

GIBRALTAR PACKAGING GROUP INC  
Form DEF 14A  
October 03, 2001

[LOGO]  
GIBRALTAR (R)  
Packaging Group, Inc.

Fellow Shareholders,

We started fiscal year 2001 with high expectations for improvements in sales and operating earnings in all quarters, and indeed, we achieved this in the first two quarters of the year. Reflective of the downturn in the economy, sales started to slow in the third quarter. Accordingly, sales and operating profits declined in the second half of the year, leaving operating income from continuing operations approximately equal for the year.

While disappointed that we were not able to achieve our original plan, we were pleased with the continued progress we made during 2001 in reducing operating costs, improving operating efficiency and quality, and integrating our sales and marketing efforts across all three divisions. We also invested in new technologies and equipment to enable the company to take advantage of opportunities for new business in the future.

Our outlook for 2002, particularly in the aftermath of the tragic events of September 11 and the grieving and uncertainty that it has created, is guarded but optimistic that this strong country is pulling together, and our economy will return to its long term history of growth and optimism.

While we are proceeding very cautiously in light of the current economic environment, we will continue to reduce costs and improve the levels of quality and service we offer to meet the rapidly changing needs of our customers and the markets we serve.

We believe that our strategy of focusing on our core business of folding cartons, improving internal operations and increasing sales has resulted in a stronger foundation for future growth and profitability. This, combined with prudent management of our assets, will result in continuing decreases in our outstanding debt levels and increasing returns to our shareholders.

Sincerely,

/s/ Walter E. Rose

Walter E. Rose  
Chairman and Chief Executive Officer

GIBRALTAR PACKAGING GROUP, INC.  
2000 Summit Avenue  
Hastings, Nebraska 68901

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD NOVEMBER 7, 2001

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TO THE STOCKHOLDERS OF GIBRALTAR PACKAGING GROUP, INC:

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The Annual Meeting of the Stockholders of Gibraltar Packaging Group, Inc., a Delaware corporation (the "Company"), will be held at the Comfort Inn, 2903 Osborne Drive West, Hastings, Nebraska, on November 7, 2001, at 12:00 p.m., Central Time, for the following purposes:

1. To elect six directors to serve until the annual stockholders' meeting in 2002 or until their successors have been elected and qualified (Proposal 1);
2. To ratify and approve the appointment of Deloitte & Touche LLP as the Company's independent auditors for the 2002 fiscal year (Proposal 2); and
3. To act upon such other business as may properly come before the meeting or any adjournments thereof.

These items of business are more fully described in the Proxy Statement accompanying this Notice.

Only stockholders of record at the close of business on September 10, 2001 are entitled to notice of and to vote at the Annual Meeting.

It is important that your shares be represented at the Annual Meeting of Stockholders regardless of whether you plan to attend. Therefore, please mark, sign, date, and return the enclosed proxy promptly. If you are present at the meeting, and wish to do so, you may revoke the proxy and vote in person.

By Order of the Board of Directors

/s/ Brett E. Moller

BRETT E. MOLLER  
Secretary

October 3, 2001  
Hastings, Nebraska

GIBRALTAR PACKAGING GROUP, INC.  
2000 Summit Avenue  
Hastings, Nebraska 68901

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PROXY STATEMENT

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The accompanying proxy is solicited by the Board of Directors of Gibraltar Packaging Group, Inc. (the "Company") for use at the 2001 Annual Meeting of Stockholders to be held on November 7, 2001, and at any adjournments thereof (the "Annual Meeting"). The Annual Meeting will be held at 12:00 p.m., Central Time, at the Comfort Inn, 2903 Osborne Drive West, Hastings, Nebraska. If the accompanying proxy is properly executed and returned, the shares it represents will be voted at the meeting in accordance with the directions noted on the proxy or, if no direction is indicated, it will be voted in favor of the proposals described in this Proxy Statement. In addition, the proxy confers discretionary authority to the persons named in the proxy authorizing those

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persons to vote, in their discretion, on any other matters properly presented at the Annual Meeting. The Board of Directors is not currently aware of any other matters to be considered. Any stockholder giving a proxy has the power to revoke it by oral or written notice to the Secretary of the Company at any time before it is voted.

