

VALMONT INDUSTRIES INC
Form 10-K
February 27, 2007

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark one)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 30, 2006

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-31429

Valmont Industries, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)
One Valmont Plaza,
Omaha, Nebraska
(Address of Principal Executive Offices)

47-0351813
(I.R.S. Employer
Identification No.)

68154-5215
(Zip Code)

(402) 963-1000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Common Stock \$1.00 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes No

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.
o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer x

Accelerated filer o

Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

At February 9, 2007 there were 25,663,321 of the Company's common shares outstanding. The aggregate market value of the voting stock held by non-affiliates of the Company based on the closing sale price the common shares as reported on the New York Stock Exchange on July 1, 2006 was \$781,991,000.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's proxy statement for its annual meeting of shareholders to be held on April 23, 2007 (the Proxy Statement), to be filed within 120 days of the fiscal year ended December 30, 2006, are incorporated by reference in Part III.

VALMONT INDUSTRIES, INC.

Annual Report Pursuant to Section 13 or 15(d)
of the Securities and Exchange Act of 1934
For the fiscal year ended December 30, 2006

TABLE OF CONTENTS

	Page
<u>PART I</u>	
<u>Item 1</u>	Business
3	
<u>Item 1A</u>	Risk Factors
12	
<u>Item 1B</u>	Unresolved Staff Comments
18	
<u>Item 2</u>	Properties
18	
<u>Item 3</u>	Legal Proceedings
20	
<u>Item 4</u>	Submission of Matters to a Vote of Security Holders
20	
<u>PART II</u>	
<u>Item 5</u>	Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities
22	
<u>Item 6</u>	Selected Financial Data
23	
<u>Item 7</u>	Management's Discussion and Analysis of Financial Condition and Results of Operation
26	
<u>Item 7A</u>	Quantitative and Qualitative Disclosures About Market Risk
42	
<u>Item 8</u>	Financial Statements and Supplementary Data
43	
<u>Item 9</u>	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure
76	
<u>Item 9A</u>	Controls and Procedures
76	
<u>Item 9B</u>	Other Information
80	
<u>PART III</u>	
<u>Item 10</u>	Directors, Executive Officers and Corporate Governance
81	
<u>Item 11</u>	Executive Compensation
81	
<u>Item 12</u>	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters
81	
<u>Item 13</u>	Certain Relationships and Related Transactions, and Director Independence
81	
<u>Item 14</u>	Principal Accountant Fees and Services
81	
<u>PART IV</u>	
<u>Item 15</u>	Exhibits and Financial Statement Schedules
82	

PART I

Available Information

We make available, free of charge through our Internet web site at <http://www.valmont.com>, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission. We submitted the annual Chief Executive Officer certification to the NYSE for 2006, as required by Section 303A.12(a) of the NYSE Corporate Governance rules.

We have also posted on our website our (1) Corporate Governance Principles, (2) charters for the Audit Committee, Compensation Committee, and Governance and Nominating Committee of the Board, (3) Code of Business Conduct, and (4) Code of Ethics for Senior Officers applicable to the Chief Executive Officer, Chief Financial Officer and Controller. Valmont shareholders may also obtain copies of these items at no charge by writing to: Investor Relations Department, Valmont Industries, Inc., One Valmont Plaza, Omaha, NE, 68154.

ITEM 1. BUSINESS.

(a) General Description of Business

General

We are a diversified global producer of fabricated metal products and a leading producer of metal and concrete pole and tower structures in our Engineered Support Structures and Utilities Support Structures businesses, and are a global producer of mechanized irrigation systems in our Irrigation business. We also provide metal coating services, including galvanizing, painting and anodizing in our Coatings business and manufacture specialty pipe and tubing products in our Tubing business. Our pole and tower structures are used to support outdoor lighting and traffic control fixtures, electrical transmission lines and related power distribution equipment, wireless communications equipment and highway signs. Our mechanized irrigation equipment is used to water crops and deliver chemical fertilizers and pesticides. Our tubing is used in a wide range of specialized agricultural, automotive and industrial applications, including grain augers and chutes, engine exhausts and pneumatic tubing. Customers and end-users of our products include state and federal governments, contractors, utility and telecommunications companies, manufacturers of commercial lighting fixtures and large farms as well as the general manufacturing sector. In 2006, approximately 24% our total sales were either sold in markets or produced by our manufacturing plants outside of North America. We were founded in 1946, went public in 1968 and our shares have been traded on The New York Stock Exchange (ticker: VMI) since August 2002, having previously traded on the NASDAQ National Market.

Business Strategy

Our strategy is to pursue growth opportunities that leverage our existing product portfolio, knowledge of our principal end-markets and customers and engineering capability to increase our sales, earnings and cash flow, including:

Increasing the Market Penetration of our Existing Products. Our strategy is to increase our market penetration by differentiating our products from our competitors' products through superior customer service, technological innovation and consistently high quality. For example, in 2005 we were selected as a principal supplier of pole products from a utility company that was historically a customer of one of our competitors. We believe this customer chose to purchase products from us, rather than our competitor,

because we have the most complete product line offering of utility structures to meet their needs and offer superior product quality, service and reliability.

Bringing our Existing Products to New Markets. Our strategy is to expand the sales of our existing products into geographic areas where we do not currently have a strong presence as well as into applications for which end-users do not currently purchase our products. In recent years, for example, we have been expanding our geographic presence in Europe and North Africa for lighting structures. In 2006, our Irrigation business successfully expanded its sales of center pivot and linear irrigation machines into new markets in North Africa and Central Asia.

Developing New Products for Markets that We Currently Serve. Our strategy is to grow by developing new products for markets where we have a comprehensive understanding of end-user requirements and longstanding relationships with key distributors and end-users. For example, we developed and sold structures for tramway applications in Europe in 2005 and 2006. The customers for this product line include many of the state and local governments that purchase our lighting structures.

We believe we will be able to grow sales of our support structures for highway signs rapidly because we understand these customers requirements well and benefit from existing relationships with them. In addition, our acquisition of Newmark in 2004 enables us to offer concrete utility structures in addition to our other product offerings to the utility industry.

Developing New Products for New Markets to Further Diversify our Business. Our strategy is to increase our sales and diversify our business by developing new products for new markets. For example, we are offering specialized decorative lighting poles in the U.S. The decorative lighting market has different customers than our traditional markets and the products to serve that market are different than the poles we manufacture for the transportation and commercial markets.

Acquisitions

We have grown internally and by acquisition. Our business expansions during the past five years include:

- | | |
|------|--|
| 2004 | <ul style="list-style-type: none">• Acquisition of Newmark International, Inc., a manufacturer of concrete and steel pole structures, headquartered in Birmingham, Alabama• Acquisition of a fiberglass pole manufacturer in Commerce City, Colorado• Acquisition of an overhead sign structure manufacturer in Selbyville, Delaware• Purchase of equipment for the manufacture of poles in El Dorado, Kansas |
| 2006 | <ul style="list-style-type: none">• Acquisition of remaining 51% of a nonconsolidated steel pole manufacturing business in Monterrey, Mexico |

There have been no significant divestitures of businesses in the past five years. In the fourth quarter of 2006, we decided to suspend our activities to develop support structures to serve the wind energy industry.

(b) Operating Segments

We aggregate our operating segments into five reportable segments. Aggregation is based on similarity of operating segments as to economic characteristics, products, production processes, types or classes of customer and the methods of distribution. Our reportable segments are as follows:

Engineered Support Structures: This segment consists of the manufacture of engineered metal structures and components for the lighting and traffic and wireless communication industries, certain international utility industries and for other specialty applications

Utility Support Structures: This segment consists of the manufacture of engineered steel and concrete structures for the North American utility industry

Coatings: This segment consists of galvanizing, anodizing and powder coating services

Irrigation: This segment consists of the manufacture of agricultural irrigation equipment and related parts and services

Tubing: This segment consists of the manufacture of tubular products for industrial customers

Other.

In addition to these five reportable segments, we have other businesses and activities that individually are not more than 10% of consolidated sales. These include our machine tool accessories and industrial fasteners businesses, and the development of structures for the wind energy industry. In the fourth quarter of 2006, we decided to suspend our wind energy structure development efforts.

Amounts of revenues, operating income and total assets attributable to each segment for each of the last three years is set forth in Note 17 of our consolidated financial statements on pages 64-67.

(c) Narrative Description of Business

Information concerning the principal products produced and services rendered, markets, competition and distribution methods for each of our five reportable segments is set forth below.

Engineered Support Structures Segment:

The Engineered Support Structures segment manufactures and markets engineered metal structures in two broad product lines:

(1) *Lighting and Traffic*

Products Produced This product line primarily includes steel and aluminum poles and structures to which lighting and traffic control fixtures are attached for a wide range of outdoor lighting applications, such as streets, highways, parking lots, sports stadiums and commercial and residential developments. The demand for these products is driven by commercial and residential construction and by consumers' desire for well-lit streets, highways, parking lots and common areas to help make these areas safer at night and to support trends toward more active lifestyles and 24-hour convenience. In addition to safety, customers want products that are visually appealing. In Europe, we believe we are a leader in decorative lighting poles, which are attractive as well as functional. We are leveraging this expertise to expand our decorative product sales in North America and China. Traffic poles are structures to which traffic signals are attached and aid the orderly flow of automobile traffic. While standard designs are available, poles are often engineered to customer specifications to ensure the proper function and safety of the structure. Product engineering takes into account factors such as weather (e.g. wind, ice) and the products loaded on the structure (e.g. lighting fixtures, traffic signals, signage) to determine the design of the pole.

Markets The key markets for our lighting and traffic products are the transportation and commercial lighting markets. The transportation market includes street and highway lighting and traffic control, much of which is driven by government spending programs. For example, the U.S. government funds highway and road improvement through the Federal highway program. This program provides funding to improve the nation's roadway system, which includes roadway lighting and traffic control enhancements. Matching funding from the various states may be required as a condition of federal funding. New federal highway program legislation was enacted in 2005, which we believe provides a solid platform for future growth of this market. In North America, governments desire to improve road and highway systems by reducing traffic congestion. In the United States, there are approximately 4 million miles of public roadways, with

approximately 24% carrying over 80% of the traffic. Accordingly, the need to improve traffic flow through traffic controls and lighting is a priority for many communities. Transportation markets in other areas of the world are also heavily funded by local and national governments.

The commercial lighting market is mainly funded privately and includes lighting for applications such as parking lots, shopping centers, sports stadiums and business parks. The commercial lighting market is driven by macro economic factors such as general economic growth rates, interest rates and the commercial construction economy.

Competition Our competitive strategy in the Lighting and Traffic product line is to provide high value to the customer at a reasonable price. We compete on the basis of product quality, high levels of customer service and reliable, timely delivery of the product. There are numerous competitors in the U.S., most of which are relatively small companies. Companies compete on the basis of price, product quality, reliable delivery and unique product features. Some competitors offer decorative products, which not all competitors are capable of manufacturing.

These competitive factors also apply to European markets. There are many competitors in the European market, as most countries have several manufacturers of lighting and traffic poles, many of which compete primarily on the basis of price and local product specifications. In the Chinese market, there are a large number of local competitors, many of which are small companies who use pricing as their main strategy, especially for standard lighting poles. In China, we are most competitive in markets where product and service quality are highly valued or in products that require significant engineering content.

Distribution Methods Transportation market sales are generally through independent, commissioned sales agents. These agents represent Valmont as well as lighting fixture companies and sell other related products. Sales are typically to electrical distributors, who provide the pole, fixtures and other equipment to the end user as a complete package. Commercial lighting sales are normally made through Valmont sales employees, who work on a salary plus incentive, although some sales are made through independent, commissioned sales agents. Sales to the commercial lighting market are primarily to lighting fixture manufacturers, who package the pole and fixture for customers.

(2) *Specialty*

Products Produced In our Specialty product line, we manufacture and sell a broad range of structures (poles and towers) and components serving the wireless communication and highway sign markets. Specialty products also include special use structures for a variety of applications.

In the wireless communication market, a wireless communication cell site will mainly consist of a steel pole or tower, shelter (enclosure where the radio equipment is located), antennas (devices that receive and transmit data and voice information to and from wireless communication devices) and components (items that are used to mount antennas to the structure and connect cabling and other parts from the antennas to the shelter).

For a given cell site, we provide poles, towers and components. We offer a wide range of structures to our customers, including solid rod, tubular and guyed towers, poles (tapered and non-tapered) and disguised products to minimize the visual impact of an antenna on an area.

Structures are engineered and designed to customer specifications, which include factors such as the number of antennas on the structure and wind and soil conditions. Due to the size of these structures, design is important to ensure each structure meets performance and safety specifications. We do not provide any significant installation services on the structures we sell.

In the highway sign market, structures are either on the side of or span over a motorway and support items such as roadway directional signage and intelligent message systems. Structures sold may be either

steel or aluminum and the product design may be in the form of a bent tube, tubular lattice or cantilevered. Like wireless communication structures, sign structures are engineered, with the design taking into consideration factors such as the weight and size of the signage being supported and wind, soil and other weather-related conditions.

Markets The main market for our specialty products has been the wireless telephone industry, although we also sell products to state and federal governments for two-way radio communication, radar, broadcasting and security purposes. Over the past number of years, the main market driver has been the growth of subscribers to wireless telephone services. The number of wireless phone subscribers has increased substantially worldwide. The number of cell phone subscribers in the U.S has grown substantially in the past 15 years, as cellular telephone technology has become commonplace worldwide. The growth in the number of subscribers and related services has continued in recent years, although at lower rates than in the 1990 s. In general, as the number of users and the usage of wireless devices by these users increase, more cell sites and, accordingly, more structures, antennas and components should be needed. While demand for structures and components in recent years was substantially lower than in the late 1990 s and 2000, we believe long-term growth should be driven by subscriber growth (although at a lower rate of growth than the past), increased usage, new technologies, such as 3G (the third generation of wireless technology) and demand for improved emergency response systems, as part of the U.S. Homeland Security initiatives.

The two broad customer groups for our specialty products are wireless carriers, (companies that provide wireless services to subscribers) and build-to-suit (BTS) companies (organizations that own cell sites and attach antennas from multiple carriers to the pole or tower structure). BTS companies generate rental revenue from the wireless carriers who use those cell sites.

Infrastructure costs can be substantial for these customers, so access to capital is important to their ability to fund future infrastructure needs. Many of these companies have, from time to time, experienced reduced access to capital for infrastructure development, due to factors such as downturns in equity prices for telecommunication stocks and capital needs for acquisitions of competitors. Accordingly, their infrastructure spending on network development has been cyclical. We believe that infrastructure spending will grow moderately in the future, in order to improve and maintain service levels demanded by users. We also believe that increased subscriber utilization of wireless devices will lead to an increase in the number of cell sites.

