency translation adjustment	**(369)**	–
Total shareholders' equity	**293,117**	218,347
	$ 576,568	$ 535,040

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED

STATEMENT OF INCOME

Year Ended December 31, (In thousands, except per share data)	**2002**	**2001**	**2000**
Net sales	**$ 645,114**	$ 616,028	$ 677,540
Cost of sales	**517,825**	499,945	541,743
Gross profit	**127,289**	116,083	135,797
Selling, general and administrative expense	**77,129**	78,574	75,905
Income from operations	**50,160**	37,509	59,892
Interest expense	**10,403**	16,446	18,942
Income before taxes	**39,757**	21,063	40,950
Provision for income taxes	**15,903**	8,530	16,585
Net income	**$ 23,854**	$ 12,533	$ 24,365
Net income per share – Basic	**$ 1.56**	$ 1.00	$ 1.94
Weighted average shares outstanding – Basic	**15,280**	12,591	12,577
Net income per share – Diluted	**$ 1.54**	$ 0.98	$ 1.92
Weighted average shares outstanding – Diluted	**15,519**	12,773	12,685

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, (In thousands)	2002	2001	2000
Cash Flows From Operating Activities			
Net income	**$ 23,854**	$ 12,533	$ 24,365
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**20,481**	23,486	21,188
Provision for deferred income taxes	**5,800**	4,545	5,252
Undistributed equity investment income	**340**	547	(253)
Other noncash adjustments	**616**	157	116
Increase (decrease) in cash resulting from changes in (net of acquisitions):			
Accounts receivable	**(9,230)**	2,290	5,660
Inventories	**(30,308)**	25,140	(206)
Other current assets	**143**	495	(2,829)
Accounts payable and accrued expenses	**3,468**	5,885	(16,551)
Other assets	**(2,959)**	739	(2,622)
Net cash provided by operating activities	**12,205**	75,817	34,120
Cash Flows From Investing Activities			
Acquisitions, net of cash acquired	**(8,847)**	(10,832)	(42,880)
Investments in property, plant and equipment	**(15,995)**	(14,344)	(19,619)
Net proceeds from sale of property and equipment	**2,118**	435	7,753
Net cash used in investing activities	**(22,724)**	(24,741)	(54,746)
Cash Flows From Financing Activities			
Long-term debt reduction	**(129,945)**	(92,843)	(63,157)
Proceeds from long-term debt	**84,571**	49,265	(82,389)
Repurchase of common stock	**–**	–	(181)
Net proceeds from issuance of common stock	**53,674**	589	36
Payment of dividends	**(2,269)**	(1,638)	(1,447)
Net cash provided by (used in) financing activities	**6,031**	(44,627)	17,640
Net (decrease) increase in cash and cash equivalents	**(4,488)**	6,449	(2,986)
Cash and cash equivalents at beginning of year	**8,150**	1,701	4,687
Cash and cash equivalents at end of year	**$ 3,662**	$ 8,150	$ 1,701

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(In thousands)	Common Shares Shares	Common Shares Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Comprehensive Loss	Unearned Compensation	Currency Translation Adjustment
Balance at December 31, 1999	12,577	$ 126	$ 69,398	$ 117,010	$ –	$ (1,075)	$ –
Net income	–	–	–	24,365	–	–	–
Stock options exercised and tax benefit	3	–	36	–	–	–	–
Cash dividends – $.115 per share	–	–	–	(1,447)	–	–	–
Earned portion of restricted stock	–	–	–	–	–	116	–
Repurchase of common stock	(13)	–	–	(181)	–	–	–
Balance at December 31, 2000	12,567	126	69,434	139,747	–	(959)	–
Implementation of FAS 133	–	–	–	–	(191)	–	–
Net income	–	–	–	12,533	–	–	–
Stock options exercised and tax benefit	40	–	629	–	–	–	–
Cash dividends – $.135 per share	–	–	–	(1,702)	–	–	–
Earned portion of restricted stock	–	–	–	–	–	117	–
Interest rate swap adjustments	–	–	–	–	(1,387)	–	–
Balance at December 31, 2001	12,607	126	70,063	150,578	(1,578)	(842)	–
Net income	–	–	–	23,854	–	–	–
Public offering	3,150	32	50,678	–	–	–	–
Stock options exercised and tax benefit	151	1	2,652	–	–	–	–
Cash dividends – $.155 per share	–	–	–	(2,466)	–	–	–
Restricted stock grant	56	1	1,303	–	–	(782)	–
Earned portion of restricted stock	–	–	–	–	–	258	–
Forfeiture of restricted stock	(15)	–	(348)	–	–	280	–
Acquisition	33	–	477	181	–	–	–
Interest rate swap adjustments	–	–	–	–	(982)	–	–
Currency translation adjustment	–	–	–	–	–	–	(369)
Balance at December 31, 2002	**15,982**	**$ 160**	**$ 124,825**	**$ 172,147**	**$ (2,560)**	**$ (1,086)**	**$ (369)**