The approximate date on which this Proxy Statement and the accompanying proxy, together with the Company's annual report to stockholders on form 10-K for the fiscal year ended June 30, 2001, will first be sent to stockholders is October 3, 2001.

### VOTING RIGHTS AND QUORUM

At the close of business on September 10, 2001, the record date for the determination of stockholders of the Company entitled to receive notice of and to vote at the Annual Meeting, 5,041,544 shares of the Company's common stock, par value \$0.01 per share (the "Common Stock"), were outstanding. Each share of Common Stock is entitled to one vote upon each of the matters to be voted on at the Annual Meeting. The presence, in person or by proxy (including abstentions and "broker non-votes"), of at least a majority of the outstanding shares of Common Stock is required for a quorum. A broker non-vote occurs when a broker holding stock in "street name" indicates on the proxy that it does not have discretionary authority to vote with respect to non-routine matters.

The affirmative vote of the holders of a plurality of the votes of the shares of Common Stock present in person or represented by proxy at the Annual Meeting is required for the election of directors. Ratification of Deloitte & Touche LLP as the Company's independent public accountants requires the affirmative vote of the holders of a majority of the shares of Common Stock present in person or represented by proxy at the Annual Meeting.

With respect to the election of directors, votes may be cast in favor or withheld. Votes that are withheld will be excluded entirely from the vote and will have no effect. Abstentions may be specified on the ratification of Deloitte & Touche LLP as the Company's independent public accountants and will be counted as shares that are present and entitled to vote for a proposal, but will not be counted as votes in favor of such proposal. Accordingly, an abstention from voting by a stockholder present in person or represented by proxy at the Annual Meeting will have the same legal effect as a vote "against" the ratification of Deloitte & Touche LLP as the Company's independent public accountant even though the stockholder or interested parties analyzing the results of the voting may interpret such vote differently. Broker non-votes are not shares entitled to vote, will not be counted in the total number of votes, and thus will have no effect on the outcome of voting.

### PROPOSAL NUMBER 1:

#### ELECTION OF DIRECTORS

Six directors are to be elected to the Company's Board of Directors at the Annual Meeting. The Board of Directors has nominated and urges you to vote for the election of the six nominees identified below who have been nominated to serve as directors until the next annual meeting of stockholders or until their successors are duly elected and qualified. The six nominees listed below are members of the Company's present Board of Directors. Proxies solicited hereby will be voted FOR all six nominees unless stockholders specify otherwise in their proxies.

If, at the time of or prior to the Annual Meeting, any nominee is unable or declines to serve, the discretionary authority provided in the proxy may be used

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to vote for a substitute or substitutes designated by the Board of Directors. The Board of Directors has no reason to believe that any substitute nominee or nominees will be required.

### Nominees for Director

The six nominees for election as directors and certain additional information with respect to each of them, are as follows:

Name	Age	Position with the Company	Year Fir a Di
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David G. Chandler	43	Director	
Richard D. Hinrichs	57	Director and President & Chief Operating Officer	
John W. Lloyd	57	Director	
Walter E. Rose	58	Director and Chief Executive Officer	
Robert G. Shaw	61	Director	
John D. Strautnieks	64	Director	

David G. Chandler. Mr. Chandler has been employed by William Blair & Company, L.L.C., an investment banking firm, since 1987, and has been a principal since 1990. Mr. Chandler also serves as a director for a number of privately held companies.

Richard D. Hinrichs. Mr. Hinrichs became President and Chief Operating Officer of the Company in August 1998. Mr. Hinrichs served as Division President -Great Plains Packaging since May 1992. He had previously served as Vice President of Sales of Great Plains Packaging from February 1986 through May 1992 and has held various positions with the Company and its predecessors since 1963.

John W. Lloyd. Mr. Lloyd presently serves as a consultant to the company since his resignation as Chief Financial Officer of the Company in September 2000. Mr. Lloyd is employed as Chief Financial Officer for Cert.Co, a provider of security and risk management infrastructure solutions for B2B e-commerce. Mr. Lloyd has served as Executive Vice President and Chief Financial Officer of Rostra Technologies, Inc. ("Rostra"), a manufacturer of automotive electronic components, since 1993.