The market for sign structures generally is related to highway construction and the desire for improved roadway signage and intelligent messaging for motorists to improve traffic flow. Specifications vary by state and the individual state highway departments are key contacts for the sales of these structures.

Competition There are a number of competitors in the wireless communication market in the U.S., although some have exited the business or sought protection under bankruptcy laws in recent years due to difficult market conditions. Since market conditions have been relatively weak and ample manufacturing capacity has been available, pricing has become extremely competitive in recent years and we believe it is the main strategy for most of our competitors. We compete on the basis of product quality, service quality and design capability, although we must also remain price competitive to gain orders. We also face a number of competitors when we compete for sign structure sales, most of which compete on a regional basis.

Distribution Methods Sales and distribution activities are normally handled through a direct sales force. In the sale of sign structures, we work through the same commissioned sales agent organization as our Lighting and Traffic product line as well as our direct sales force. These agents generally sell to construction contractors.

In addition to these two main product lines, we also produce electrical transmission and substation structures for markets outside the U.S., mainly for China.

Utility Support Structures Segment:

Products Produced The steel and concrete pole structures product lines are used for electrical transmission, substation and distribution applications. Our products help move electrical power from where it is produced to where it is used. We manufacture tapered steel and pre-stressed concrete poles for high-voltage transmission lines, substations (which transfer high-voltage electricity to low-voltage transmission) and electrical distribution (which carry electricity from the substation to the end-user). In addition, we produce hybrid structures, which are structures with a concrete base section and steel upper sections. Utility structures can be very large, so product design engineering is important to the function and safety of the structure. Our engineering process takes into account weather and loading conditions, such as wind speeds, ice loads and the power lines attached to the structure, in order to arrive at the final design.

Markets Our sales in this segment are mostly in the United States, where the key drivers in the utility business are capacity in the electrical transmission grid, industrial growth and deregulation in the utility industry. According to the Edison Electric Institute, the electrical transmission grid in the U.S. operates near capacity in many areas, due to increasing electrical consumption and lack of investment over the past 25 years. The expected increase in electrical consumption also should require substantial investment in new electricity generation capacity in the U.S. and around the world. Furthermore, deregulation and privatization of electrical utilities should require grid systems to interconnect. We believe that the passage of energy legislation in the U.S. in 2005 will encourage utility companies and independent power producers to invest in transmission and distribution infrastructure. All of these factors are expected to increase demand for electrical utility structures to transport electricity from source to user. Sales may take place on bid project basis or through strategic alliance relationships with certain customers.

Competition Our competitive strategy in this segment is to provide high value solutions to the customer at a reasonable price. We compete on the basis of product quality, high levels of customer service and reliable, timely delivery of the product. There are many competitors. Companies compete on the basis of price, quality, service and engineering expertise. Utility sales are often made through a competitive bid process, whereby the lowest bidder is awarded the contract, provided the competitor meets all other qualifying criteria. In weak markets, price is a more important criterion in the bid process. When the wireless communication pole market is weak relative to the utility structures market (as it was in 2002 and 2003), we may see these manufacturers competing in this segment.

Distribution Methods Products are normally sold through commissioned sales agents or sold directly to electrical utilities and independent power producers.

Coatings Segment:

Services Rendered We add finishes to metals that inhibit corrosion, extend service lives and enhance physical attractiveness of a wide range of materials and products. Among the services provided include:

- Hot-dipped Galvanizing
- Anodizing
- Powder Coating
- E-Coating

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In our Coatings segment, we take unfinished products from our customers and return them with a galvanized, anodized or painted finish. Galvanizing is a process that protects steel with a zinc coating that is bonded to the product surface to inhibit rust and corrosion. Anodizing is a process applied to aluminum

8

that oxidizes the surface of the aluminum in a controlled manner, which protects the aluminum from corrosion and allows the material to be dyed a variety of colors. We also paint products using powder coating and e-coating technology (where paint is applied through an electrical charge) for a number of industries and markets.

Markets *Markets* for our products are varied and our profitability is not substantially dependent on any one industry or customer. Demand for coatings services generally follows the industrial U.S. economy, as all of our operations are in the U.S. Galvanizing is used in a wide variety of industrial applications where corrosion protection of steel is desired. While markets are varied, our markets for anodized or painted products are more directly dependent on consumer markets than industrial markets.

Competition *The* Coatings industry is very fragmented, with a large number of competitors. Most of these competitors are relatively small, privately held companies who compete on the basis of price and personal relationships with their customers. Our strategy is to compete on the basis of quality of the coating finish and timely delivery of the coated product to the customer. We also use the production capacity at our network of plants to assure that the customer receives quality service.

Distribution Methods *Due* to freight costs, a galvanizing location has an effective service area of an approximate 500-mile radius. While we believe that we are one of the largest custom galvanizers in North America, our sales are a small percentage of the total market. Sales and customer service are provided directly to the user by a direct sales force, generally assigned to each specific location.

Irrigation Segment:

Products Produced *In* our Irrigation segment, we manufacture and distribute mechanical irrigation equipment and related service parts under the Valley brand name. A Valmont irrigation machine usually is electricity-powered and propels itself over a farm field and applies water and chemicals to crops. Water and, in some instances, chemicals are applied through sprinklers attached to a pipeline that is supported by a series of towers, each of which is propelled via a drive train and tires. A standard mechanized irrigation machine (also known as a center pivot) rotates in a circle, although we also manufacture and distribute center pivot extensions that can irrigate corners of square and rectangular farm fields as well as conform to irregular field boundaries (referred to as a corner machine). Our irrigation machines can also irrigate fields by moving up and down the field as opposed to rotating in a circle (referred to as a linear machine). Irrigation machines can be configured to irrigate fields in size from 4 acres to over 500 acres, with a standard size in the U.S. configured for a 160-acre tract of ground. One of the key components of our irrigation machine is the control system. This is the part of the machine that allows the machine to be operated in the manner preferred by the grower, offering control of such factors as on/off timing, individual field sector control, rate and depth of water and chemical application. We also offer growers options to control multiple irrigation machines through centralized computer control or mobile remote control. The irrigation machine used in international markets is substantially the same as the one produced for the North American market.

There are other forms of irrigation available to farmers, two of the most prevalent being flood irrigation and drip irrigation. In flood irrigation, water is applied through a pipe or canal at the top of the field and allowed to run down the field by gravity. Drip irrigation involves plastic pipe or tape resting on the surface of the field or buried a few inches below ground level, with water being applied gradually. We estimate that center pivot and linear irrigation comprises one-third of the irrigated acreage in North America. International markets use predominantly flood irrigation, although all forms are used to some extent.

Markets *Market* drivers in North American and international markets are essentially the same. Since the purchase of an irrigation machine is a capital expenditure, the decision is based on the expected return on investment. The benefits a grower may realize through investment in mechanical irrigation include

improved yields through better irrigation, cost savings through reduced labor and lower water and energy usage. The purchase decision is also affected by current and expected net farm income, commodity prices, interest rates, the status of government support programs and water regulations in local areas. In many international markets, the relative strength or weakness of local currencies as compared with the U.S. dollar may affect net farm income, since export markets are generally denominated in U.S. dollars.

The demand for mechanized irrigation comes from the following sources:

- Conversion from flood irrigation
- Replacement of existing mechanized irrigation machines
- Converting land that is not irrigated to mechanized irrigation

One of the key drivers in our Irrigation segment worldwide is that the usable water supply is limited. We estimate that:

- Only 2.5% of total worldwide water supply is freshwater
- Of that 2.5%, only 30% of freshwater is available to humans
- The largest user of that freshwater is agriculture

We believe these factors, along with the trend of a growing worldwide population and improving diets, reflect the need to use water more efficiently while increasing food production to feed this growing population. We believe that mechanized irrigation can improve water application efficiency by 40-90% compared with traditional irrigation methods by applying water uniformly near the root zone and reducing water runoff. Furthermore, reduced water runoff improves water quality in nearby rivers, aquifers and streams, thereby providing environmental benefits in addition to conservation of water.

Competition In North America, there are a number of entities that provide irrigation products and services to agricultural customers. We believe we are the leader of the four main participants in the mechanized irrigation business. Participants compete for sales on the basis of price, product innovation and features, product durability and reliability, quality and service capabilities of the local dealer. Pricing can become very competitive, especially in periods when market demand is low. In international markets, our competitors are a combination of our major U.S. competitors and privately-owned local companies. Competitive factors are similar to those in North America, although pricing tends to be a more prevalent competitive strategy in international markets. Since competition in international markets is local, we believe local manufacturing capability is important to competing effectively in international markets and we have that capability in key regions.

Distribution Methods We market our irrigation machines and service parts through independent dealers. There are approximately 200 dealers in North America, with another 130 dealers serving international markets. The dealer determines the grower's requirements, designs the configuration of the machine, installs the machine (including providing ancillary products that deliver water and electrical power to the machine) and provides after-sales service. Our dealer network is supported and trained by our technical and sales teams. Our international dealers are supported through our regional headquarters in South America, South Africa, Western Europe, Australia, China and the Middle East as well as the home office in Valley, Nebraska.

Tubing Segment:

Products Produced Our Tubing segment produces light-wall welded steel tubing for various customers and industries. We produce tubing in diameters from 3/4 to 16 inches and in wall thicknesses from 1/32 to 9/32 of an inch. Our operations are located in Valley and Waverly, Nebraska and virtually all sales are in North America.

Markets Our Tubing business specializes in products that require some additional engineering or fabrication to meet our customers' needs. Our markets and customers are varied. In addition to supplying tubing to our Irrigation segment operations in Valley, Nebraska, our tubing is used in such products as grain handling systems, pneumatic tube delivery systems used in the healthcare industry, fire protection systems for office buildings and warehouses, automotive products and exercise equipment.

Competition The industrial tubing business is large and with many competitors, some of which have a much larger share of the total market than us. Many tubing companies compete on the basis of price and specialize in standard products and long production runs. We compete in certain niches in the tubing market, on the basis of high quality and customer service. We specialize in products that require additional fabrication, shaping and cutting operations. Pricing can be very competitive and is impacted by fluctuations in hot rolled steel prices.

Distribution Methods Our products are distributed through a combination of commissioned sales agents and a direct sales force.

General

Certain information generally applicable to each of our five reportable segments is set forth below.

Suppliers and Availability of Raw Materials.

Hot rolled steel coil and plate, zinc and other carbon steel products are the primary raw materials utilized in the manufacture of finished products for all segments. These essential items are purchased from steel mills, zinc producers and steel service centers and are usually readily available. While we may experience short-term disruptions and volatility, we do not believe that key raw materials would be unavailable for extended periods. In 2004, there were shortages in hot-rolled steel supplies, due primarily to shortages of steel-producing inputs, such as scrap steel, coke and iron ore. These shortages led to sharp price increases, extended lead times and availability issues for some manufacturers. We did not experience extended or wide-spread shortages of steel during this time, due to what we believe are strong relationships with some of the major steel producers. In 2006 and 2005, we experienced volatility in zinc and natural gas prices, but we did not experience any disruptions to our operations due to availability.

Patents, Licenses, Franchises and Concessions.

We have a number of patents for our manufacturing machinery, poles and irrigation designs. We also have a number of registered trademarks. We do not believe the loss of any individual patent would have a material adverse effect on our financial condition, results of operations or liquidity.

Seasonal Factors in Business.

Sales can be somewhat seasonal based upon the agricultural growing season and the infrastructure construction season. Sales of mechanized irrigation equipment and tubing to farmers are traditionally higher during the spring and fall and lower in the summer. Sales of infrastructure products are traditionally higher during prime construction seasons and lower in the winter.

Customers.

We are not dependent for a material part of any segment's business upon a single customer or upon very few customers. The loss of any one customer would not have a material adverse effect on our financial condition, results of operations or liquidity.

Backlog.

The backlog of orders for the principal products manufactured and marketed was approximately \$315.3 million at the end of the 2006 fiscal year and \$260.1 million at the end of the 2005 fiscal year. We anticipate that most of the backlog of orders will be filled during fiscal year 2007. At year-end, the segments with backlog were as follows (dollar amounts in millions):

	Dec. 30, 2006	Dec. 31, 2005
Engineered Support Structures	\$ 133.0	\$ 118.8
Utility Support Structures	138.2	89.4
Irrigation	31.8	42.3
Tubing	9.4	8.2
Other	2.9	1.4
	\$ 315.3	\$ 260.1

Research Activities.

The information called for by this item is included in Note 14 of our consolidated financial statements on page 63 of this report.

Environmental Disclosure.

We are subject to various federal, state and local laws and regulations pertaining to environmental protection and the discharge of materials into the environment. Although we continually incur expenses and make capital expenditures related to environmental protection, we do not anticipate that future expenditures should materially impact our financial condition, results of operations, or liquidity.

Number of Employees.

At December 30, 2006, we had 5,684 employees.

(d) Financial Information About Geographic Areas

Our international sales activities encompass over 100 foreign countries. The information called for by this item is included in Note 17 of our consolidated financial statements on page 64 of this report. While France accounted for 6.8% of our net sales in 2006, no other foreign country accounted for more than 5% of our net sales. Net sales for purposes of note 17 include sales to outside customers.

ITEM 1A. RISK FACTORS.

The following risk factors describe various risks that may affect our business, financial condition and operations.

Increases in prices and reduced availability of key raw materials such as steel, aluminum and zinc will increase our operating costs and likely reduce our profitability.

Hot rolled steel coil and other carbon steel products have historically constituted approximately one-third of the cost of manufacturing our products. We also use large quantities of aluminum for lighting structures and zinc for the galvanization of most of our steel products. The markets for the commodities that we use in our manufacturing processes can be volatile. The following factors increase the cost and reduce the availability of steel, aluminum and zinc for us:

- increased demand, which occurs when other industries purchase greater quantities of these commodities at times when we require more steel, aluminum and zinc for manufacturing, which can result in higher prices and lengthen the time it takes to receive material from suppliers;

- increased freight costs, because our manufacturing sites are usually not located near the major steel, aluminum and zinc manufacturers;
- lower production levels of these commodities, due to reduced production capacities or shortages of materials needed to produce these commodities (such as coke and scrap steel for the production of steel) which could result in reduced supplies of these commodities, higher costs for us and increased lead times to acquire material;
- lower inventory levels at suppliers when major steel users, such as the automobile manufacturers, increase their orders, which can reduce available inventory for us to meet our requirements;
- increased cost of major inputs, such as scrap steel, coke, iron ore and energy;
- fluctuations in foreign exchange rates can impact the relative cost of these commodities, which may affect the cost effectiveness of imported materials and limit our options in acquiring these commodities; and
- international trade disputes, import duties and quotas, since we import some steel for our domestic and foreign manufacturing facilities.