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation
The consolidated financial statements include the accounts of Gibraltar Steel Corporation and subsidiaries (the Company). Significant intercompany accounts and transactions have been eliminated.

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

Revenue Recognition
Revenue is recognized when products are shipped to the customer. Sales returns and allowances are treated as reductions to sales and are provided for based on historical experience and current estimates.

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

Inventories
Inventories are valued at the lower of cost or market. Cost is determined using the first-in, first-out method.

Property, Plant and Equipment
Property, plant and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method. Accelerated methods are used for income tax purposes. The Company accounts for impairment of long-lived assets in accordance with Statement of Financial Accounting Standards (SFAS) No. 144 *Accounting for the Impairment or Disposal of Long-Lived Assets.* SFAS No. 144 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the book value of the asset may not be recoverable. Implementation of SFAS No. 144 in 2002 did not impact the Company's financial position or results of operations. Interest is capitalized in connection with construction of qualified assets. Under this policy, interest of $105,000, $469,000 and $552,000 was capitalized in 2002, 2001 and 2000, respectively.

Goodwill
Goodwill is recorded as the aggregate excess of purchase prices of acquisitions over the respective fair market values of the net assets of acquired companies. Goodwill is net of accumulated amortization of $14,129,000 at December 31, 2002 and 2001.

Shareholders' Equity
During 2002 and 2001, the Company declared dividends of $2,466,000 and $1,702,000, respectively, of which $640,000 and $442,000 are accrued at December 31, 2002 and 2001, respectively.

During 2002, the Company reacquired 15,000 shares of forfeited restricted common stock at a cost of $.01 per share and reduced additional paid-in-capital for the amount recognized as the difference between the cost and market value of the restricted stock at issuance.

During 2000, the Company purchased 12,572 shares of its outstanding common stock at a cost of $14.38 per share. The Company did not repurchase any shares of its common stock in 2001.

Interest Rate Exchange Agreements
Interest rate swap agreements are used by the Company in the management of interest rate risk. Swaps are not used for trading purposes. On January 1, 2001, the Company implemented the provisions of SFAS No. 133 *Accounting for Derivative Instruments and Hedging Activities* and recognized the fair value of its interest rate swap agreements as other non-current liabilities. Gains or losses from changes in the fair value of the swap agreements are recorded, net of taxes, as components of Accumulated Comprehensive Loss.

Income Taxes
The financial statements of the Company have been prepared using the asset and liability approach in accounting for income taxes which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of other assets and liabilities.

Earnings Per Share
Basic net income per share equals net income divided by the weighted average shares outstanding during the year. The computation of diluted net income per share includes all dilutive common stock equivalents in the weighted average shares outstanding.

2. ACQUISITIONS

On July 1, 2002, the Company purchased all of the outstanding capital stock of B&W Heat Treating (1975) Limited (B&W) for approximately $8.5 million payable in cash and 32,655 shares of the Company's common stock valued at $.7 million, including 12,572 treasury shares. B&W, located in Ontario, Canada, is Canada's largest independent commercial heat treater.

On February 13, 2001, the Company purchased all the outstanding capital stock of Pennsylvania Industrial Heat Treaters, Inc. (PIHT) for approximately $11 million, net of cash acquired. PIHT provides metallurgical heat-treating services and specializes in heat treating powder metal parts.