Walter E. Rose. Mr. Rose became Chief Executive Officer of the Company in August 1995. Mr. Rose serves as President of Rostra, which he co-founded in 1982.

Robert G. Shaw. Mr. Shaw has been Chairman of the Board, President and Chief Executive Officer of International Jensen, an equipment manufacturer specializing in loud speaker drivers and related components for the audio industry, since 1984.

John D. Strautnieks. Mr. Strautnieks serves as Chairman of the Board of Rostra, which he co-founded in 1982.

2

The Board of Directors recommends that stockholders vote "FOR" the election of each of the nominees named above.

All directors hold office until the next annual meeting of the stockholders

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of the Company or until their successors have been duly elected and qualified. The Company's officers are appointed by, and serve at the pleasure of, the Board of Directors, subject to the terms of any employment agreements. See "Executive Compensation and Other Information - Employment Contracts, Termination of Employment and Change-in-Control Arrangements."

The Company's Certificate of Incorporation and Bylaws provide that the number of directors on the Board shall be fixed from time to time by the Board of Directors but shall not be less than two nor more than 15 persons. The Board, in its discretion and in accordance with such authority, has fixed its size to six persons. No proxy will be voted for more than six persons.

### Meetings of the Board of Directors and Committees

The Company's Board of Directors has an Audit Committee and a Compensation Committee. The Audit Committee's functions include making recommendations concerning the engagement of independent auditors, reviewing with the independent auditors the planning and results of the auditing engagement, approving professional services provided by the independent auditors and reviewing the adequacy of the Company's internal accounting controls. The current members of the Audit Committee are Messrs. Shaw and Strautnieks. The Compensation Committee makes recommendations concerning compensation, including incentive arrangements, for the Company's officers. The Compensation Committee also administers the Company's 1992 Incentive Stock Option Plan, Director Stock Option Plan, and 1998 Stock Appreciation Rights Plan. The current members of the Compensation Committee are Messrs. Chandler and Shaw.

During fiscal 2001, the Board of Directors had two meetings. The Audit Committee had three meetings, and the Compensation Committee had one meeting. During fiscal 2001, each director participated in all board meetings and meetings of committee(s) on which he served.

### Director Compensation

Members of the Board of Directors are reimbursed for out-of-pocket expenses incurred in attending Board of Directors and committee meetings. Messrs. Chandler, Shaw, and Strautnieks receive \$3,000 each quarter as director compensation. Mr. Lloyd receives \$2,000 a month as compensation for serving as a consultant and director of the Company. No additional compensation is paid for committee meetings. In addition, each director who is not an employee of the Company or of a subsidiary or affiliate of the Company is eligible to receive stock options under the Company's Director Stock Option Plan. During fiscal 2001, no options to purchase shares of Common Stock were awarded under the Director Stock Option Plan.

### VOTING SECURITIES AND PRINCIPAL STOCKHOLDERS

The table on the following page sets forth, as of September 10, 2001, certain information with respect to the shares of Common Stock beneficially owned by (i) each person known by the Company to own beneficially five percent or more of the Common Stock, (ii) each director and director nominee of the Company, (iii) each of the five most highly compensated executive officers of the Company during its most recent fiscal year and (iv) all directors and executive officers of the Company as a group. Except as indicated below, each of the persons listed in the table has sole voting and investment power with respect to the shares listed. For purposes of the following table, each person's "beneficial ownership" of Common Stock has been determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 13d-3 promulgated thereunder. Information with

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respect to beneficial ownership is based upon information furnished by such persons or contained in filings made with the Securities and Exchange Commission ("SEC").

3

Name and Address of Beneficial Owner/(1)/ -----	Beneficial Ownership -----
Agro Industrial and Trading Holding B.V. 18 Lindenstraat, 7411 NV Deventer, Netherlands (2).....	317,400
William Blair Leveraged Capital Fund, L.P. 222 West Adams Street, Chicago, Illinois 60606.....	863,275
David G. Chandler, Director (3).....	887,475
John W. Lloyd, Director (4).....	230,250
Walter E. Rose, Director and Chief Executive Officer.....	381,296
Robert G. Shaw, Director (4).....	16,000
John D. Strautnieks, Director.....	306,296
Richard D. Hinrichs, Director and President & Chief Operating Officer (4).....	264,092
James W. Anderson, Vice President & General Manager, Flashfold Carton.....	430
Donald R. Soucy, Vice President & General Manager, Standard Packaging & Printing....	0
Lyle O. Halstead, Vice President Finance - Operations.....	2,011
Brett E. Moller, Vice President Finance - Corporate.....	6,500
Mark A. Lessor, Vice President of Sales (4).....	3,000
Directors and executive officers as a group (11 persons) (4).....	2,097,350

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\* Represents beneficial ownership of less than one percent of the outstanding shares of Common Stock.