Increases in the selling prices of our products may not fully recover additional steel, aluminum and zinc costs and generally lag increases in our costs of these commodities. Consequently, an increase in steel, aluminum and zinc prices will increase our operating costs and likely reduce our profitability. In 2006, the per-pound cost of zinc increased to over \$2.00, as compared with \$0.35 to \$0.40 per pound in 2004 and most of 2005. As most of our products manufactured from steel are galvanized with a hot-dipped zinc coating, rapid increases in our cost of zinc will result in an increase in our cost of goods sold. To the extent that sales prices increases are not adequate to recover our increased cost of zinc, we will likely realize lower operating income. Also, rising steel prices in 2004 put pressure on gross profit margins, especially in our Engineered Support Structures and Utility Support Structures segments. In both of these segments, the elapsed time between the quotation of a sales order and the manufacturing of the product ordered can be several months. As some of these sales are fixed price contracts, rapid increases in steel costs likely will result in lower operating income in these businesses.

The 2004 fiscal year was characterized by an unprecedented and rapid increase in steel prices, which resulted from the imposition of surcharges by steel suppliers and, in some cases (in a departure from normal industry practices), modification of their contracts and commitments. We believe this situation was caused by significant increases in steel production and consumption in China, leading to shortages in key steel-making materials (such as coke, iron ore and scrap steel), which impacted the production capability of other steel producers. Under such circumstances, steel supplies may become tighter and impact our ability to acquire steel and meet customer requirements on a timely basis. The speed with which steel suppliers imposed surcharges and increased prices in 2004 prevented us from fully recovering these price increases and reduced our operating margins, particularly in our lighting and traffic and utility businesses. In addition, our Coatings segment was negatively impacted, as some of our galvanizing customers had difficulty procuring steel.

Increases in energy prices will increase our operating costs and likely reduce our profitability.

We use energy to manufacture and transport our products. Our costs of transportation and heating will increase if energy costs rise, which occurred in 2005 due to additional energy usage caused by severe winter weather conditions and higher oil and natural gas prices. Our galvanizing operations are susceptible to fluctuations in natural gas prices because our processing tanks are heated with natural gas. During periods of higher energy costs, we may not be able to recover our increased operating costs through sales price increases without reducing demand for our products. While we may hedge a portion of our exposure

to higher prices via energy futures contracts, increases in energy prices will increase our operating costs and likely reduce our profitability.

The ultimate consumers of our products operate in cyclical industries that have been subject to significant downturns which have adversely impacted our sales in the past and may again in the future.

Our sales are sensitive to the market conditions present in the industries in which the ultimate consumers of our products operate, which in some cases have been highly cyclical and subject to substantial downturns. For example, a significant portion of our sales of support structures is to the electric utility industry. Our sales to the U.S. electric utility industry were approximately \$280 million in 2006. Purchases of our products are deferrable to the extent that utilities may reduce capital expenditures as a result of unfavorable regulatory environments, a slow U.S. economy or financing constraints. In the event of weakness in the demand for utility structures due to reduced or delayed spending for electrical generation and transmission projects, our sales and operating income likely will decrease.

The end users of our mechanized irrigation equipment and a substantial portion of our tubing are farmers and, as a result, sales of those products are affected by economic changes within the agriculture industry, particularly the level of farm income. Lower levels of farm income generally result in reduced demand for our mechanized irrigation and tubing products. Farm income decreases when commodity prices, acreage planted, crop yields, government subsidies and export levels decrease. In addition, weather conditions, such as extreme drought may result in reduced availability of water for irrigation, and can affect farmers' buying decisions. Farm income can also decrease as farmers' operating costs increase. In 2005, rapid increases in natural gas prices resulted in higher costs of energy and nitrogen-based fertilizer (which uses natural gas as a major ingredient). Furthermore, uncertainty as to future government agricultural policies may cause indecision on the part of farmers. The status and trend of government farm supports, financing aids and policies regarding the ability to use water for agricultural irrigation can affect the demand for our irrigation equipment. In recent years, severe drought in Brazil resulted in water shortages for electrical generation and water available for irrigation purposes was restricted by the government. In the United States, certain parts of the country are considering policies that would restrict usage of water for irrigation. All of these factors may cause farmers to delay capital expenditures for farm equipment. Consequently, downturns in the agricultural industry, such as occurred in 2005, will likely result in a slower, and possibly a negative, rate of growth in irrigation equipment and tubing sales.

We have also experienced cyclical demand for those of our products that are targeted to the wireless communications industry, which has weakened since 2000. Our sales to the wireless communications industry were approximately \$90 million in 2006. Sales of wireless structures to wireless carriers and build-to-suit companies that serve the wireless communications industry have historically been cyclical. These customers may elect to curtail spending on new structures to focus on cash flow and capital management. Weak market conditions have led to competitive pricing in recent years, putting pressure on our profit margins on sales to this industry.

As a result of this underlying cyclicity, we have experienced, and in the future we may experience, significant fluctuations in our sales and operating income with respect to a substantial portion of our total product offering, and such fluctuations could be material and adverse to our overall financial condition, results of operations and liquidity.

Demand for our engineered support structures, tubing products and coating services is highly dependent upon the overall level of infrastructure spending.

We manufacture and distribute engineered support structures for lighting and traffic, utility and other specialty applications. Our Tubing and Coatings segments serve many construction-related industries. Because these products are used primarily in infrastructure construction, sales in these businesses are

highly correlated with the level of construction activity, which historically has been cyclical. Construction activity by our private and government customers is impacted by and can decline because of, among other things:

- weakness in the general economy, which reduces funds available for construction;
- interest rate increases, which increase the cost of construction financing; and
- adverse weather conditions which slow construction activity.

In addition, sales in our Engineered Support Structures segment, particularly our lighting and traffic products, are highly dependent upon federal, state, local and foreign government spending on infrastructure development projects, such as the federal highway program. The level of spending on such projects may decline for a number of reasons beyond our control, including, among other things, budgetary constraints affecting government spending generally or transportation agencies in particular, decreases in tax revenues and changes in the political climate, including legislative delays, with respect to infrastructure appropriations. A substantial reduction in the level of government appropriations for infrastructure projects could have a material adverse effect on our results of operations or liquidity.

We may lose some of our foreign investment or our foreign sales and profits may be reduced because of risks of doing business in foreign markets.

We are an international manufacturing company with operations around the world. At December 30, 2006, we operated over 40 manufacturing plants, located on five continents, and sold our products in more than 100 countries. In 2006, approximately 24% of our total sales were either sold in markets or produced by our manufacturing plants outside of North America. We have operations in geographic markets that have recently experienced political instability, such as the Middle East, and economic uncertainty, such as Argentina. We expect that international sales will continue to account for a significant percentage of our net sales into the foreseeable future. Accordingly, our foreign business operations and our foreign sales and profits are subject to the following potential risks:

- political and economic instability where we have foreign business operations, resulting in the reduction of the value of, or the loss of, our investment;
- recessions in economies of countries in which we have business operations, decreasing our international sales;
- difficulties and costs of staffing and managing our foreign operations, increasing our foreign operating costs and decreasing profits;
- difficulties in enforcing our rights outside the United States for patents on our manufacturing machinery, poles and irrigation designs;
- increases in tariffs, export controls, taxes and other trade barriers reducing our international sales and our profit on these sales; and
- acts of war or terrorism.

As a result, we may lose some of our foreign investment or our foreign sales and profits may be materially reduced because of risks of doing business in foreign markets.

We are subject to currency fluctuations from our international sales, which can negatively impact our reported earnings.

Our products are sold in many countries around the world. Approximately 24% of our fiscal 2006 sales were generated by export or foreign subsidiaries and are often made in foreign currencies, mainly the

Brazilian real, Canadian dollar, Chinese renminbi, euro and South African rand. Because our financial statements are denominated in U.S. dollars, fluctuations in currency exchange rates between the U.S. dollar and other currencies have had and will continue to have an impact on our reported earnings. If the U.S. dollar weakens or strengthens versus the foreign currencies mentioned above, the result will be an increase or decrease in our reported sales and earnings, respectively. We do not have exchange rate hedges in place to reduce this currency translation risk. Currency fluctuations have affected our financial performance in the past and may affect our financial performance in any given period.

We also face risks arising from the imposition of foreign exchange controls and currency devaluations. Exchange controls may limit our ability to convert foreign currencies into U.S. dollars or to remit dividends and other payments by our foreign subsidiaries or businesses located in or conducted within a country imposing controls. Currency devaluations result in a diminished value of funds denominated in the currency of the country instituting the devaluation. Actions of this nature, if they occur or continue for significant periods of time, could have a material adverse effect on our results of operations and financial condition in any given period.

We face strong competition in our markets.

We face competitive pressures from a variety of companies in each of the markets we serve. Our competitors include companies who provide the technologies that we provide as well as companies who provide competing technologies, such as drip irrigation. Our competitors include international, national, and local manufacturers, some of whom may have greater financial, manufacturing, marketing and technical resources than we do, or greater penetration in or familiarity with a particular geographic market than we have. In addition, certain of our competitors, particularly with respect to our utility and wireless communication product lines, have sought bankruptcy protection in recent years, and may emerge with reduced debt service obligations, which could allow them to operate at pricing levels that put pressures on our margins. In our Coatings segment, we compete indirectly with international companies for sales. Some of our customers have moved manufacturing operations or product sourcing overseas, which can negatively impact our sales of galvanizing and anodizing services. To remain competitive, we will need to invest continuously in manufacturing, product development and customer service, and we may need to reduce our prices, particularly with respect to customers in industries that are experiencing downturns. We cannot provide assurance that we will be able to maintain our competitive position in each of the markets that we serve.

We could incur substantial costs as the result of violations of, or liabilities under, environmental laws.

Our facilities and operations are subject to U.S. and foreign laws and regulations relating to the protection of the environment, including those governing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, and the cleanup of contamination. Failure to comply with these laws and regulations, or with the permits required for our operations, could result in fines or civil or criminal sanctions, third party claims for property damage or personal injury, and investigation and cleanup costs. Potentially significant expenditures could be required in order to comply with environmental laws that may be adopted or imposed in the future.

Certain of our facilities have been in operation for many years and, over time, we and other predecessor operators of these facilities have generated, used, handled and disposed of hazardous and other regulated wastes. Contaminants have been detected at some of our present and former sites, principally in connection with historical operations. In addition, from time to time we have been named as a potentially responsible party under Superfund or similar state laws. While we are not aware of any contaminated sites, including third-party sites, at which we may have material obligations, the discovery of additional contaminants or the imposition of additional cleanup obligations at these sites could result in significant liability.

We may not realize the improved operating results that we anticipate from acquisitions we may make in the future, and we may experience difficulties in integrating the acquired businesses or may inherit significant liabilities related to such businesses.

We explore opportunities to acquire businesses that we believe are related to our core competencies from time to time, some of which may be material to us. We expect such acquisitions will produce operating results better than those historically experienced or presently expected to be experienced in the future by us in the absence of the acquisition. We cannot provide assurance that this assumption will prove correct with respect to any acquisition.

Any future acquisitions may present significant challenges for our management due to the increased time and resources required to properly integrate management, employees, information systems, accounting controls, personnel and administrative functions of the acquired business with those of Valmont and to manage the combined company on a going forward basis. We may not be able to successfully integrate and streamline overlapping functions or, if such activities are successfully accomplished, such integration may be more costly to accomplish than presently contemplated. We may also have difficulty in successfully integrating the product offerings of Valmont and acquired businesses to improve our collective product offering. Our efforts to integrate acquired businesses could be affected by a number of factors beyond our control, including general economic conditions. In addition, the process of integrating acquired businesses could cause the interruption of, or loss of momentum in, the activities of our existing business. The diversion of management's attention and any delays or difficulties encountered in connection with the integration of these businesses could adversely impact our business, results of operations and liquidity, and the benefits we anticipate may never materialize.

In addition, although we conduct reviews of businesses we acquire, we may be subject to unexpected claims or liabilities, including environmental cleanup costs, as a result of these acquisitions. Such claims or liabilities could be costly to defend or resolve and be material in amount, and thus could materially and adversely affect our business and results of operations and liquidity.

We have a substantial amount of outstanding indebtedness, which could impair our ability to operate our business and react to changes in our business, remain in compliance with debt covenants and make payments on our debt.

We have a significant amount of indebtedness. As of December 30, 2006, we had approximately \$234 million of total indebtedness outstanding and our ratio of total interest-bearing debt to shareholders' equity was 58%. In addition, we had up to \$145 million of additional borrowing capacity under our revolving credit facility. We may, as we have from time to time, increase our indebtedness to make business acquisitions (such as the Newmark acquisition in 2004) and major capital expenditures. Our level of indebtedness could have important consequences, including:

- our ability to satisfy our obligations under our debt agreements could be affected and any failure to comply with the requirements, including significant financial and other restrictive covenants, of any of our debt agreements could result in an event of default under the agreements governing our indebtedness;
- a substantial portion of our cash flow from operations will be required to make interest and principal payments and will not be available for operations, working capital, capital expenditures, expansion, or general corporate and other purposes, including possible future acquisitions that we believe would be beneficial to our business;
- our ability to obtain additional financing in the future may be impaired;
- we may be more highly leveraged than our competitors, which may place us at a competitive disadvantage;

- our flexibility in planning for, or reacting to, changes in our business and industry may be limited; and
- our degree of leverage may make us more vulnerable in the event of a downturn in our business, our industry or the economy in general.

Any of these factors could have a material adverse effect on our business, financial condition, results of operations, cash flows and business prospects.

The restrictions and covenants in our debt agreements could limit our ability to obtain future financings, make needed capital expenditures, withstand a future downturn in our business, or the economy in general, or otherwise conduct necessary corporate activities. We may also be prevented from taking advantage of business opportunities that arise because of the limitations that the restrictive covenants under our new senior credit agreement and the indenture governing our senior subordinated notes impose on us.

A breach of any of these covenants would result in a default under the applicable debt agreement. A default, if not waived, could result in acceleration of the debt outstanding under the agreement and in a default with respect to, and acceleration of, the debt outstanding under our other debt agreements. The accelerated debt would become immediately due and payable. If that should occur, we may not be able to pay all such debt or to borrow sufficient funds to refinance it. Even if new financing were then available, it may not be on terms that are favorable to us.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

The Company's corporate headquarters are located in a leased facility in Omaha, Nebraska, under a lease expiring in 2016. The headquarters of the Company's reporting segments are located in Valley, Nebraska except for the headquarters of the Company's Utility Support Structures segment, which are located in Birmingham, Alabama. The principal operating locations of the Company are listed below.