These acquisitions have been accounted for under the purchase method with the results of their operations consolidated with the Company's results of operations from the respective acquisition dates.

The following information presents the pro-forma consolidated condensed results of operations as if the acquisitions had occurred on January 1, 2001. The pro forma amounts may not be indicative of the results that actually would have been achieved had the acquisitions occurred as of January 1, 2001 and are not necessarily indicative of future results of the combined companies.

Year Ended December 31, (In thousands, except per share data)	2002	2001
(unaudited)		
Net sales	$ 650,333	$ 626,330
Income before taxes	$ 40,048	$ 21,344
Net income	$ 24,026	$ 12,701
Net income per share – Basic	$ 1.57	$ 1.01

3. ACCOUNTS RECEIVABLE

Accounts receivable are expected to be collected within one year and are net of reserves for doubtful accounts of $2,250,000 and $1,937,000 at December 31, 2002 and 2001, respectively.

4. INVENTORIES

Inventories at December 31 consist of the following:

(In thousands)	2002	2001
Raw material	$ 57,262	$ 36,378
Finished goods and work-in-process	48,893	39,469
Total inventory	$ 106,155	$ 75,847

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost less accumulated depreciation, at December 31 consists of the following:

(In thousands)	2002	2001
Land and land improvements	$ 8,608	$ 7,570
Building and improvements	73,636	64,979
Machinery and equipment	254,740	240,472
Construction in progress	4,803	6,811
	341,787	319,832
Less accumulated depreciation and amortization	110,261	91,389
Property, plant and equipment, net	$ 231,526	$ 228,443

6. GOODWILL

On January 1, 2002, the Company implemented SFAS No. 141 *Business Combinations* which required that all business combinations be accounted for under the purchase method only and that certain acquired assets in a business combination be accounted for apart from goodwill. The implementation of SFAS No. 141 did not impact the Company's financial position or results of operations.

Also on January 1, 2002, the Company implemented SFAS No. 142 *Goodwill and Other Intangible Assets* which requires that ratable amortization of goodwill be replaced with periodic tests of the goodwill's impairment and that intangible assets other than goodwill should be amortized over their useful lives. The Company performed the required tests of goodwill at implementation and the annual reassessment date and determined that no impairments were indicated. The impact of the adoption of SFAS No. 142 is summarized as follows:

Year Ended December 31, (In thousands, except for per share data)	2002	2001	2000
Net income as reported	$ 23,854	$ 12,533	$ 24,365
Goodwill amortization after-tax	–	2,480	2,207
Adjusted net income	$ 23,854	$ 15,013	$ 26,572
Basic earnings per share:			
Net income as reported	$ 1.56	$ 1.00	$ 1.94
Goodwill amortization after-tax	–	.19	.17
Adjusted net income	$ 1.56	$ 1.19	$ 2.11
Diluted earnings per share:			
Net income as reported	$ 1.54	$ .98	$ 1.92
Goodwill amortization after-tax	–	.19	.17
Adjusted net income	$ 1.54	$ 1.17	$ 2.09

7. OTHER ASSETS

Other assets at December 31 consist of the following:

(In thousands)	2002	2001
Equity interest in partnership	$ 3,852	$ 4,192
Other	4,744	3,073
Total other assets	$ 8,596	$ 7,265

The Company's 31% partnership interest is accounted for using the equity method of accounting. The partnership provides a steel cleaning process called pickling to steel mills and steel processors, including the Company.

8. DEBT

Long-term debt at December 31 consists of the following:

(In thousands)	2002	2001
Revolving credit notes payable	$ 112,470	$ 207,000
Private placement demand notes	50,000	–
Industrial Development Revenue Bonds	2,900	3,300
Other debt	1,562	1,975
	166,932	212,275
Less current maturities	624	813
Total long-term debt	$ 166,308	$ 211,462

The Company's revolving credit facility of $225,000,000 is secured by the Company's accounts receivable, inventories, and property and equipment, and is committed through June 2007 and contains a $50,000,000 expansion feature at the Company's option, subject to approval by the participating financial institutions. This facility has various interest rate options, which are no greater than the bank's prime rate. In addition, the Company may enter into interest rate exchange agreements (swaps) to manage interest costs and exposure to changing interest rates. At December 31, 2002, the Company had interest rate swap agreements outstanding which expire starting in 2004 and effectively converted $50,000,000 of floating rate debt to fixed rates ranging from 7.22% to 7.93%. At December 31, 2002, additional credit facility borrowings consisted of $62,470,000 with an interest rate of LIBOR plus a fixed rate. The weighted average interest rate of these borrowings was 3.23% at December 31, 2001.