- (1) Unless otherwise indicated, the address of each of the beneficial owners identified is c/o Gibraltar Packaging Group, Inc., 2000 Summit Avenue, Hastings, Nebraska 68901.
- (2) Based solely on information set forth in a Schedule 13D, dated December 11, 1996.
- (3) 863,275 of these shares are held by William Blair Leveraged Capital Fund, L.P. (the "WB Fund"), which Mr. Chandler may be deemed to beneficially own due to his status as a principal of William Blair & Company, L.L.C., which is the general partner of William Blair Leveraged Capital Management, L.P., the general partner of the WB Fund. The remaining 24,200 shares are directly owned by Mr. Chandler.

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- (4) Includes the following shares issuable upon the exercise of outstanding stock options granted by the Company that are exercisable within 60 days of September 10, 2001: 11,000 for Mr. Lloyd, 11,000 for Mr. Shaw, 23,000 for Mr. Hinrichs, and 3,000 for Mr. Lessor.

4

### EXECUTIVE COMPENSATION AND OTHER INFORMATION

#### Executive Officers

Set forth below is certain information concerning the executive officers of the Company, including the business experience of each during the past five years.

Name ----	Age ---	Position with the Company -----
Walter E. Rose	58	Chairman and Chief Executive Officer
Richard D. Hinrichs	57	President and Chief Operating Officer
Lyle O. Halstead	36	Vice President Finance - Operations
Brett E. Moller	39	Vice President Finance - Corporate
Mark A. Lessor	42	Vice President of Sales
James W. Anderson	40	Vice President & General Manager Flashfold Carton Division
Donald R. Soucy	59	Vice President & General Manager Standard Packaging & Printing Division

Information regarding the business experience of Messrs. Rose and Hinrichs are set forth above under the heading "Proposal Number 1: Election of Directors."

Lyle O. Halstead. Mr. Halstead became Vice President Finance - Operations of the Company in September 2000. He had previously served as Vice President Finance and Human Resources of the Great Plains Packaging Division since 1997. In addition, he served as Division Controller for Great Plains Packaging from April 1992 through December 1995. Before returning to the division in 1997, Mr. Halstead held the position of Plant Controller for Lozier Corporation from January 1996 to January 1997.

Brett E. Moller. Mr. Moller became Vice President Finance - Corporate of the Company in September 2000. He previously served as Corporate Controller for the Company since October 1998. Prior to his employment with the Company, Mr. Moller was a shareholder in Richardson & Associates, P.C., a CPA firm.

Mark A. Lessor. Mr. Lessor became Vice President of Sales of the Company in March 2001. Prior to this appointment, Mr. Lessor previously served as Great Plains Packaging's Vice President of Sales since 1997, and added sales management responsibilities for Flashfold Carton, another division of the Company, to his duties in 1998. He has held various other positions with Great

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Plains Packaging including, Sales Manager, Product Manager, and Sales Representative since his employment with the Company and its predecessors in 1981.

James W. Anderson. Mr. Anderson became Vice President & General Manager of the Company's Flashfold Carton Division in January 2000. Mr. Anderson served as Operations Manager for the division since July 1998 and held other various positions within the division since September 1997. Prior to his employment with the Company's Flashfold Carton division he was employed by International Cup Corporation from April 1996 to September 1997, and in prior years held various positions with International Paper.

Donald R. Soucy. Mr. Soucy has served as Vice President and General Manager of the Company's Standard Packaging & Printing Division since January 2000. Prior to his employment, the Company retained Mr. Soucy as a consultant, through DR Soucy & Associates, from June 1999 to December 1999. Mr. Soucy was previously employed as Plant Manager for International Jensen, Inc., from 1986 to 1999.