	Owned, Leased	Principal Activities
Engineered Support Structures Segment		
Berrechid, Morocco	Owned	Manufacture of steel poles for lighting and traffic
Brenham, Texas	Owned	Manufacture of steel poles for lighting and traffic, utility and wireless communication
Charmeil, France	Owned	Manufacture of steel poles for lighting and traffic, utility and wireless communication
Elkhart, Indiana	Owned	Manufacture of steel and aluminum poles for lighting and traffic
Farmington, Minnesota	Owned	Manufacture of aluminum poles for lighting and traffic
Gelsenkirchen, Germany	Leased	Manufacture of steel poles for lighting and traffic
Commerce City, Colorado	Owned	Manufacture of fiberglass poles for lighting and traffic

Maarheeze, The Netherlands	Owned	Manufacture of steel poles for lighting and traffic
Rive-de-Gier, France	Owned	Manufacture of aluminum poles for lighting and traffic
Shanghai, China	Leased	Manufacture of steel poles for lighting and traffic, utility and wireless communication
Heshan, China	Leased	Manufacture of steel poles for lighting and traffic, utility and wireless communication
Siedlce, Poland	Leased	Manufacture of steel poles for lighting and traffic
St. Julie, Quebec, Canada	Leased	Manufacture of aluminum poles for lighting and traffic
Tulsa, Oklahoma	Owned	Manufacture of steel poles for lighting and traffic and utility
Valley, Nebraska	Owned	Segment management headquarters; manufacture of steel poles for lighting and traffic, utility and wireless communication
Plymouth, Indiana	Owned	Manufacture of wireless communication structures and components and specialty products
Salem, Oregon	Leased	Manufacture of wireless communication structures and components and specialty products
Selbyville, Delaware	Leased	Manufacture of steel overhead sign structures
Utility Support Structures Segment		
Birmingham, Alabama	Leased	Segment management headquarters
Tuscaloosa, Alabama	Owned	Manufacture of concrete poles for utility
Bay Minette, Alabama	Owned	Manufacture of concrete poles for utility
Claxton, Georgia	Owned	Manufacture of concrete poles for utility
Bartow, Florida	Owned	Manufacture of concrete poles for utility
Barstow, California	Owned	Manufacture of concrete poles for utility
Bellville, Texas	Owned	Manufacture of concrete poles for utility
Tulsa, Oklahoma	Owned	Manufacture of steel poles for utility
Jasper, Tennessee	Leased	Manufacture of steel poles for utility
Monterrey, Mexico	Owned	Manufacture of steel poles for utility
Mansfield, Texas	Leased	Manufacture of steel poles for utility
El Dorado, Kansas	Leased	Manufacture of steel poles for utility

Coatings Segment		
Chicago, Illinois	Owned	Galvanizing services
Lindon, Utah	Leased	Galvanizing services
Long Beach, California	Leased	Galvanizing services
Los Angeles, California	Owned	Anodizing services
Minneapolis, Minnesota	Owned	Painting services
Sioux City, Iowa	Owned	Galvanizing services
Tualatin, Oregon	Leased	Galvanizing services
Tulsa, Oklahoma	Owned	Galvanizing services
Valley, Nebraska	Owned	Segment management headquarters; galvanizing services
West Point, Nebraska	Owned	Galvanizing services
Irrigation Segment		
Albany, Oregon	Leased	Water and soil management services
Brisbane, Australia	Leased	Distribution of irrigation equipment
San Antonio, Texas	Leased	Distribution of irrigation equipment
Dubai, United Arab Emirates	Owned	Manufacture of irrigation equipment
Johannesburg, South Africa	Owned	Manufacture of irrigation equipment
Madrid, Spain	Owned	Manufacture of irrigation equipment
McCook, Nebraska	Owned	Manufacture of irrigation equipment
Uberaba, Brazil	Owned	Manufacture of irrigation equipment
Valley, Nebraska	Owned	Segment management headquarters; manufacture of irrigation equipment
Tubing Segment		
Valley, Nebraska	Owned	Segment management headquarters; manufacture of steel tubing
Waverly, Nebraska	Owned	Manufacture of steel tubing
Other Locations		
Creuzier-le-Neuf, France	Owned	Manufacture of industrial covers and conveyors
Salem and Portland, Oregon	Leased	Distribution of industrial fasteners

ITEM 3. LEGAL PROCEEDINGS.

We are not a party to, nor are any of our properties subject to, any material legal proceedings. We are, from time to time, engaged in routine litigation incidental to our businesses.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to a vote of stockholders during the fourth quarter of 2006.

Executive Officers of the Company

Our executive officers at December 30, 2006, their ages, positions held, and the business experience of each during the past five years are, as follows:

Mogens C. Bay, age 58, Chairman and Chief Executive Officer since January 1997.

Terry J. McClain, age 59, Senior Vice President and Chief Financial Officer since January 1997.

E. Robert Meaney, age 59, Senior Vice President since September 1998.

Ann F. Ashford, age 46, Vice President Human Resources since December 1999.

Steven G. Branscombe, age 51, Vice President Information Technology since October 2001.

Mark C. Jaksich, age 49, Vice President and Controller since February 2000.

Walter P. Pasko, age 56, Vice President Procurement since May 2002. Vice President Purchasing and National Accounts, National Material Company, September 1997 to April 2002.

Mark E. Treinen, age 51, Vice President Business Development & Treasurer since January 1994.

21

PART II**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES.**

Our common stock, previously listed and trading on the NASDAQ National Market under the symbol VALM, was approved for listing on the New York Stock Exchange and began trading under the symbol VMI on August 30, 2002. We had approximately 5,600 shareholders of common stock at December 30, 2006. Other stock information required by this item is included in Quarterly Financial Data (unaudited) on page 76 of this report.

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares Purchased	(b) Average Price paid per share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October 1, 2006 to October 28, 2006	4,108	\$ 56.49		
October 29, 2006 to December 2, 2006	50,913	56.65		
December 3, 2006 to December 30, 2006				
Total	55,021	\$ 56.63		

During the fourth quarter, the shares reflected above were those delivered to the Company by employees as part of stock option exercises, either to cover the purchase price of the option or the related taxes payable by the employee as part of the option exercise. The price paid per share was the market price at the date of exercise.

ITEM 6. SELECTED FINANCIAL DATA.

SELECTED FIVE-YEAR FINANCIAL DATA

	2006	2005	2004	2003	2002
Operating Data					
Net sales	\$ 1,281,281	\$ 1,108,100	\$ 1,031,475	\$ 837,625	\$ 854,898
Operating income	110,085	82,863	70,112	54,623	70,289
Cumulative effect of accounting change				(366)	(500)
Net earnings	61,544	39,079	26,881	25,487	33,629
Depreciation and amortization	36,541	39,392	38,460	34,597	33,942
Capital expenditures	27,898	35,119	17,182	17,679	13,942
Per Share Data					
Earnings:					
Basic	\$ 2.44	\$ 1.61	\$ 1.13	\$ 1.07	\$ 1.40
Diluted	2.38	1.54	1.10	1.05	1.37
Cash dividends	0.370	0.335	0.320	0.315	0.290
Financial Position					
Working capital	\$ 277,736	\$ 229,161	\$ 277,444	\$ 169,568	\$ 154,112
Property, plant and equipment, net	200,610	194,676	205,655	190,103	193,175
Total assets	892,310	802,042	843,351	613,022	593,649
Long-term debt, including current installments	221,137	232,340	322,775	149,662	166,391
Shareholders equity	401,281	328,675	294,655	265,494	242,020
Cash flow data:					
Net cash flows from operations	\$ 59,130	\$ 133,777	\$ 5,165	\$ 52,928	\$ 69,453
Net cash flows from investing activities	(36,735)	(30,354)	(150,673)	(21,116)	(13,726)
Net cash flows from financing activities	(6,946)	(93,829)	139,741	(26,442)	(59,307)
Financial Measures					
Invested capital(a)	\$ 706,855	\$ 641,392	\$ 697,691	\$ 483,764	\$ 451,753
Return on invested capital(a)	11.1	% 7.7	% 7.6	% 7.4	% 9.7
EBITDA(b)	\$ 146,029	\$ 122,317	\$ 97,541	\$ 86,515	\$ 100,930
Return on beginning shareholders equity(c)	18.7	% 13.3	% 10.1	% 10.5	% 14.9
Long-term debt as a percent of invested capital(d)	31.3	% 36.2	% 46.3	% 30.9	% 36.8
Year End Data					
Shares outstanding (000)	25,634	24,765	24,162	23,825	23,883
Approximate number of shareholders	5,600	5,700	5,600	5,400	5,500
Number of employees	5,684	5,336	5,542	5,074	5,234

(a) Return on Invested Capital is calculated as Operating Income (after-tax) divided by the average of beginning and ending Invested Capital. Invested Capital represents Total Assets minus Accounts Payable, Accrued Expenses and Dividends Payable. Return on Invested Capital is one of our key operating ratios, as it allows investors to analyze our operating performance in light of the amount of investment required to generate our operating profit. Return on Invested Capital is also a

measurement used to determine management incentives. Return on Invested Capital is not a measure of financial performance or liquidity under generally accepted accounting principles (GAAP). Accordingly, Return on Invested Capital should not be considered in isolation or as a substitute for net earnings, cash flows from operations or other income or cash flow data prepared in accordance with GAAP or as a measure of our operating performance or liquidity. The table below shows how Invested Capital and Return on Invested Capital are calculated from our income statement and balance sheet.

	2006	2005	2004	2003	2002
Operating income	\$ 110,085	\$ 82,863	\$ 70,112	\$ 54,623	\$ 70,289
Effective tax rate	32.0	% 37.8	% 36.0	% 36.3	% 36.5
Tax effect on Operating income	(35,227)	(31,322)	(25,240)	(19,828)	(25,655)
After-tax Operating income	74,858	51,541	44,872	34,795	44,634
Average Invested Capital	674,124	669,542	590,728	467,759	461,992
Return on invested capital	11.1	% 7.7	% 7.6	% 7.4	% 9.7
Total Assets	\$ 892,310	\$ 802,042	\$ 843,351	\$ 613,022	\$ 593,649
Less: Accounts Payable	(103,319)	(90,674)	(77,222)	(71,481)	(70,276)
Less: Accrued Expenses	(79,699)	(67,869)	(66,506)	(55,856)	(69,828)
Less: Dividends Payable	(2,437)	(2,107)	(1,932)	(1,921)	(1,792)
Total Invested Capital	\$ 706,855	\$ 641,392	\$ 697,691	\$ 483,764	\$ 451,753
Beginning of year Invested Capital	641,392	697,691	483,764	451,753	472,230
Average Invested Capital	\$ 674,124	\$ 669,542	\$ 590,728	\$ 467,759	\$ 461,992

Return on invested capital, as presented, may not be comparable to similarly titled measures of other companies.

(b) Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) is one of our key financial ratios in that it is the basis for determining our maximum borrowing capacity at any one time. Our bank credit agreements contain a financial covenant that our total interest-bearing debt not exceed 3.75x EBITDA for the most recent twelve month period. If this covenant is violated, we may incur additional financing costs or be required to pay the debt before its maturity date. EBITDA is not a measure of financial performance or liquidity under GAAP and, accordingly, should not be considered in isolation or as a substitute for net earnings, cash flows from operations or other income or cash flow data prepared in accordance with GAAP or as a measure of our operating performance or liquidity. The calculation of EBITDA is as follows:

	2006	2005	2004	2003	2002
Net cash flows from operations	\$ 59,130	\$ 133,777	\$ 5,165	\$ 52,928	\$ 69,453
Interest expense	17,124	19,498	16,073	9,897	11,722
Income tax expense	30,820	24,348	16,127	16,534	21,637
Deferred income tax (expense) benefit	11,027	1,946	4,701	(4,850)	(3,860)
Minority interest	(1,290)	(1,052)	(2,397)	(2,222)	(1,170)
Equity in earnings/(losses) in nonconsolidated subsidiaries	(2,665)	106	572	(936)	(2,342)
Stock-based compensation	(2,598)	(646)	(473)	(241)	(372)
Other	268	(3,013)	(3,258)	(1,683)	(751)
Change in accounting principle				(366)	(500)
Changes in assets and liabilities, net of acquisitions	34,213	(52,647)	61,031	17,454	7,113
EBITDA	\$ 146,029	\$ 122,317	\$ 97,541	\$ 86,515	\$ 100,930

EBITDA, as presented, may not be comparable to similarly titled measures of other companies.

(c) Return on beginning shareholders equity is calculated by dividing Net earnings by the prior year's ending Shareholders equity.

(d) Long-term debt as a percent of invested capital is calculated as the sum of Current portion of long-term debt and Long-term debt divided by Total Invested Capital. This is one of our key financial ratios in that it measures the amount of financial leverage on our balance sheet at any point in time. We also have covenants under our major debt agreements that relate to the amount of debt we carry. If those covenants are violated, we may incur additional financing costs or be required to pay the debt before its maturity date. We have an internal target to maintain this ratio at or below 40%. This ratio may exceed 40% from time to time to take advantage of opportunities to grow and improve our businesses. Long-term debt as a percent of invested capital is not a measure of financial performance or liquidity under GAAP and, accordingly, should not be considered in isolation or as a substitute for net earnings, cash flows from operations or other income or cash flow data prepared in accordance with GAAP or as a measure of our operating performance or liquidity. The calculation of this ratio is as follows:

	2006	2005	2004	2003	2002	
Current portion of long-term debt	\$ 18,353	\$ 13,583	\$ 7,962	\$ 15,009	\$ 10,849	
Long-term debt	202,784	218,757	314,813	134,653	155,542	
Total Long-term debt	\$ 221,137	\$ 232,340	\$ 322,775	\$ 149,662	\$ 166,391	
Total Invested Capital	\$706,255	\$ 641,392	\$ 697,691	\$ 483,764	\$ 451,753	
Long-term debt as a percent of invested capital	31.3	% 36.2	% 46.3	% 30.9	% 36.8	%

Long-term debt as a percent of invested capital, as presented, may not be comparable to similarly titled measures of other companies.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Forward-Looking Statements

Management's discussion and analysis, and other sections of this annual report, contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on assumptions that management has made in light of experience in the industries in which the Company operates, as well as management's perceptions of historical trends, current conditions, expected future developments and other factors believed to be appropriate under the circumstances. These statements are not guarantees of performance or results. They involve risks, uncertainties (some of which are beyond the Company's control) and assumptions. Management believes that these forward-looking statements are based on reasonable assumptions. Many factors could affect the Company's actual financial results and cause them to differ materially from those anticipated in the forward-looking statements. These factors include, among other things, risk factors described from time to time in the Company's reports to the Securities and Exchange Commission, as well as future economic and market circumstances, industry conditions, company performance and financial results, operating efficiencies, availability and price of raw materials, availability and market acceptance of new products, product pricing, domestic and international competitive environments, and actions and policy changes of domestic and foreign governments.