The Company's private placement demand notes consist of a $25,000,000 senior secured note due July 3, 2007 with a 7.35% interest rate and a $25,000,000 senior subordinated note due January 3, 2008 with an 8.98% interest rate.

In addition, the Company has Industrial Development Revenue Bonds payable in installments through September 2018, with interest rates ranging from a fixed rate of 4.22% to variable rates of up to 3.30% at December 31, 2002, which financed the cost of the expansion of its Coldwater, Michigan heat-treating facility, under a capital lease agreement. The cost of the facility and equipment equals the amount of the bonds and includes accumulated amortization of $514,000. The agreement provides for the purchase of the facility and equipment at any time during the lease term at scheduled amounts or at the end of the lease for a nominal amount.

The aggregate maturities on long-term debt including lease purchase obligations for the five years following December 31, 2002 as follows: 2003, $624,000; 2004, $629,000; 2005, $480,000; 2006, $286,000; 2007, $162,763,000; 2008 and subsequent, $2,150,000. The Company had no amounts outstanding under short-term borrowing for the years ended December 31, 2002 and 2001.

The various loan agreements, which do not require compensating balances, contain provisions that limit additional borrowings and require maintenance of minimum net worth and financial ratios. The Company is in compliance with the terms and provisions of all its financing agreements.

Total cash paid for interest in the years ended December 31, 2002, 2001 and 2000 was $10,050,000, $17,122,000 and $19,935,000, respectively.

9. LEASES

The Company leases certain facilities and equipment under operating leases. Rent expense under operating leases for the years ended December 31, 2002, 2001 and 2000 was $3,966,000, $5,433,000 and $5,187,000, respectively. Future minimum lease payments under these operating leases are $5,029,000, $3,708,000, $2,933,000, $2,554,000 and $1,156,000 for the years 2003, 2004, 2005, 2006, and 2007, respectively, and $5,142,000 thereafter.

10. EMPLOYEE RETIREMENT PLANS

Certain subsidiaries participate in the Company's 401(k) Plan. In addition, certain subsidiaries have multi-employer non-contributory retirement plans providing for defined contributions to union retirement funds.

A supplemental pension plan provides defined pension benefits to certain salaried employees upon retirement. Net unfunded periodic pension costs of $243,000 and $171,000 were accrued under this plan in 2002 and 2001, respectively, and consisted primarily of service cost using a discount rate of 6.5% and 7.25%, respectively.

Total expense for all retirement plans was $2,709,000, $2,200,000 and $2,204,000 for the years ended December 31, 2002, 2001 and 2000, respectively.

11. OTHER POST-RETIREMENT BENEFITS

Certain subsidiaries of the Company provide health and life insurance to substantially all of their employees and to a number of retirees and their spouses. The net periodic post-retirement benefit cost charged to expense consisting of service cost, interest cost and amortization of gains, losses and unrecognized prior service costs was $315,000, $237,000 and $261,000 for the years ended December 31, 2002, 2001 and 2000, respectively.

The approximate unfunded accumulated post-retirement benefit obligation at December 31, consists of the following (in thousands):

(In thousands)	Benefit Obligation at January 1	Service Cost	Interest Cost	Amendments	Actuarial (Gain)/Loss	Benefit Payments	Benefit Obligation at December 31
2002	**$2,272**	**81**	**177**	**–**	**498**	**(54)**	**$2,974**
2001	$1,983	52	131	(686)	842	(50)	$2,272

The accumulated post-retirement benefit obligation was determined using a weighted average discount rate of 6.5% in 2002 and 7.25% in 2001. The medical inflation rate was assumed to be 9.0% in 2002, decreasing gradually to 5.0% in 2006. The effect of a 1% increase or decrease in the annual medical inflation rate would increase or decrease the accumulated post-retirement benefit obligation at December 31, 2002 by approximately $493,000 and $424,000, respectively, and increase or decrease the annual service and interest costs by approximately $40,000.