5

### Report of the Compensation Committee of the Board of Directors

The Compensation Committee of the Board of Directors of the Company currently consists of Messrs. Chandler and Shaw, neither of whom are officers or employees of the Company. The Committee is responsible for evaluating and establishing the level of executive compensation and administering the Company's stock option and stock appreciation rights plans.

It is the philosophy of the Company and the Compensation Committee that in order to achieve continual growth and financial success, the Company must be able to attract and retain qualified executives. The Company's executive compensation programs are designed to attract and retain executives capable of leading the Company to meet its business objectives and to motivate them to enhance long-term stockholder value. The Compensation Committee regularly reviews the Company's compensation programs to insure that salary levels and incentive opportunities are competitive and reflect the performance of the Company. The Company's compensation package for its executive officers can consist of a cash salary, a cash incentive bonus, stock option grants, and stock appreciation rights.

Base salary levels are largely determined through comparisons with industrial companies of similar size, complexity, and performance. The determination of the comparable companies was based upon choices made by the Compensation Committee and the Board of Directors. Actual salaries are based on individual performance contributions within a competitive salary range for each position that is established through job evaluation and market comparisons. Upon the appointment of a new Chief Operating Officer of the Company in October 1997, Mr. Rose's active involvement was reduced. Mr. Rose no longer receives a base salary from the Company.

The Company uses annual bonuses to motivate its executive officers and reward individuals for their initiative and outstanding performance. Bonuses are determined annually based upon achievement of performance-oriented indicators, which include improvement in sales and net income, the control of working capital and cash flow, and the achievement of specified operating objectives that favorably impact the Company's overall financial performance.

The Compensation Committee believes that by providing the executives who have substantial responsibility for the management and growth of the Company with an opportunity to increase their ownership of Common Stock of the Company,



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the best interest of stockholders and executives will be closely aligned. Therefore, executives are eligible to receive stock options from time to time, giving them the right to purchase Common Stock of the Company. While various factors such as the potential of the recipient, prior grants, and the performance of the Company are considered in selecting the recipients and determining the size of the grant, the Company does not adhere to any firmly established formulas or schedules for the issuance of options, and options are awarded when considered appropriate. No stock options were awarded in fiscal 2001.

The Committee believes that granting stock appreciation rights ("SARs"), like stock options, can increase stockholder value by aligning the interests of the SAR's recipient with the Company's stockholders. Once the SARs reach maturity, they will provide cash incentives to key executives only if the then current value of the Common Stock has reached predetermined levels. No SARs were granted in fiscal 2001.

The foregoing report is given by the following members of the Compensation Committee:

David G. Chandler  
Robert G. Shaw

### Compensation Committee Interlocks and Insider Participation

The Compensation Committee consists of Messrs. Chandler and Shaw. No member of the Compensation Committee was an officer or employee of the Company, or any of its subsidiaries, during fiscal 2001. Messrs. Rose and Strautnieks serve on the Board of Directors of Rostra, which board makes all compensation-related decisions for that company.

6

### Executive Compensation

The following table summarizes certain information regarding aggregate cash compensation, stock option awards, stock appreciation rights, and other compensation earned by the Company's Chief Executive Officer and each of the four other most highly compensated executive officers of the Company during the Company's last three fiscal years.

SUMMARY COMPENSATION TABLE

Name and Principal Position -----	Fiscal Year -----	Annual Compensation -----		Long-Term Compensa ----- Security Underly Options/ -----
		Salary (\$) -----	Bonus (\$) <sup>(1)</sup> -----	
Walter E. Rose (3) Chief Executive Officer	2001 2000 1999	0 0 0	0 0 0	
Richard D. Hinrichs President and Chief Operating Officer	2001 2000	221,563 215,109	53,000 63,000	

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	1999	203,157	43,000
Mark A. Lessor	2001	105,139	20,000
Vice President of Sales	2000	95,400	22,000
	1999	91,731	19,000
James W. Anderson	2001	104,760	16,000
Vice President & General Manager	2000	103,523	12,000
Flashfold Carton Division	1999	96,148	0
Donald R. Soucy	2001	118,560	8,000
Vice President & General Manager	2000	111,200 (5)	10,000
Standard Packaging & Printing Division	1999	2,400 (5)	0