General

The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of our consolidated results of operations and financial position. This discussion should be read in conjunction with the Consolidated Financial Statements and related Notes.

	2006	2005	Change 2006-2005	2004	Change 2005-2004
	Dollars in millions, except per share amounts				
Consolidated					
Net sales	\$ 1,281.3	\$ 1,108.1	15.6 %	\$ 1,031.5	7.4 %
Gross profit	326.7	278.3	17.4 %	245.9	13.2 %
<i>as a percent of sales</i>	25.5 %	25.1 %		23.8 %	
SG&A expense	216.6	195.4	10.8 %	175.8	11.1 %
<i>as a percent of sales</i>	16.9 %	17.6 %		17.0 %	
Operating income	110.1	82.9	32.8 %	70.1	18.3 %
<i>as a percent of sales</i>	8.6 %	7.5 %		6.8 %	
Net interest expense	15.1	17.7	(14.7)%	14.7	20.4 %
Effective tax rate	32.0 %	37.8 %		36.0 %	
Net earnings	61.5	39.1	57.3 %	26.9	45.4 %
Earnings per share	2.38	1.54	54.5 %	1.10	40.0 %
Engineered Support Structures Segment					
Net sales	509.3	470.7	8.2 %	402.0	17.1 %
Gross profit	136.0	127.2	6.9 %	102.8	23.7 %
SG&A expense	89.8	82.6	8.7 %	71.2	16.0 %
Operating income	46.2	44.6	3.6 %	31.6	41.1 %
Utility Support Structures Segment					
Net sales	280.8	218.9	28.3 %	175.3	24.9 %
Gross profit	62.9	48.6	29.4 %	32.1	51.4 %
SG&A expense	31.9	27.9	14.3 %	25.0	11.6 %
Operating income	31.0	20.7	49.8 %	7.1	191.5 %
Coatings Segment					
Net sales	90.4	72.1	25.4 %	73.5	(1.9)%
Gross profit	29.5	17.6	67.6 %	14.0	25.7 %
SG&A expense	10.7	9.2	16.3 %	9.8	(6.1)%
Operating income	18.8	8.4	123.8 %	4.2	100.0 %
Irrigation Segment					
Net sales	312.8	260.4	20.1 %	297.8	(12.6)%
Gross profit	73.9	61.0	21.1 %	73.8	(17.3)%
SG&A expense	40.9	36.2	13.0 %	38.3	(5.5)%
Operating income	33.0	24.8	33.1 %	35.5	(30.1)%
Tubing Segment					
Net sales	73.9	71.9	2.8 %	68.7	4.7 %
Gross profit	20.4	20.6	(1.0)%	20.3	1.5 %
SG&A expense	5.7	6.0	(5.0)%	6.9	(13.0)%
Operating income	14.7	14.6	0.7 %	13.4	9.0 %
Other					
Net sales	14.1	14.1	0.0 %	14.2	(0.7)%
Gross profit	4.6	4.3	7.0 %	4.6	(6.5)%
SG&A expense	6.8	8.4	(19.0)%	7.4	13.5 %
Operating loss	(2.2)	(4.1)	46.3 %	(2.8)	(46.4)%
Net corporate expense					
Gross profit	(0.7)	(1.0)	30.0 %	(1.6)	37.5 %
SG&A expense	30.6	25.1	21.9 %	17.3	45.1 %
Operating loss	(31.4)	(26.1)	(20.3)%	(18.9)	(38.1)%

RESULTS OF OPERATIONS

FISCAL 2006 COMPARED WITH FISCAL 2005

Overview

The sales increase in 2006, as compared with 2005, reflected improved sales volumes as well as sales price increases to recover increased material costs. All reportable segments contributed to the sales volume increase, with the most significant increases being realized by the Utility Support Structures, Engineered Support Structures and Irrigation segments.

The improvement in gross profit margin (gross profit as a percent of sales) in 2006 over 2005 was mainly due to stronger gross profit margins in the Coatings segment. The Utility Support Structures and Irrigation segments also recorded slightly higher gross profit margins.

Selling, general and administrative (SG&A) spending in 2006 increased over 2005 levels, mainly as a result of higher employee incentives related to improved operating performance (approximately \$7.5 million), increased salary and employee benefit costs (approximately \$5.9 million), higher sales commissions associated with the increased sales volumes (approximately \$1.7 million) and expense related to stock options (approximately \$1.4 million) that was required to be recorded under the provisions of SFAS No. 123(R), which we adopted during the first quarter of 2006. We also incurred \$1.4 million more bad debt expense in 2006, as compared with 2005. Of this increase, \$0.8 million related to a reversal of bad debt provision for an international irrigation receivable in 2005. All reportable segments contributed to the increased operating income in 2006, as compared with 2005.

The decrease in net interest expense in 2006, as compared with 2005, was primarily due to lower average borrowing levels this year. Average borrowing levels in 2006 were approximately \$55 million lower than 2005, which resulted from operating cash inflows that were used to pay down our interest-bearing debt. The impact of lower borrowing levels on interest expense were somewhat offset by higher interest rates on our variable rate debt.

The lower effective tax rate in 2006, as compared with 2005, was due in part to \$1.1 million in taxes incurred in 2005 due to repatriation of foreign earnings. We realized approximately \$1.2 million in certain income tax benefits related to credits from prior tax years taken on our income tax returns in 2006. We had previously determined it was not probable that these tax benefits would be realized and therefore had not recognized these benefits in prior years. In addition, we realized an increase in the amount of our pre-tax earnings derived from foreign locations in 2006, as compared with 2005. These foreign locations generally have lower statutory income tax rates than the U.S., contributing to the overall lower effective income tax rate in 2006, as compared with 2005.

Miscellaneous income in 2006 was higher than 2005, due mainly to a \$1.1 million settlement associated with a retirement plan of a former subsidiary in the first quarter of 2006. We realized a loss in our nonconsolidated subsidiaries in 2006, due principally to losses in our 49% owned structures operation in Mexico. The Mexican loss mainly related to adjustment of receivable and inventory valuations in the third quarter of 2006, which reduced our share of earnings from this nonconsolidated subsidiary by \$2.1 million after tax. In the fourth quarter of 2006, we purchased the remaining 51% of this subsidiary for \$3.9 million (net of cash acquired), plus approximately \$8.8 million in interest-bearing debt and certain amounts due to the majority owner. All of the \$8.8 million in assumed debts were repaid at the closing of the transaction.

Our cash flows provided by operations were \$59.1 million in 2006, as compared with \$133.8 million in 2005. The lower operating cash flows in 2006 resulted from increased working capital required by the increased net sales realized in 2006 and a larger share of our income tax expense that was payable in cash, as opposed to being deferred to later periods. The operating cash flow realized in 2005 in part was related

to a significant inventory increase in 2004, which was related to widespread shortages in steel in 2004. Steel availability improved in 2005, which resulted in reduced inventory and, accordingly, improved operating cash flow in 2005, as compared with 2004.

Engineered Support Structures (ESS) segment

General

The sales increase in the ESS segment in 2006, as compared with 2005, was due to higher sales in all geographic regions. On a product line basis, the sales increase mainly resulted from stronger sales demand in the Lighting and Traffic and Specialty product lines. The increased gross profit of the ESS segment in 2006, as compared with 2005, was mainly related to the stronger sales and operating performance in China, due to a combination of higher sales of communication structures in China and stronger shipments of utility structures into export markets. Improved sales and gross profit margins in the North American and European lighting markets also contributed to the improvement in operating income. Operational difficulties in our North American locations that are dedicated to specialty structures negatively affected 2006 ESS segment operating income. In 2006, we incurred an aggregate of approximately \$3.6 million in expenses in this product line associated with warranty claims on sign structures in North America, receivable and inventory valuation provisions and the writeoff of the Sigma trade name. In addition, segment profitability was negatively affected by approximately \$1.1 million related to production equipment disposals and employee severance costs in Europe. The main reasons for the increase in SG&A expense in 2006, as compared with 2005 were increased salary and employee benefit cost expenses (\$2.7 million), commissions related to higher sales volumes (\$0.5 million), increased international management expenses (\$1.6 million) and the writeoff of the Sigma trade name (\$0.4 million) in 2006.

Lighting and Traffic Products

In North America, lighting and traffic structure sales in 2006 improved modestly over 2005. In the transportation market, while sales were essentially flat as compared with 2005, higher sales order levels achieved after the passage of U.S. highway funding legislation in the third quarter of 2005 have resulted in an increased backlog as of December 30, 2006. Commercial lighting sales volumes in 2006 were higher than 2005, as improvements in the residential and commercial construction markets resulted in higher demand for street and area lighting structures. The improvement in commercial lighting structure sales was also due to increased demand for decorative lighting structures and expanded relationships with lighting fixture manufacturers. In Europe, lighting sales in 2006 were higher than 2005, mainly due to new tramway and decorative lighting structures developed for the European market and improvement in economic conditions in our main market areas.

Specialty Products

In the specialty structures product line, the increase in 2006 sales, as compared with 2005, was mainly due to increased sales in wireless communication structures outside of North America. Sales of wireless communication structures and components in North America in 2006 were comparable to 2005. Sign structure sales in 2006 were slightly lower than 2005. Sales of wireless communication structures in China were higher in 2006, as compared with a relatively weak 2005. The Chinese wireless communication carriers are continuing their investment in structures as part of their plans to improve their coverage and increase services provided to their customers.

Utility Products

This product line includes sales of utility structures for markets outside of North America. In 2006, the sales increase as compared with 2005 was mainly due to export sales of utility structures. Our Chinese

operations are an important factor in our efforts to compete effectively in these export markets. In addition, we believe China will continue to increase its investment in basic infrastructure, including electrical energy generation, transmission and distribution. Accordingly, we believe that future demand for our steel structures for these applications will grow.

Utility Support Structures segment

In the Utility Support Structures segment, the sales increase in 2006 as compared with 2005 was due to improved demand for steel and concrete electrical transmission, substation and distribution pole structures. Throughout 2005 and into 2006, our order rates for structures from utility companies and independent power producers were relatively strong, as increased emphasis on improving the electrical transmission and distribution infrastructure in the U.S. has resulted in increased demand for structures for those applications. We also believe that incentives in energy legislation enacted in 2005 have encouraged utility companies to invest in their transmission and distribution systems. All of these factors resulted in substantially improved sales orders, shipments and backlogs in 2006, as compared with 2005.

Gross profit increased at a slightly higher rate than sales in 2006, as compared with 2005. Due to the strong sales growth in this segment, we were able to realize improved factory productivity to effectively leverage our fixed factory cost structure, although gross profit margins were dampened somewhat by rising material costs applied to certain fixed price sales contracts. The growth in operating income in 2006, as compared with 2005, related mainly to the growth in sales and leverage of our fixed SG&A cost structure. The main reasons for the increased SG&A spending in 2006, as compared with 2005, were increased salary and employee benefit costs (\$1.4 million) and commission expenses related to higher sales (\$1.2 million). Effective November 30, 2006, we acquired the remaining 51% of the shares of our steel pole manufacturing joint venture located in Monterrey, Mexico. This operation was not consolidated in our financial statements until November 30 and did not have a significant impact on segment sales and operating income in 2006.

Coatings segment

The increase in coatings segment sales in 2006, as compared with 2005, was due to higher sales prices associated with higher zinc costs. Sales volume measured in physical volume of materials processed was up modestly from 2005. In 2006, zinc prices were volatile and increased to record levels during the year, especially early in 2006. We believe we were successful in recovering our increased zinc costs in the form of higher sales prices.

The increase in operating income in 2006, as compared with 2005, was principally due to improved production efficiencies related to zinc and facility utilization. Gross profit and operating income in 2006 also included a \$1.1 million gain associated with the sale of one of our production facilities. This facility represented excess capacity for us and this sale should not affect our ability to serve our markets. The increase in SG&A spending in 2006, as compared with 2005, was primarily related to higher employee incentives associated with improved operating income.

Irrigation segment

The sales in the Irrigation segment rebounded from a weak 2005. The sales increase was due to a combination of higher sales volumes and increased selling prices to recover increased raw material costs. In North America, improving farm commodity prices and relatively dry growing conditions contributed to modestly improved demand for irrigation machines in 2006, as compared with 2005. We believe the increase in year-to-date sales of irrigation machines and service parts in 2006 over 2005 levels also resulted from an increase of equipment damaged in winter storms in late 2005. International sales in 2006 increased

approximately 33% over 2005, mainly due to sales in newly-developed international markets and generally improved market conditions in Africa and Latin America over 2005.

The increase in operating income in 2006 over 2005 was the result of improved sales volumes and effective control of SG&A spending. The increase in SG&A expense from 2005 to 2006 was mainly attributable to increased employee incentives associated with improved operational performance (\$2.4 million) and increased bad debts provisions of \$1.4 million in 2006 over 2005. The increased bad debts provision included a \$0.8 million reversal of an international accounts receivable provision that was realized in the second quarter of 2005.

Tubing segment

The increase in Tubing sales in 2006, as compared with 2005, was due to improved demand for tubing products. Despite higher sales volumes, gross profit in 2006 was essentially unchanged from 2005, due to a competitive pricing environment for certain commodity-type tubing products. SG&A spending in 2006 was lower than 2005, due to reduced employee incentives related to less operating income improvement this year.

Other

This segment includes our industrial fastener business, our machine tool accessories operation in France and the development costs associated with our wind energy structure initiative. The main reason for the improvement in operating income this year was approximately \$1.1 million in improved profitability of our machine tool accessory business. Our expenses related to the development of a structure for the wind energy industry in 2006 were lower than 2005 by approximately \$0.3 million. In the fourth quarter of 2006, we made the decision to suspend our efforts in this area. The main reasons for this decision was that projected economic returns for us were not sufficient to warrant further development at this time. As a result, we recorded a \$0.6 million charge to operating income in the fourth quarter of 2006, related mainly to inventory valuation adjustments associated with this decision.

Net corporate expense

The increase in net corporate expenses in 2006, as compared with 2005, was mainly related to increased employee incentives due to improved earnings this year (approximately \$3.8 million), increased occupancy cost related to our corporate headquarters facility (\$1.5 million) and stock option expense recognized in 2006 of \$0.5 million. Approximately \$0.4 million of the occupancy cost increase was related to the termination of our synthetic lease on the corporate headquarters building and release of the related residual value guarantee.