One of the Company's subsidiaries also provides post-retirement health care benefits to its unionized employees through contributions to a multi-employer health care plan.

12. INCOME TAXES

The provision for income taxes consisted of the following:

(In thousands)	2002	2001	2000
Current tax provision			
U.S. Federal	**$ 8,527**	$ 3,355	$ 9,507
State and Foreign	**1,576**	630	1,826
Total current tax provision	**10,103**	3,985	11,333
Deferred tax provision			
U.S. Federal	**5,243**	4,109	4,593
State and Foreign	**557**	436	659
Total deferred tax provision	**5,800**	4,545	5,252
Total provision for income taxes	**$ 15,903**	$ 8,530	$ 16,585

The provision for income taxes for the year ended December 31, 2002 does not include the tax benefits of $349,000 associated with the exercise of stock options which have been credited to paid-in capital.

The provision for income taxes differs from the federal statutory rate of 35% due to the following:

(In thousands)	2002	2001	2000
Statutory rate	**$ 13,915**	$ 7,372	$ 14,333
State income taxes, less federal effect	**1,333**	693	1,615
Goodwill	**–**	431	431
Other	**655**	34	206
	$ 15,903	$ 8,530	$ 16,585

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

(In thousands)	2002	2001
Depreciation	**$ 40,755**	$ 37,316
Goodwill	**7,417**	4,691
Other	**709**	878
Gross deferred tax liabilities	**48,881**	42,885
State taxes	**(1,694)**	(1,604)
Other	**(6,680)**	(5,958)
Gross deferred tax assets	**(8,374)**	(7,562)
Net deferred tax liabilities	**$ 40,507**	$ 35,323

Cash paid for income taxes, net of tax refunds, in the years ended December 31, 2002, 2001 and 2000 was $7,320,000, $3,570,000 and $16,189,000, respectively.

13. EARNINGS PER SHARE

SFAS No. 128 *Earnings Per Share* requires dual presentation of basic and diluted earnings per share on the face of the income statement. The reconciliation between the computations is as follows:

	Income	Basic Shares	Basic EPS	Diluted Shares	Diluted EPS
2002	**$23,854,000**	**15,280,364**	**$1.56**	**15,519,026**	**$1.54**
2001	12,533,000	12,590,625	$1.00	12,772,808	$0.98
2000	24,365,000	12,577,240	$1.94	12,685,075	$1.92

Included in diluted shares are common stock equivalents of 238,662, 182,183 and 107,832 relating to options for the years ended December 31, 2002, 2001 and 2000, respectively.

14. STOCK OPTIONS

The Company may grant non-qualified stock options to officers, employees, non-employee directors and advisers at an exercise price equal to 100% of market price, and incentive stock options to officers and other key employees at an exercise price not less than 100% of market price, up to an aggregate of 400,000 and 1,475,000 shares, respectively. The options may be exercised over a four-year period from the grant date and expire ten years after the date of grant. At December 31, 2002, 152,500 and 252,650 shares remain available for issuance under the non-qualified and incentive stock option plans, respectively.

Options outstanding at December 31, 2002 consisted of:

Range of Exercise Prices	Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price
$10.00 - $14.07	428,396	4.3 years	$12.44	314,796	$11.85
$15.63 - $22.50	478,812	4.9 years	$19.06	478,812	$19.06
	907,208	4.6 years	$15.93	793,608	$16.20

The following table summarizes information about stock option transactions:

	Options Outstanding	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price
Balance at December 31, 1999	922,706	$ 16.44	528,819	$ 14.88
Granted	270,250	14.07		
Exercised	(2,255)	15.52		
Forfeited	(30,107)	17.68		
Balance at December 31, 2000	1,160,594	$ 15.86	686,582	$ 15.72
Granted	–	–		
Exercised	(39,914)	14.76		
Forfeited	(46,000)	17.19		
Balance at December 31, 2001	1,074,680	$ 15.84	817,742	$ 16.08
Granted	–	–		
Exercised	(151,283)	15.23		
Forfeited	(16,189)	16.12		
Balance at December 31, 2002	**907,208**	**$15.93**	**793,608**	**$16.20**

At December 31, 2002, 793,608 options were vested and exercisable, of which 550,184 options had an exercise price below the $19.04 per share market price of the Company's common stock.