- (1) Bonuses reflect amounts earned and accrued during each fiscal year, but paid in the subsequent fiscal year.
- (2) Represents Company contributions to the Company's 401(k) profit sharing plan. During each of the three years ended June 30, 2001, July 1, 2000, and July 3, 1999, perquisites for each individual named in the Summary Compensation Table aggregated less than 10% of the total annual salary and bonus reported for such individual in the Summary Compensation Table, or \$50,000, if lower. Accordingly, no such amounts are included in the Summary Compensation Table.
- (3) Upon the appointment of a new Chief Operating Officer of the Company in October 1997, Mr. Rose's active involvement with the Company was reduced. Mr. Rose no longer receives a base salary from the Company.
- (4) In fiscal 1999 Mr. Hinrichs was granted 150,000 SARs under the 1998 Stock Appreciation Rights Plan. The SARs are valued at \$2.25 for each of 75,000 SARs and \$3.00 for each of 75,000 SARs of the 150,000 awarded to Mr. Hinrichs. The SARs for Mr. Hinrichs vest at 20% on January 15, 1999 and 20% on each of June 26, 1999, June 24, 2000, June 30, 2001, and June 29, 2002. On June 30, 2003, the Company will pay to Mr. Hinrichs an amount equal to the market value of the Common Stock on that date multiplied by the number of vested SARs less their initial values of \$2.25 and \$3.00.
- (5) Compensation for Mr. Soucy represents consulting fees totaling \$53,600 for the first six months of fiscal 2000 and salary totaling \$57,600 for the remaining portion of the fiscal year. Fiscal 1999 compensation for Mr. Soucy represents \$2,400 in consulting fees for services provided by Mr. Soucy in June 1999.

7

### Stock Options and Stock Appreciation Rights Granted in Fiscal 2001

The Company did not grant any stock options or SARs in fiscal 2001.

### Stock Option and SAR Values at Fiscal Year-End

The following table summarizes information concerning the value of unexercised options held as of June 30, 2001, by the executive officers named in the Summary Compensation Table. No stock options were exercised by these officers in fiscal 2001.

#### FISCAL YEAR-END OPTION VALUES

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Name	Number of Shares Underlying Unexercised Options Held at June 30, 2001 (#)		Value of In-the-Money Options at June 30, 2001 (\$) (1)	
	Exercisable	Unexercisable	Exercisable	Unexercisable
Richard D. Hinrichs(2).....	23,000	0	0	0
Mark A. Lessor(2).....	3,000	0	0	0

(1) Computed based on the difference between aggregate fair market value and aggregate exercise price. The market value of the Company's Common Stock on June 30, 2001 was \$1.28 based on the closing price on the NASDAQ National Market System on that date. All of the options held by Messrs. Hinrichs and Lessor have exercise prices in excess of \$1.28.

(2) All options for Mr. Hinrichs and Mr. Lessor were granted under the Company's 1992 Incentive Stock Option Plan.

The following table includes information concerning the value of SARs held as of June 30, 2001, by the executive officers named in the Summary Compensation Table. No SARs granted to these officers reached maturity in fiscal 2001.

FISCAL YEAR-END SAR VALUES

Name	Number of SARs Outstanding at June 30, 2001 (#)		Present Value of SARs Outstanding June 30, 2001 (\$)	
	Vested	Unvested	Vested	Unvested
Richard D. Hinrichs(2).....	120,000	30,000	0	

(1) Computed based on the difference between aggregate fair market value and aggregate initial value. The market value of the Company's Common Stock on June 30, 2001 was \$1.28 based on the closing price on the NASDAQ National Market System on that date. Mr. Hinrichs' SARs have initial values in excess of \$1.28.

(2) All SARs for Mr. Hinrichs were granted under the Company's 1998 Stock Appreciation Rights Plan.

Performance Graph

The following performance graph compares the performance of the Company's Common Stock to the NASDAQ Market Index and a peer group index for the period beginning June 30, 1996 and ending June 30, 2001. The graph assumes that the value of the investment in the Company's Common Stock and each index was \$100 at June 30, 1996 and that all dividends were reinvested. The members of the peer group were determined by the Company, and consist of: Bemis Inc., Liqui-Box Corp., Outlook Group Corp., and Sonoco Products Co.