FISCAL 2005 COMPARED WITH FISCAL 2004

Overview

The fiscal year ended December 31, 2005 included 53 weeks of operations, as compared with fiscal 2004, which was 52 weeks. This was the result of our fiscal year end being on the last Saturday in December. Accordingly, all fiscal 2005 operational figures were higher than had fiscal 2005 been 52 weeks in length. The estimated impact on our net sales and net earnings due to the extra week of fiscal 2005 was approximately \$17 million and \$1 million, respectively.

In 2004, we completed the acquisitions of Newmark International, Inc. (Newmark), a manufacturer of concrete and steel pole structures mainly for the North America utility industry, W.J. Whatley, Inc. (Whatley), a manufacturer of fiberglass poles principally for outdoor lighting applications and the assets of Sigma Industries, Inc. (Sigma), a manufacturer of overhead sign structures mainly serving the eastern United States. Newmark is reported as part of the Utility Support Structures segment and Whatley and Sigma are reported as part of the Engineered Support Structures (ESS) segment. The results of these operations were included in our consolidated results starting on the closing dates of the acquisitions. The Newmark and Whatley acquisitions were completed in the second quarter of 2004 and the Sigma acquisition was completed in the third quarter of 2004.

Consolidated net sales increased as compared with 2004 due to a full year impact of acquisitions completed in 2004 (\$37.5 million) and higher selling prices associated with the rapid increase of steel costs throughout much of 2004. These net sales increases were offset somewhat by decreased sales volumes in the Irrigation segment in 2005, as compared with 2004. Gross profit as a percent of sales increased, mainly resulting from the impact of higher selling prices. In 2004, our gross profit as a percent of net sales fell in our Engineered Support Structures (ESS) and Utility Support Structures segments, as pricing actions taken in response to higher steel costs lagged steel cost increases. In 2005, gross profit percentages in these segments recovered to more historical levels, as steel costs were more stable in 2005. Selling, general and administrative expenses (SG&A) increased in 2005 over 2004 levels, mainly due to the full year impact of the acquisitions completed in 2004 (\$5.1 million), increased employee incentives of \$6.0 million due to increased profitability in 2005, increased sales commissions associated with higher sales (\$1.5 million) and additional personnel costs related to the preparation of our new ESS segment operation in China (approximately \$1.0 million). This plant is scheduled to begin production in the second quarter of 2006.

Net interest expense increased in 2005 mainly due to higher interest rates on our variable rate debt, as compared with 2004 (approximately \$2.4 million). Higher average borrowing levels in 2005 as compared to 2004, due to the \$125.4 million of debt incurred to fund the acquisitions completed in 2004 also contributed to the increase in net interest expense.

The effective tax rate increased in 2005 due to \$1.1 million in taxes due to repatriation of foreign earnings. On October 22, 2004, the American Jobs Creation Act (AJCA) was signed into law, which included a deduction of 85% of certain foreign earnings that are repatriated, as defined in the AJCA. We elected to apply this provision to qualifying earnings repatriations in fiscal 2005. The cash dividends received in 2005 (net of taxes paid) was approximately \$15.9 million. Otherwise, our effective tax rate in 2005 was essentially unchanged from 2004.

Minority interest expenses were lower in 2005 than 2004 mainly due to lower earnings in our Irrigation segment operations in Brazil and South Africa. In addition, we increased our ownership interest in the Brazil operation from 70% to 90% in 2005, which contributed to lower minority interest expenses as compared with 2004.

Net earnings increased in 2005 due in part to a \$9.9 million pre-tax expense in 2004 (approximately \$6.1 million after taxes) associated with the restructuring of our long-term debt in 2004. Earnings per share increased at a lower percentage than net earnings in 2005 from 2004 due to more fully-diluted shares outstanding.

Engineered Support Structures (ESS) Segment

General

The sales increase in 2005 as compared with 2004 was due to price increases related to 2004 steel cost increases and the full year impact in 2005 from the 2004 acquisitions (\$11.3 million). The improvement in gross profit mainly related to sales price increases. In 2004, we raised sales prices as our steel costs

increased. However, the impact of sales price increases generally lagged our cost increases, resulting in lower gross profit margins in 2004. Sales prices lagged cost increases due to the backlog nature of our business and existing orders could not be re-priced. In 2005, steel costs were more stable, which enabled our gross profit margins to improve to more traditional levels. Increased SG&A spending principally resulted from the full year impact of higher employee incentives attributable to improved operating income in 2005, as compared with 2004 (\$3.2 million), the 2004 acquisitions (\$1.5 million), and increased compensation costs in China to prepare for the start-up of our second plant (approximately \$1.0 million). This plant is scheduled to begin production in the second quarter of 2006. All regions contributed to the improved operating income for the segment. In Europe, earnings improved by \$4.7 million as compared with 2004 due to increased volumes and cost structure reductions implemented in 2004. China's earnings improved \$1.3 million which was attributable to higher sales volumes and improved product pricing.

Lighting and Traffic Products

The increase in North American lighting and traffic structure sales in 2005 was partly due to the effect of a full year of activity from the 2004 acquisitions of Whatley (\$4.9 million) and the full year impact of price increases implemented in 2004 in response to higher steel costs. North American volumes were slightly down in 2005 as compared with 2004. We believe delays in the enactment of the highway bill in the U.S. resulted in postponement of lighting projects and reduced demand in the transportation market. The commercial lighting market remained stable in 2005. In Europe, lighting sales were higher than 2005 due to a combination of higher selling prices to offset higher steel costs and an approximate 8% volume increase due to improvement in economic conditions in our main market areas and sales of new products developed this year.

Specialty Products

Sales of specialty products were up from 2004, mainly due to the full year of the 2004 acquisition of Sigma (approximately \$6.4 million). Wireless communication structures and components remained fairly stable in 2005 as compared to 2004, reflecting relatively stable market conditions. Sales of wireless communication poles in China were down slightly from a very strong 2004.

Utility Products

This product line includes sales of utility structures for markets outside of North America. Sales improved in 2005 as compared with 2004 due to introduction of new utility structure products for the Chinese market and export sales of utility structures outside of China. We believe as China develops its electrical infrastructure, there will be a solid demand in the future for steel transmission, substation and distribution structures to help transport and distribute electrical power to users. Furthermore, we believe that China will continue to be a key part of our efforts to penetrate export utility structure markets.

Utility Support Structures Segment

This segment includes the operations of Newmark since its acquisition on April 16, 2004 and the North American utility structure operations that were previously part of the ESS segment. The increase in sales from 2005 to 2004 includes approximately \$26.2 million related to the full year impact of the Newmark acquisition and the effect of increased selling prices to offset higher steel costs incurred in 2004. While sales volumes were comparable to 2004, order rates were well above 2004 levels. Increased investment in the electrical transmission grid by utility companies and independent power producers resulted in higher order rates and backlogs in 2005, as compared with 2004. Gross profit improved in 2005 over 2004, as margins returned to more traditional levels through increased pricing, while volumes were comparable to 2004. Increased SG&A expense in 2005 resulted from the full year impact of Newmark

(\$3.6 million), increased incentives of \$1.1 million due to increased segment earnings and increased commissions of \$1.3 million due to increased segment sales in 2005

Coatings Segment

Coatings segment sales were slightly down in 2005 from 2004 mainly due to lower volumes, but favorably offset by higher prices due in part to increased zinc and natural gas costs that were passed on to the marketplace as price increases or surcharges. Gross profit improved mainly through increased factory productivity and lower workers' compensation costs in 2005, as compared with 2004, of approximately \$1.5 million in our California operations. Improved safety procedures and changes in California workers' compensation laws contributed to decreased workers' compensation costs in 2005.

Irrigation Segment

Sales were down in 2005 as compared to 2004 due to lower sales volumes in both domestic and international markets, partially offset by higher sales prices. In North America, irrigation machine sales volumes were down approximately 20% in 2005, as compared with 2004. We believe relatively low farm commodity prices and higher input costs (energy, fuel and fertilizer) contributed to reduced demand for irrigation machines in most of our key markets around the world. Additionally, a weak U.S. dollar also contributed to reduced sales demand in our international markets. On a regional basis, sales decreases in South America and South Africa were somewhat offset by improved sales in the Asia Pacific region. Gross profit decreased more than sales in 2005, as compared with 2004, due to decreased factory productivity associated with the decreased sales volumes. The impact of lower factory productivity on gross profit was approximately \$4.0 million in 2005.

In 2005, SG&A expenses decreased from 2004 due to reduced employee incentives associated with decreased operating income (approximately \$0.7 million) and to a bad debt reversal of \$0.8 million for a receivable that was recovered in 2005.

Tubing Segment

Tubing segment sales increased in 2005 due to improved demand, partially offset by lower pricing, in certain markets. Gross profit was comparable to 2005, despite the increase in sales volume. Gross profit margins were hampered in 2005, as compared with 2004, due to lower pricing and an unfavorable sales mix, partially offset by improved factory performance (approximately \$2.2 million). SG&A expense was down in 2005, due to decreased employee incentives resulting from lower growth in segment earnings.

Other

Our Other businesses include our machine tool accessory business in France, our industrial fastener business in the U.S., and wind energy development. Operating income decreased mainly due to increased research and development spending to develop a structure for the wind energy industry. Our spending on the wind energy initiative was \$3.2 million in 2005, as compared with \$2.4 million in 2004.

Net corporate expense

The most significant items that resulted in the increase in net corporate expense in 2005 as compared with 2004 were increased employee incentives of \$3.4 million related to improved net earnings in 2005 and approximately \$1.5 million related to the acquisition of a new corporate aircraft and the sale of our existing aircraft in 2005.

LIQUIDITY AND CAPITAL RESOURCES*Cash Flows*

Working Capital and Operating Cash Flows Net working capital was \$277.7 million at fiscal year-end 2006, as compared with \$229.2 million at fiscal year-end 2005. The ratio of current assets to current liabilities was 2.28:1 as of December 30, 2006 as compared with 2.28:1 at December 31, 2005. Operating cash flow was \$59.1 million in 2006, as compared with \$133.8 million in 2005 and \$5.2 million in 2004. The lower operating cash flows in 2006 resulted from increased working capital required by the increased net sales realized in 2006 and a larger amount of our income tax expense that was payable in cash, as opposed to being deferred to later periods.

Investing Cash Flows Capital spending was \$27.9 million in 2006, as compared with \$35.1 million in 2005, and \$17.2 million in 2004. The most significant capital spending projects in 2006 related to our new structures manufacturing plant in China (\$3.1 million), business system investments in the ESS segment (\$2.2 million), molds for the manufacture of concrete utility structures (\$1.9 million) and investment in new galvanizing equipment (\$1.9 million). The most significant capital expenditure in 2005 was the purchase of a corporate aircraft for \$16.5 million, which replaced an aircraft that was sold for approximately \$7.8 million in cash. Our depreciation and amortization expenses for 2006, 2005 and 2004 were \$36.5 million, \$39.4 million and \$38.5 million, respectively. Throughout much of the 1990's our capital spending was relatively high as we added manufacturing capacity in a number of areas, most notably our Irrigation segment factory in McCook, Nebraska and our Utility Support Structures factory in Jasper, Tennessee. We have not made any substantial capacity additions in the past three years, except for a new ESS segment manufacturing facility in southern China. In addition, we made a number of acquisitions from 1998 through 2006 that added capacity and allowed us to expand our market coverage. Due mainly to the large growth in the Utility Support Structures segment, we will be investing in additional manufacturing capacity for large steel poles to meet the market demand in this segment. Accordingly, our 2007 capital expenditures are estimated to be between \$50 and \$55 million.

We also made other investments and acquisitions over the past three years. In 2006, we invested a total of \$8.6 million in our Mexican pole manufacturing joint venture, including \$3.8 million (net of cash acquired) for the remaining 51% ownership in this entity. The most significant investing cash flow item in 2004 was the \$125.4 million expended (net of cash acquired) related to the Newmark, Whatley and Sigma acquisitions.

Financing Cash Flows Total interest-bearing debt decreased from \$237.3 million in 2005 to \$234.3 million as of December 30, 2006. Most of this decrease related to scheduled debt repayments of our existing debt, offset to a degree by increased short-term borrowing to fund working capital needs in China and to finance the acquisition of the remaining 51% of the shares of our Mexican pole structures manufacturing joint venture. The increase in interest-bearing debt in 2004 was due to our 2004 acquisitions, which totaled \$138 million (including \$12.6 million in debt that was assumed as part of the acquisitions).

Sources of Financing and Capital

We have historically funded our growth, capital spending and acquisitions through a combination of operating cash flows and debt financing. We have an internal long-term objective to maintain long-term debt as a percent of capital at or below 40%. At December 30, 2006, our long-term debt to invested capital ratio was 31.3%, as compared with 36.2% at the end of fiscal 2005. This internal objective is exceeded from time to time in order to take advantage of opportunities to grow and improve our businesses. We believe the acquisitions described above were appropriate opportunities to expand our market coverage and product offerings and generate earnings growth. While our long-term debt to capital ratio exceeded our 40% objective as a result of the Newmark acquisition in April 2004, our cash flows enabled us to reduce

our long-term debt levels to under 40% of invested capital by September 2005. Dependent on our level of acquisition activity and steel industry availability and pricing issues, we expect our long-term debt to invested capital ratio to remain below 40% in 2007.

Our priorities in use of future cash flows are as follows:

- Fund internal growth initiatives in core businesses
- Pay down interest-bearing debt
- Invest in acquisitions clearly connected to our core businesses or an existing competency
- Return money to our shareholders through increased dividends or common stock repurchases at appropriate share prices

Our debt financing at December 30, 2006 consisted mainly of long-term debt. We also maintain certain short-term bank lines of credit totaling \$26.5 million, \$18.6 million of which was unused at December 30, 2006. Our long-term debt principally consists of:

- \$150 million of senior subordinated notes that bear interest at 6.875% per annum and are due in May 2014. We may repurchase the notes starting in May 2009 at specified prepayment premiums. These notes are guaranteed by certain of our U.S. subsidiaries.
- \$150 million revolving credit agreement with a group of banks that accrues interest at our option at (a) the higher of the prime lending rate and the Federal Funds rate plus 50 basis points or (b) an interest rate spread over the LIBOR of 62.5 to 137.5 basis points (inclusive of facility fees), depending on our ratio of debt to earnings before taxes, interest, depreciation and amortization (EBITDA). In addition, this agreement provides that another \$50 million may be added to the total credit agreement at our request at any time prior to May 31, 2007, subject to the group of banks increasing their current commitment. At December 30, 2006 and December 31, 2005, we had no outstanding borrowings under the revolving credit agreement. The revolving credit agreement has a termination date of May 4, 2009 and contains certain financial covenants that limit our additional borrowing capability under the agreement. At December 30, 2006, we had the ability to borrow an additional \$145 million under this facility.
- Term loan with a group of banks that accrues interest at our option at (a) the higher of the prime lending rate and the Federal Funds rate plus 50 basis points or (b) LIBOR plus a spread of 62.5 to 137.5 basis points, depending on our debt to EBITDA ratio and had an outstanding balance of \$47.7 million at December 30, 2006. This loan requires quarterly principal payments through 2009. The annualized principal payments beginning in 2007 in millions are: \$14.9, \$20.9, and \$11.9. The effective interest rate on this loan was 6.125% per annum at December 30, 2006.