Tax benefits of $349,000 and $40,000 realized in the years ended December 31, 2002 and 2001, respectively, associated with the exercise of certain stock options have been credited to additional paid-in-capital. The Company did not realize any related tax benefit during 2000.

The Company has adopted the disclosure-only provisions of SFAS No. 123 *Accounting for Stock-Based Compensation.* Accordingly, no compensation cost has been recognized for the option plans as stock options granted under these plans have an exercise price equal to 100% of the market price on the date of grant. If the compensation cost for these plans had been determined based on the fair value at the grant dates for awards consistent with the method of SFAS No. 123, the unaudited pro forma effect on the years ended December 31, 2002, 2001, and 2000 is as follows:

Year Ended December 31, (In thousands, except for per share data)	**2002**	**2001**	**2000**
Net income	$ 23,854	$ 12,533	$ 24,365
Deduct: total stock-based employee compensation determined under fair value-based methods for all awards, net of related tax effects	614	794	715
Pro forma net income	$ 23,240	$ 11,739	$ 23,650
Earnings per share:			
Basic – as reported	$ 1.56	$ 1.00	$ 1.94
Basic – pro forma	$ 1.52	$ .93	$ 1.88
Diluted – as reported	$ 1.54	$ .98	$ 1.92
Diluted – pro forma	$ 1.50	$ .92	$ 1.86

The Black-Scholes option-pricing model was used to estimate the fair value of the options granted on the date of grant. The fair values and assumptions used in the model are as follows:

	Fair Value	**Expected Life**	**Stock Volatility**	**Risk-Free Interest Rate**	**Dividend Yield**
2000 Grant	$6.31	5 years	43.7%	6.3%	.7%
1999 Grant	$9.18	5 years	45.1%	4.4%	.2%

The Company also has a Restricted Stock Plan and has reserved for issuance 100,000 common shares for the grant of restricted stock awards to employees and non-employee directors at a purchase price of $.01 per share. Since the inception of this plan, all common shares reserved for issuance under this plan have been awarded and are outstanding at December 31, 2002.

15. SEGMENT INFORMATION

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

(i) Processed steel products, which primarily includes the intermediate processing of wide, open tolerance flat-rolled sheet steel through the application of several different processes to produce high-quality, value-added coiled steel products to be further processed by customers.

(ii) Building products, which primarily includes the processing of sheet steel to produce a wide variety of building and construction products.

(iii) Heat treating, which includes a wide range of metallurgical heat-treating processes in which customer-owned metal parts are exposed to precise temperatures, atmospheres and quenchants to improve their mechanical properties, durability and wear resistance.

The following table illustrates certain measurements used by management to assess the performance of the segments described above as of and for the years ended December 31, 2002, 2001 and 2000:

(In thousands)	2002	2001	2000
Net sales			
Processed steel products	**$ 272,796**	$ 252,382	$ 321,361
Building products	**292,161**	292,464	277,706
Heat treating	**80,157**	71,182	78,473
	$ 645,114	$ 616,028	$ 677,540
Income from operations			
Processed steel products	**$ 32,843**	$ 29,156	$ 39,111
Building products	**21,338**	18,174	22,491
Heat treating	**9,904**	8,798	13,059
Corporate	**(13,925)**	(18,619)	(14,769)
	$ 50,160	$ 37,509	$ 59,892
Depreciation and amortization			
Processed steel products	**$ 5,874**	$ 5,681	$ 5,853
Building products	**7,453**	6,986	5,747
Heat treating	**6,057**	5,756	5,112
Corporate	**1,097**	5,063	4,476
	$ 20,481	$ 23,486	$ 21,188
Total assets			
Processed steel products	**$ 155,422**	$ 137,942	$ 155,740
Building products	**163,005**	151,993	157,962
Heat treating	**94,034**	80,515	80,048
Corporate	**164,107**	164,590	162,296
	$ 576,568	$ 535,040	$ 556,046
Capital expenditures			
Processed steel products	**$ 3,211**	$ 3,980	$ 5,313
Building products	**5,868**	7,637	7,304
Heat treating	**6,057**	2,151	5,902
Corporate	**859**	576	1,100
	$ 15,995	$ 14,344	$ 19,619