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COMPARISON OF 5 YEAR CUMULATIVE RETURN  
AMONG GIBRALTAR PACKAGING GROUP, INC.,  
NASDAQ MARKET INDEX, AND PEER GROUP INDEX

[CHART APPEARS HERE]

	Gibraltar	Peer Group	NASDAQ
6/30/1996	100	100	100
6/30/1997	54.5	120.23	121.57
6/30/1998	40.95	122.01	160.12
6/30/1999	12.51	140.26	230.53
6/30/2000	14.17	120.13	340.58
6/30/2001	23.21	133.95	185.59

There can be no assurance that the Company's stock performance will continue into the future with the same or similar trends depicted in the graph above or that its performance will change in the future. The Company will not make or endorse any predictions as to future stock performance.

9

### Employment Contracts, Termination of Employment and Change-in-Control Arrangements

The Company entered into an employment agreement with Mr. Hinrichs, dated January 15, 1999, which supercedes all prior employment agreements between Mr. Hinrichs and the Company. The agreement provides that Mr. Hinrichs would receive an annual base salary of not less than \$201,000 and be entitled to receive a bonus not to exceed 40% of his base salary each fiscal year. The employment agreement also provides Mr. Hinrichs with the right to participate in the 1998 Stock Appreciation Rights Plan, see "Report of the Compensation Committee of the Board of Directors." In addition, the agreement provides that if the Company terminates Mr. Hinrichs' employment without just cause, or in the event of a change-in-control (as defined in the agreement), Mr. Hinrichs would be entitled to receive severance pay, for the one-year period from termination, equal to his annual base salary at the time of termination.

The Company entered into an agreement with Mr. Lloyd on September 1, 2000, based upon his resignation as Chief Financial Officer of the Company, effective September 5, 2000. This agreement supercedes all previous employment agreements. As a part of this agreement, Mr. Lloyd will serve as a consultant to the Company and will be paid a retainer of \$2,000 per month, so long as he remains a consultant and director to the Company. The agreement also states that so long as Mr. Lloyd remains employed as a consultant for the Company, he will retain his rights under the 1998 Stock Appreciation Rights Plan.

### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company's directors and officers, and persons who own more than ten percent of the Company's Common Stock, to file initial reports of ownership and reports of changes in ownership of Common Stock with the SEC. Officers, directors, and greater than ten percent stockholders are required by SEC regulation to furnish the Company with copies of all such forms that they file.

To the Company's knowledge, based solely on the Company's review of the

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copies of such reports received by the Company, and on written representations by certain reporting persons, the Company believes that during the fiscal year ended June 30, 2001, all Section 16(a) filing requirements applicable to its officers, directors, and ten percent stockholders were made.

10

### AUDIT COMMITTEE REPORT

The Company's Audit Committee assists the Board in fulfilling its responsibilities of overseeing the quality and integrity of the Company's accounting, auditing, and financial reporting practices. The Audit Committee members satisfy the regulations of the National Association of Securities Dealers ("NASD") requiring that all audit committee members be "independent directors" as defined in the NASD listing standards. The Company is not required to adopt a written charter for the Audit Committee, but intends to adopt a formal charter during fiscal 2002.

During fiscal 2001, the Committee met three times, and discussed the interim financial information contained in each quarterly earnings announcement with management and independent auditors prior to public release. In connection with the Company's June 30, 2001 audited financial statements, the Audit Committee reviewed and discussed the financial statements with management. The Audit Committee also discussed with the Company's independent public accountants the matters required by Statement on Auditing Standards ("SAS") No. 61, "Communication with Audit Committees," as amended by SAS No. 90.

In discharging its oversight responsibility as to the audit process, the Audit Committee obtained from Deloitte & Touche LLP, the Company's independent public accountants, a formal written statement describing all relationships between the independent public accountants and the Company that might bear on the auditor's independence consistent with the Independence Standards Board Standard No. 1, "Independence Discussions with Audit Committees," and discussed with the auditors any relationships that may impact their objectivity and independence. In considering the auditor's independence, the Audit Committee also considered whether the non-audit services performed by the auditors on the Company's behalf were compatible with maintaining the independence of the auditors. Based on this review, the Audit Committee believes appropriate independence is maintained.