Under these debt agreements, we are obligated by covenants that require us to maintain certain coverage ratios and may limit us with respect to certain business activities, including capital expenditures. Our key debt covenants are that interest-bearing debt is not to exceed 3.75x EBITDA of the prior four quarters and that our EBITDA over our prior four quarters must be at least 2.50x our interest expense over the same period. At December 30, 2006 we were in compliance with all covenants related to these debt agreements. Based on our available credit facilities and our history of positive cash flows from operations, we believe that we have adequate liquidity to meet our needs.

FINANCIAL OBLIGATIONS AND FINANCIAL COMMITMENTS

We have future financial obligations related to (1) payment of principal and interest on interest-bearing debt, including capital lease obligations, (2) various operating leases and (3) purchase obligations. These obligations as of December 30, 2006 are summarized as follows, (in millions of dollars):

Contractual Obligations	Total	2007	2008-2009	2010-2011	After 2011
Long-term debt	\$ 219.8	\$ 18.1	\$ 35.1	\$ 7.1	\$ 159.5
Capital leases	1.3	0.2	0.2	0.2	0.7
Unconditional purchase obligations	71.9	68.0	3.9		
Operating leases	35.2	8.1	10.0	4.9	12.2
Total contractual cash obligations	\$ 328.2	\$ 94.4	\$ 49.2	\$ 12.2	\$ 172.4

Long-term debt principally consists of the \$150 million of senior subordinated notes and the bank term loan (\$47.7 million was outstanding at December 30, 2006). We had no outstanding balance on our revolving credit agreement at December 30, 2006. Obligations under these agreements could be accelerated in event of non-compliance with covenants. At December 30, 2006, we were in compliance with all debt covenants.

Capital leases relate principally to a production facility in France and office equipment. Operating leases relate mainly to various production and office facilities and are in the normal course of business.

As of December 30, 2006 interest obligations associated with our long-term debt and capital leases were as follows (in millions of dollars):

2007	\$ 13.9
2008-2009	24.3
2010-2011	21.7
After 2011	30.3

Unconditional purchase obligations relate to purchase orders for zinc, aluminum and steel, most of which will be used in 2007. We believe the quantities under contract are reasonable in light of normal fluctuations in business levels and we expect to use the commodities under contract during the contract period.

OFF BALANCE SHEET ARRANGEMENTS

We have operating lease obligations to unaffiliated parties on leases of certain production and office facilities and equipment. These leases are in the normal course of business and generally contain no substantial obligations for us at the end of the lease contracts. We also have certain commercial commitments related to contingent events that could create a financial obligation for us. Our commitments at December 30, 2006 were as follows (in millions of dollars):

Other Commercial Commitments	Commitment Expiration Period				
	Total Amounts Committed	2007	2008-2009	2010-2011	Thereafter
Standby Letters of Credit	\$ 2.4	\$ 1.8	\$	\$ 0.6	\$
Total commercial commitments	\$ 2.4	\$ 1.8	\$	\$ 0.6	\$

The above commitments are loan guarantees of a non-consolidated subsidiary in Argentina that is accompanied by a guarantee from the majority owner to us. We also maintain standby letters of credit for contract performance on certain sales contracts.

MARKET RISK*Changes in Prices*

Certain key materials we use are commodities traded in worldwide markets and are subject to fluctuations in price. The most significant materials are steel, aluminum, zinc and natural gas. Over the last several years, prices for these commodities have been volatile. In 2004, prices for hot-rolled steel products rose dramatically throughout much of the year. The volatility in these prices was due to such factors as fluctuations in supply, government tariffs and the costs of steel-making inputs. We have also experienced volatility in natural gas prices in the past several years, especially 2005. In 2005 and 2006, zinc prices rose rapidly throughout the year, reaching record high prices in 2006. Our main strategies in managing these risks are a combination of fixed price purchase contracts with our vendors to reduce the volatility in our purchase prices and sales price increases where possible. We use natural gas swap contracts to mitigate the impact of rising gas prices on our operating income. In 2004, our strategies as they pertain to steel were not as effective as in the past, as suppliers discontinued fixed price contracts and consignment programs.

Risk Management

Market Risk The principal market risks affecting us are exposure to interest rates, foreign currency exchange rates and natural gas. We normally do not use derivative financial instruments to hedge these exposures (except as described below), nor do we use derivatives for trading purposes.

Interest Rates Our interest-bearing debt is a mix of fixed and variable rate debt. Assuming average interest rates and borrowings on variable rate debt, a hypothetical 10% change in interest rates would have an impact on interest expense of approximately \$0.4 million in 2006 and \$0.5 million in 2005.

Foreign Exchange Exposures to transactions denominated in a currency other than the entity's functional currency are not material, and therefore the potential exchange losses in future earnings, fair value and cash flows from these transactions are immaterial. Much of our cash in non-U.S. entities is denominated in foreign currencies, where fluctuations in exchange rates will impact cash balances in U.S. dollar terms. A hypothetical 10% change in the value of the U.S. dollar would impact our reported cash balance by approximately \$2.6 million in 2006 and \$2.2 million in 2005.

We manage our investment risk in foreign operations by borrowing in the functional currencies of the foreign entities where appropriate. The following table indicates the change in the recorded value of our investments at year-end assuming a hypothetical 10% change in the value of the U.S. Dollar.

	2006	2005
	(in millions)	
Europe	\$ 5.3	\$ 3.9
Asia	3.6	2.4
South America	0.9	0.3
Mexico	1.0	0.7
South Africa	0.4	0.4

Commodity risk Natural gas is a significant commodity used in our factories, especially in our Coatings segment galvanizing operations, where natural gas is used to heat tanks that enable the hot-dipped galvanizing process. Natural gas prices are volatile and we mitigate some of this volatility through the use of derivative commodity instruments. Our current policy is to manage this commodity price risk for 25-50% of our U.S. natural gas requirements for the upcoming 6-12 months through the purchase of natural gas swaps based on NYMEX futures prices for delivery in the month being hedged. The objective of this policy is to mitigate the impact on our earnings of sudden, significant increases in the price of natural gas. Annual U.S. gas requirements are approximately 700,000 MMBtu. We have purchased swaps

totaling approximately 50% of our expected 2007 U.S. requirements through February 2007. The fair value of these instruments is based on quoted market prices from the NYMEX. Market risk is estimated as the potential loss in fair value resulting from a hypothetical 10% adverse change in price. As of December 30, 2006 our market risk exposure related to future natural gas requirements being hedged was approximately \$0.1 million based on a sensitivity analysis. Changes in the market value of these derivative instruments have a high correlation to changes in the spot price of natural gas. Since we forward price only a portion of our natural gas requirements, this hypothetical adverse impact on natural gas derivative instruments would be more than offset by lower costs for all natural gas we purchase.

CRITICAL ACCOUNTING POLICIES

The following accounting policies involve judgments and estimates used in preparation of the consolidated financial statements. There is a substantial amount of management judgment used in preparing financial statements. We must make estimates on a number of items, such as provisions for bad debts, warranties, contingencies, impairments of long-lived assets, and inventory obsolescence. We base our estimates on our experience and on other assumptions that we believe are reasonable under the circumstances. Further, we re-evaluate our estimates from time to time and as circumstances change. Actual results may differ under different assumptions or conditions. The selection and application of our critical accounting policies are discussed annually with our audit committee.

Allowance for Doubtful Accounts

In determining an allowance for accounts receivable that will not ultimately be collected in full, we consider:

- age of the accounts receivable
- customer credit history
- customer financial information
- reasons for non-payment (product, service or billing issues).

If our customers' financial condition was to deteriorate, resulting in an impairment in their ability to make payment, additional allowances may be required.

Warranties

All of our businesses must meet certain product quality and performance criteria. We rely on historical product claims data to estimate the cost of product warranties at the time revenue is recognized. In determining the accrual for the estimated cost of warranty claims, we consider our experience with:

- costs to correct the product problem in the field, including labor costs
- costs for replacement parts
- other direct costs associated with warranty claims
- the number of product units subject to warranty claims

In addition to known claims or warranty issues, we estimate future claims on recent sales. The key assumption in our estimate is the rate we apply to those recent sales, which is based on historical claims experience. If this estimated rate changed by 50%, the impact on operating income would be approximately \$1.6 million. If our cost to repair a product or the number of products subject to warranty claims is greater than we estimated, then we would have to increase our accrued cost for warranty claims.

Inventories

We use the last-in first-out (LIFO) method to determine the value of the majority of our inventory. Approximately 51% of inventory is valued at the lower of cost, determined by the (LIFO) method. The remaining 49% of our inventory is valued on a first-in first-out (FIFO) basis. In periods of rising costs to produce inventory, the LIFO method will result in lower profits than FIFO, because higher more recent costs are recorded to cost of goods sold than under the FIFO method. Conversely, in periods of falling costs to produce inventory, the LIFO method will result in higher profits than the FIFO method.

In 2004 and 2006, we experienced substantially higher costs to produce inventory than in the prior respective years, due mainly to higher costs for steel, steel-related products and zinc. This resulted in higher cost of goods sold (and lower operating income) in 2006 and 2004 of approximately \$8.3 million and \$20.9 million, respectively, than had our entire inventory been valued on the FIFO method. The 2005 prices decreased modestly and operating income would have decreased by approximately \$1.6 million had our entire inventory been valued on the FIFO method.

We write down slow-moving and obsolete inventory by the difference between the value of the inventory and our estimate of the reduced value based on potential future uses, the likelihood that overstocked inventory will be sold and the expected selling prices of the inventory. If our ability to realize value on slow-moving or obsolete inventory is less favorable than assumed, additional write-downs of the inventory may be required.

Depreciation, Amortization and Impairment of Long-Lived Assets

Our long-lived assets consist primarily of property, plant and equipment and intangible assets that were acquired in business acquisitions. We have assigned useful lives to our property, plant and equipment and certain intangible assets ranging from 3 to 40 years.

We annually evaluate our reporting units for goodwill impairment during the third fiscal quarter, which coincides with our strategic planning process. We value our reporting units using after-tax cash flows from operations (less capital expenditures) discounted to present value. The key assumptions are the discount rate and the annual free cash flow. We also use sensitivity analysis to determine the impact of changes in discount rates and cash flow forecasts on the valuation of the reporting units. As allowed for under SFAS No. 142, we rely on our previous valuations for the annual impairment testing provided that the following criteria for each reporting unit are met: (1) the assets and liabilities that make up the reporting unit have not changed significantly since the most recent fair value determination and (2) the most recent fair value determination resulted in an amount that exceeded the carrying amount of the reporting unit by a substantial margin.

In the case of most of our reporting units, the above criteria have been met and no further evaluation was required. If our assumptions about intangible assets change as a result of events or circumstances, and we believe the assets may have declined in value, then we may record impairment charges, resulting in lower profits.

Our indefinite-lived intangible assets consist of trade names and their values are separately assessed from goodwill as part of the annual impairment testing. This assessment is made using the relief-from-royalty method, under which the value of a trade name is determined based on a royalty that could be charged to a third party for using the trade name in question. The royalty, which is based on a reasonable rate applied against forecasted sales, is tax-effected and discounted to present value. The most significant assumptions in this evaluation include estimated future sales, the royalty rate and the after-tax discount rate. For our evaluation purposes, the royalty rates used vary between 1% and 2% of sales and the after-tax discount rate of 8.5%, which we estimate to be our after-tax cost of capital.

Stock Options

Our employees are periodically granted stock options by the Compensation Committee of the Board of Directors. In fiscal 2006, we adopted the provisions of SFAS No. 123R, *Share-Based Payment*. Under the provisions of SFAS No. 123R, the compensation cost of all employee stock-based compensation awards is measured based on the grant-date fair value of those awards and that cost is recorded as compensation expense over the period during which the employee is required to perform service in exchange for the award (generally over the vesting period of the award). The valuation of stock option awards is complex in that there are a number of variables included in the calculation of the value of a stock option award:

- Volatility of our stock price
- Expected term of the option
- Expected dividend yield
- Risk-free interest rate over the expected term
- Expected number of options that will not vest

We have elected to use a binomial pricing model in the valuation of our stock options because we believe it provides a more accurate measure of the value of employee stock options.

The assumptions used in our valuation of stock options were as follows in 2005 and 2006:

	2005		2006	
Volatility	27.00	%	31.90	%
Expected term from vesting date	2.7	yrs	3.1	yrs.
Risk-free interest rate	4.40	%	4.72	%
Dividend yield	1.51	%	1.21	%

These variables are developed using a combination of our internal data with respect to stock price volatility and exercise behavior of option holders and information from outside sources. The development of each of these variables requires a significant amount of judgment. Changes in the values of the above variables will result in different option valuations and, therefore, different amounts of compensation cost. The per share value of options granted in 2006 was \$3.46 higher using the 2006 assumptions, than if the 2005 assumptions had been used.

Income Taxes

We record a valuation allowance to reduce our deferred tax assets to an amount that is more likely than not to be realized. Future taxable income expectations and tax-planning strategies are considered in assessing the need for the valuation allowance. If a deferred tax asset is estimated to be not fully realizable in the future, a valuation allowance to decrease the amount of the deferred tax asset would decrease net income in the period the determination was made. Likewise, if we subsequently determine that we would be able to realize all or part of a net deferred tax asset in the future, an adjustment reducing the valuation allowance would increase net earnings in the period such determination was made. At December 30, 2006, we had approximately \$8.0 million in deferred tax assets related mainly to operating and tax credit carryforwards, with a valuation allowance of \$3.8 million. In 2006, we removed \$0.2 million of prior valuation allowances (and, accordingly, reduced our income tax expense), because we determined that, based on facts and circumstances, the realization of these deferred tax assets was more likely than not. If these circumstances change in the future, we may be required to increase or decrease the valuation allowance on these assets, resulting in an increase or decrease in income tax expense and a reduction or increase in net income. At December 30, 2006, we had deferred tax assets of \$0.8 million related to

nonconsolidated subsidiaries. These deferred tax assets relate to operating loss carryforwards. We do not believe that the future earnings prospects of these entities will be adequate (on a more likely than not basis) to utilize these carryforwards before they expire. Accordingly, these deferred tax assets have been fully offset by a valuation adjustment.