16. COMMITMENTS AND CONTINGENCIES

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

The Company offers various product warranties to its customers concerning the quality of its products and services. Based upon the short duration of warranty periods and favorable historical warranty experience, the Company determined that a related warranty accrual at December 31, 2002 and 2001 is not required.

17. RECENT ACCOUNTING PRONOUNCEMENTS

In 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 143 *Accounting for Asset Retirement Obligations* which requires that the fair value of an asset retirement obligation be recognized in the period in which it is incurred. Implementation of SFAS No. 143 in 2003 will not have a material impact on the Company's results of operations.

In 2002, the FASB issued SFAS No. 146 *Accounting for Exit or Disposal Activities* which requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. The provisions of SFAS No. 146 are effective for exit or disposal activities that are initiated after December 31, 2002 and will not have a material impact on the Company's financial position or results of operations.

In 2002, the FASB also issued SFAS No. 148 *Accounting for Stock-Based Compensation – Transition and Disclosure – an amendment of FASB Statement No. 123* which provides alternative methods for the optional transition of the accounting for stock-based compensation from the intrinsic method to the fair value method. The Company does not plan to change its accounting for stock-based compensation from the intrinsic method and, therefore, SFAS No. 148 will not have a material impact on the Company's results of operations.

In addition, the FASB issued Interpretation No. 45 *Guarantor's Accounting and Disclosure Requirements for Guarantees Including Indirect Guarantees of Indebtedness of Others* (FIN No. 45) in late 2002. FIN No. 45 requires the fair-value measurement and recognition of a liability for the issuance of certain guarantees issued or modified on January 1, 2003 or after. The Company has implemented the enhanced disclosure requirements required by FIN No. 45. Implementation of the fair-value measurement and recognition provisions of FIN No. 45 in 2003 will not have a material impact on the Company's financial results of operations.

QUARTERLY UNAUDITED FINANCIAL DATA

(In thousands, except for per share data)

2002 Quarter Ended	March 31	June 30	Sept. 30	Dec. 31	Total
Net sales	$ 144,713	$ 171,520	$ 173,160	$ 155,721	$ 645,114
Gross profit	27,214	35,397	34,643	30,035	127,289
Income from operations	9,617	15,520	14,758	10,265	50,160
Net income	4,078	7,962	7,111	4,703	23,854
Net income per share – Basic	$ 0.31	$ 0.50	$ 0.45	$ 0.29	$ 1.56
Net income per share – Diluted	$ 0.30	$ 0.49	$ 0.44	$ 0.29	$ 1.54

2001 Quarter Ended	March 31	June 30	Sept. 30	Dec. 31	Total
Net sales	$ 150,550	$ 163,550	$ 161,484	$ 140,444	$ 616,028
Gross profit	28,485	32,081	30,330	25,187	116,083
Income from operations	9,742	12,054	9,851	5,862	37,509
Net income	2,886	4,518	3,594	1,535	12,533
Net income per share – Basic	$ 0.23	$ 0.36	$ 0.29	$ 0.12	$ 1.00
Net income per share – Diluted	$ 0.23	$ 0.35	$ 0.28	$ 0.12	$ 0.98

2000 Quarter Ended	March 31	June 30	Sept. 30	Dec. 31	Total
Net sales	$ 167,634	$ 181,523	$ 178,326	$ 150,057	$ 677,540
Gross profit	34,548	36,616	35,863	28,770	135,797
Income from operations	14,318	17,416	17,268	10,890	59,892
Net income	6,015	7,854	7,248	3,248	24,365
Net income per share – Basic	$ 0.48	$ 0.62	$ 0.58	$ 0.26	$ 1.94
Net income per share – Diluted	$ 0.47	$ 0.62	$ 0.57	$ 0.26	$ 1.92