Based on the Audit Committee's review and discussions with management and the Company's independent public accountants, the Audit Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2001, for filing with the SEC. The Audit Committee also recommended the reappointment of the independent public accountants and the Board concurred in this recommendation, subject to the ratification of the appointment by the shareholders at the Annual Meeting.

Audit Committee

Robert G. Shaw, Chairman  
John D. Strautnieks

#### Principal Accounting Firm Fees

The following table lists the aggregate fees billed to the Company for the fiscal year ended June 30, 2001, by the Company's principal accounting firm, Deloitte & Touche LLP.

Audit Fees	\$102,800
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Financial Information Systems Design and Implementation Fees	\$	-
All Other Fees	\$	98,064

11

### PROPOSAL NUMBER 2:

#### APPROVAL OF INDEPENDENT AUDITORS

The Board of Directors of the Company has appointed the firm of Deloitte & Touche LLP as the Company's independent public accountants for the fiscal year ending June 29, 2002, subject to ratification by the Company's stockholders. Representatives of Deloitte & Touche LLP are expected to be present at the Annual Meeting of Stockholders and will have an opportunity to make a statement, if they desire to do so, and to respond to appropriate questions from those attending the meeting. Deloitte & Touche LLP has served as auditors for the Company since 1986.

For ratification, this proposal will require the affirmative vote of the holders of a majority of the shares of Common Stock represented at the meeting in person or by proxy. If the resolution is rejected, or if Deloitte & Touche LLP declines to act or becomes incapable of action, or if its employment is discontinued, the Board of Directors will appoint other independent accountants. The enclosed proxy will be voted for ratification of Deloitte & Touche LLP unless the proxy holders are otherwise instructed.

The Board of Directors recommends that stockholders vote "FOR" ratification of Deloitte & Touche LLP's appointment.

#### PROPOSALS OF STOCKHOLDERS

Any proposal of a stockholder intended to be presented at the next annual meeting must be in the form required by the Company's By-laws and received at the Company's principal executive offices no later than June 5, 2002, if the proposal is to be considered for inclusion in the Company's proxy statement relating to such meeting.

A shareholder may also present a proposal directly to the Company's shareholders at the 2002 Annual Meeting. However, if the Company does not receive notice of the shareholder proposal prior to the close of business on August 19, 2002, SEC rules permit management to vote proxies in their discretion on the proposed matter. If the Company receives notice of the shareholder proposal on or before the close of business on August 19, 2002, management can only vote proxies in their discretion if they advise stockholders in the Company's 2002 proxy statement about the nature of the proposed matter and how management intends to vote on the matter.

#### FINANCIAL INFORMATION

A copy of the Company's Annual Report on Form 10-K, including any financial statements and schedules and exhibits thereto, may be obtained without charge by e-mailing [investorrelations@gppkg.com](mailto:investorrelations@gppkg.com) or by written request to Investor Relations, Gibraltar Packaging Group, Inc., 2000 Summit Avenue, Hastings, Nebraska 68901. These reports can also be obtained on our website at [www.gibraltarpackaginggroup.com](http://www.gibraltarpackaginggroup.com).

#### OTHER MATTERS

The Company will bear the cost of preparing and mailing proxy materials as well as the cost of solicitation of proxies. The Company will reimburse banks, brokerage firms, custodians, nominees, and fiduciaries for their expenses in



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This proxy will be voted in accordance with the discretion of the proxies or proxy on any other business. Receipt is hereby acknowledged of the Notice of Annual Meeting and Proxy Statement of the Company dated October 3, 2001.

\_\_\_\_\_  
Signature(s)  
\_\_\_\_\_

Dated \_\_\_\_\_, 2001

(Please sign exactly as your name appears hereon. When signing as attorney, executor, administrator, trustee, guardian, etc., give full title as such. For joint accounts, each joint owner should sign.)

PLEASE MARK, SIGN, DATE, AND RETURN THE  
PROXY CARD PROMPTLY USING THE  
ENCLOSED ENVELOPE.