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Gibraltar Steel Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of cash flows and of changes in shareholders' equity present fairly, in all material respects, the financial position of Gibraltar Steel Corporation and its subsidiaries at December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Buffalo, New York
January 31, 2003

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

In connection with the Annual Report of Gibraltar Steel Corporation (the "Company") on Form 10-K for the year ended December 31, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian J. Lipke, Chairman and Chief Executive Officer of the Company, certify, pursuant to Title 18, United States Code, Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Brian J. Lipke
Chairman and Chief Executive Officer
March 28, 2003

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

In connection with the Annual Report of Gibraltar Steel Corporation (the "Company") on Form 10-K for the year ended December 31, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Walter T. Erazmus, President of the Company, certify, pursuant to Title 18, United States Code, Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Walter T. Erazmus
President
March 28, 2003

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

In connection with the Annual Report of Gibraltar Steel Corporation (the "Company") on Form 10-K for the year ended December 31, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John E. Flint, Chief Financial Officer of the Company, certify, pursuant to Title 18, United States Code, Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

John E. Flint
Chief Financial Officer
March 28, 2003

SHAREHOLDER AND CORPORATE INFORMATION

Trading Information
Gibraltar's stock trades on The Nasdaq Stock Market® under the symbol "ROCK."

Quarterly Stock Price Data
The following table represents the quarterly high, low, and closing prices of Gibraltar's common stock for 2002.

2002	High	Low	Close
Q1	21.97	14.95	21.76
Q2	25.00	20.46	22.19
Q3	25.89	19.01	22.26
Q4	22.97	17.23	19.04

Shareholders
As of December 31, 2002, there were 117 shareholders of record of the Company's stock. The Company believes it has a significantly higher number of shareholders because of the number of shares that are held by nominees.

Company Information on the Internet
Gibraltar maintains a comprehensive Web site, which can be accessed at www.gibraltar1.com.

Form 10-K and Other Information
In addition to the Company's Web site, information may be requested by writing or calling:

Kenneth P. Houseknecht
Director of Investor Relations
PO Box 2028
Buffalo, NY 14219-0228
716/826-6500 phone
716/826-1589 fax
khouseknecht@gibraltar1.com

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

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

Independent Accountants
PricewaterhouseCoopers LLP
3600 HSBC Center
Buffalo, NY 14203

Annual Meeting
May 20, 2003, 10 a.m.
Gibraltar, 3556 Lake Shore Road
Buffalo, NY 14219-0228

Dividend Policy
In 2002, Gibraltar's Board paid an annual cash dividend of $.16 per share, payable at the quarterly rate of $.04, and it reviews the payment of this quarterly.

Analyst Coverage
BB&T Capital Markets
Lloyd T. O'Carroll
804/782-8773

McDonald & Co.
Mark L. Parr
216/443-3858

CIBC World Markets
Robert J. Schenosky
212/667-7081

Salomon Smith Barney
Michelle Applebaum
847/266-7080

Officers and Directors
Brian J. Lipke
Chairman of the Board, Chief Executive Officer, and Director

Walter T. Erazmus
President

Carl P. Spezio
Executive Vice President

Eric R. Lipke
Vice President

Henning N. Kornbrekke
Vice President

Kenneth W. Matz
Vice President

John E. Flint
Vice President and Chief Financial Officer

Richard A. Pytak Jr.
Treasurer

Gerald S. Lippes
Director
Partner, Lippes, Silverstein, Mathias & Wexler LLP

Arthur A. Russ, Jr.
Director
Partner, Phillips, Lytle, Hitchcock, Blaine & Huber

David N. Campbell
Director
Managing Director, Innovation Advisors, LLC

William P. Montague
Director
President, Chief Operating Officer, and Director, Mark IV Industries, Inc.

Gibraltar is committed to achieving 20% compound average annual growth of sales and earnings. This will be accomplished by internal growth, geographic and product expansion, joint ventures, and strategic acquisitions, and will result in more than $1 billion in revenues and more than $45 million in net income.

GIBRALTAR

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