We are subject to examination by taxing authorities in the various countries in which we operate. The tax years subject to examination vary by jurisdiction. We regularly consider the likelihood of additional income tax assessments in each of these taxing jurisdictions based on our experiences related to prior audits and our understanding of the facts and circumstances of the related tax issues. We include in current income tax expense any changes to accruals for potential tax deficiencies. If our judgments related to tax deficiencies are different than actual experience, our income tax expense could increase or decrease in a given fiscal period.

Recently Issued Accounting Pronouncements

FIN 48

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, an interpretation of FASB Statement No. 109 (FIN 48). FIN 48 prescribes guidance regarding the recognition and measurement of a tax position taken or expected to be taken on an income tax return. The recognition threshold will require us to determine whether it is more likely than not that a given tax position will be sustained upon examination by the relevant taxing authority. If the tax position in question meets the recognition threshold, the position is measured at the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement of a tax position. The interpretation is effective for us beginning in the first quarter of 2007. Upon adoption, we anticipate that the total amount of accrued tax liabilities will increase by up to \$0.8 million. This change will be a reduction to the January 1, 2007 balance of retained earnings. These estimates include accrued interest and penalties related to unrecognized tax benefits.

SFAS 157

In September 2006, the FASB issued Statement 157 (SFAS No. 157), *Fair Value Measurements*. This Statement establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. While SFAS No. 157 does not require any new fair value measurements, it may change the application of fair value measurements embodied in other accounting standards. SFAS No. 157 will be effective at the beginning of our 2008 fiscal year. We are currently assessing the effect of this pronouncement on the consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The information required is included under the captioned paragraph, Risk Management on page 38-39 of this report.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The following consolidated financial statements of the Company and its subsidiaries are included herein as listed below:

Consolidated Financial Statements	
<u>Report of Independent Registered Public Accounting Firm</u>	44
<u>Consolidated Statements of Operations Three-Year Period Ended December 30, 2006</u>	45
<u>Consolidated Balance Sheets December 30, 2006 and</u>	
<u>December 31, 2005</u>	46
<u>Consolidated Statements of Cash Flows Three-Year Period Ended December 30, 2006</u>	47
<u>Consolidated Statements of Shareholders Equity Three-Year Period Ended December 30,</u>	
<u>2006</u>	48
<u>Notes to Consolidated Financial Statements Three-Year Period Ended December 30, 2006</u>	49-75

43

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Valmont Industries, Inc.
Omaha, Nebraska

We have audited the accompanying consolidated balance sheets of Valmont Industries, Inc. and subsidiaries (the Company) as of December 30, 2006 and December 31, 2005, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three fiscal years in the period ended December 30, 2006. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Valmont Industries, Inc. and subsidiaries as of December 30, 2006 and December 31, 2005, and the results of their operations and their cash flows for each of the three fiscal years in the period ended December 30, 2006, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 30, 2006, based on the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2007 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
Omaha, Nebraska
February 26, 2007

Valmont Industries, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS
Three-year period ended December 30, 2006
(Dollars in thousands, except per share amounts)

	2006	2005	2004
Net sales	\$ 1,281,281	\$ 1,108,100	\$ 1,031,475
Cost of sales	954,555	829,805	785,553
Gross profit	326,726	278,295	245,922
Selling, general and administrative expenses	216,641	195,432	175,810
Operating income	110,085	82,863	70,112
Other income (deductions):			
Interest expense	(17,124)	(19,498)	(16,073)
Interest income	1,984	1,810	1,333
Debt prepayment expenses			(9,860)
Miscellaneous	1,374	(802)	(679)
	(13,766)	(18,490)	(25,279)
Earnings before income taxes, minority interest and equity in earnings/(losses) of nonconsolidated subsidiaries	96,319	64,373	44,833
Income tax expense (benefit):			
Current	41,847	26,294	20,828
Deferred	(11,027)	(1,946)	(4,701)
	30,820	24,348	16,127
Earnings before minority interest and equity in earnings/(losses) of nonconsolidated subsidiaries	65,499	40,025	28,706
Minority interest	(1,290)	(1,052)	(2,397)
Equity in earnings/(losses) of nonconsolidated subsidiaries	(2,665)	106	572
Net earnings	\$ 61,544	\$ 39,079	\$ 26,881
Earnings per share:			
Basic	\$ 2.44	\$ 1.61	\$ 1.13
Diluted	\$ 2.38	\$ 1.54	\$ 1.10
Cash dividends per share	\$ 0.370	\$ 0.335	\$ 0.320

See accompanying notes to consolidated financial statements.

Valmont Industries, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
December 30, 2006 and December 31, 2005
(Dollars in thousands, except per share amounts)

	2006	2005
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 63,504	\$ 46,867
Receivables, less allowance for doubtful receivables of \$5,952 in 2006 and \$5,323 in 2005	213,660	180,969
Inventories	194,278	158,327
Prepaid expenses	6,086	7,643
Refundable and deferred income taxes	17,130	14,506
Total current assets	494,658	408,312
Property, plant and equipment, at cost	522,244	489,660
Less accumulated depreciation and amortization	321,634	294,984
Net property, plant and equipment	200,610	194,676
Goodwill	108,328	106,695
Other intangible assets	56,333	60,140
Other assets	32,381	32,219
Total assets	\$ 892,310	\$ 802,042
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Current installments of long-term debt	\$ 18,353	\$ 13,583
Notes payable to banks	13,114	4,918
Accounts payable	103,319	90,674
Accrued expenses	79,699	67,869
Dividends payable	2,437	2,107
Total current liabilities	216,922	179,151
Deferred income taxes	34,985	43,199
Long-term debt, excluding current installments	202,784	218,757
Other noncurrent liabilities	28,049	24,889
Minority interest in consolidated subsidiaries	8,289	7,371
Commitments and contingencies		
Shareholders' equity:		
Preferred stock of \$1 par value		
Authorized 500,000 shares; none issued		
Common stock of \$1 par value		
Authorized 75,000,000 shares; issued 27,900,000 shares	27,900	27,900
Additional paid-in capital		
Retained earnings	405,567	357,025
Accumulated other comprehensive (loss) income	3,626	(2,521)
Less:		
Cost of common shares in treasury 2,266,388 in 2006 (3,135,338 shares in 2005)	35,812	50,067
Unearned restricted stock (154,666 shares in 2005)		3,662
Total shareholders' equity	401,281	328,675
Total liabilities and shareholders' equity	\$ 892,310	\$ 802,042

See accompanying notes to consolidated financial statements.

Valmont Industries, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
Three-year period ended December 30, 2006
(Dollars in thousands)

	2006	2005	2004
Cash flows from operations:			
Net earnings	\$ 61,544	\$ 39,079	\$ 26,881
Adjustments to reconcile net earnings to net cash flows from operations:			
Depreciation and amortization	36,541	39,392	38,460
Stock-based compensation	2,598	646	473
Loss (gain) on sale of property, plant and equipment	(346)	827	1,127
Equity in (earnings)/losses in nonconsolidated subsidiaries	2,665	(106)	(572)
Minority interest in net earnings of consolidated subsidiaries	1,290	1,052	2,397
Deferred income taxes	(11,027)	(1,946)	(4,701)
Other adjustments	78	2,186	2,131
Changes in assets and liabilities, before acquisitions:			
Receivables	(25,484)	4,058	(13,253)
Inventories	(28,621)	24,892	(48,889)
Prepaid expenses	4,541	1,600	1,469
Accounts payable	7,974	8,397	(4,470)
Accrued expenses	8,996	2,527	5,987
Other noncurrent liabilities	569	234	718
Income taxes payable/refundable	(2,188)	10,939	(2,593)
Net cash flows from operations	59,130	133,777	5,165
Cash flows from investing activities:			
Purchase of property, plant and equipment	(27,898)	(35,119)	(17,182)
Investments in and advances to nonconsolidated subsidiary	(4,824)		(2,450)
Acquisitions, net of cash acquired	(3,861)		(125,446)
Dividends to minority interests	(451)	(2,066)	(1,796)
Proceeds from sale of property, plant and equipment	3,449	8,549	2,333
Other, net	(3,150)	(1,718)	(6,132)
Net cash flows from investing activities	(36,735)	(30,354)	(150,673)
Cash flows from financing activities:			
Net borrowings (repayments) under short-term agreements	1,196	450	(22,495)
Proceeds from long-term borrowings	619	16,681	263,171
Principal payments on long-term obligations	(11,822)	(107,107)	(91,365)
Dividends paid	(9,088)	(8,040)	(7,654)
Proceeds from exercises under stock plans	28,830	14,099	6,305
Excess tax benefits from stock option exercises	17,502		
Fees paid to issue debt			(5,520)
Sale of treasury shares	400		
Purchase of common treasury shares:			
Stock plan exercises	(34,583)	(9,912)	(2,701)
Net cash flows from financing activities	(6,946)	(93,829)	139,741
Effect of exchange rate changes on cash and cash equivalents	1,188	(180)	1,650
Net change in cash and cash equivalents	16,637	9,414	(4,117)
Cash and cash equivalents beginning of year	46,867	37,453	41,570
Cash and cash equivalents end of year	\$ 63,504	\$ 46,867	\$ 37,453

See accompanying notes to consolidated financial statements.

Valmont Industries, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

Three-year period ended December 30, 2006

(Dollars in thousands, except per share amounts)

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Unearned restricted stock	Total shareholders equity
Balance at December 27, 2003	\$ 27,900	\$	\$ 306,920	\$ (2,147)	\$ (65,975)	\$ (1,204)	\$ 265,494
Comprehensive income:							
Net earnings			26,881				26,881
Net derivative adjustment				(112)			(112)
Currency translation adjustment				5,758			5,758
Total comprehensive income							32,527
Cash dividends (\$0.32 per share)			(7,665)				(7,665)
Purchase of treasury shares:							
Stock plan exercises, 123,497 shares					(2,701)		(2,701)
Stock options exercised; 397,238 shares issued		(1,344)	(1,388)		9,037		6,305
Tax benefit from exercise of stock options		1,091					1,091
Stock awards; 63,333 shares issued		253			439	(1,088)	(396)
Balance at December 25, 2004	27,900		324,748	3,499	(59,200)	(2,292)	294,655
Comprehensive income:							
Net earnings			39,079				39,079
Net derivative adjustment				112			112
Currency translation adjustment				(6,132)			(6,132)
Total comprehensive income							33,059
Cash dividends (\$0.335 per share)			(8,215)				(8,215)
Purchase of treasury shares:							
Stock plan exercises, 337,545 shares					(9,912)		(9,912)
Stock options exercised; 858,588 shares issued		(6,584)	1,413		19,270		14,099
Tax benefit from exercise of stock options		4,037					4,037
Stock awards; 71,595 shares issued		2,547			(225)	(1,370)	952
Balance at December 31, 2005	27,900		357,025	(2,521)	(50,067)	(3,662)	328,675
Comprehensive income:							
Net earnings			61,544				61,544
Currency translation adjustment				6,147			6,147
Total comprehensive income							67,691
Cash dividends (\$0.370 per share)			(9,436)				(9,436)
Adoption of SFAS No. 123R		(3,662)				3,662	
Sale of 7,180 treasury shares					400		400
Purchase of treasury shares:							
Stock plan exercises, 693,601 shares					(34,583)		(34,583)
Stock options exercised; 1,505,668 shares issued		(13,443)	(3,566)		45,839		28,830
Tax benefit from exercise of stock options		17,502					17,502
Stock option expense		1,421					1,421
Stock awards; 45,540 shares issued		(1,818)			2,599		781
Balance at December 30, 2006	\$ 27,900	\$	\$ 405,567	\$ 3,626	\$ (35,812)	\$	\$ 401,281

See accompanying notes to consolidated financial statements.

Valmont Industries, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Three-year period ended December 30, 2006

(Dollars in thousands, except per share amounts)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Valmont Industries, Inc. and its wholly and majority-owned subsidiaries (the Company). Investments in 20% to 50% owned affiliates are accounted for by the equity method and investments in less than 20% owned affiliates are accounted for by the cost method. All significant intercompany items have been eliminated. Certain 2005 and 2004 items have been reclassified to conform to the 2006 presentation.

Cash overdrafts

Cash book overdrafts totaling \$12,863 and \$7,243 were classified as accounts payable at December 30, 2006 and December 31, 2005, respectively. The Company's policy is to report the change in book overdrafts as an operating activity in the Consolidated Statements of Cash Flows.

Operating Segments

The Company aggregates its operating segments into five reportable segments. Aggregation is based on similarity of operating segments as to economic characteristics, products, production processes, types or classes of customer and the methods of distribution. Reportable segments are as follows:

ENGINEERED SUPPORT STRUCTURES: This segment consists of the manufacture of engineered metal structures and components for the lighting and traffic and wireless communication industries, certain international utility industries and for other specialty applications;

UTILITY SUPPORT STRUCTURES: This segment consists of the manufacture of engineered steel and concrete structures primarily for the North American utility industry;

COATINGS: This segment consists of galvanizing, anodizing and powder coating services;

IRRIGATION: This segment consists of the manufacture of agricultural irrigation equipment and related parts and services; and

TUBING: This segment consists of the manufacture of tubular products for industrial customers.

In addition to these five reportable segments, there are other businesses and activities that individually are not more than 10% of consolidated sales. These businesses include the machine tool accessories and industrial fasteners businesses and expenses related to the development of structures for the wind energy industry. In late 2006, the Company decided to suspend its efforts related to the wind energy industry.

Fiscal Year

The Company operates on a 52 or 53 week fiscal year with each year ending on the last Saturday in December. Accordingly, the Company's fiscal year ended December 30, 2006 consisted of 52 weeks. The Company's fiscal year ended December 31, 2005 consisted of 53 weeks and December 25, 2004 consisted of 52 weeks. The estimated impact on the Company's results of operations due to the extra week in fiscal

2005 was additional net sales of approximately \$17 million and additional net earnings of approximately \$1 million.

Long-Lived Assets

Property, plant and equipment are recorded at historical cost. The Company uses the straight-line method in computing depreciation and amortization for financial reporting purposes and generally uses accelerated methods for income tax purposes. The annual provisions for depreciation and amortization have been computed principally in accordance with the following ranges of asset lives: buildings and improvements 15 to 40 years, machinery and equipment 3 to 12 years, transportation equipment 3 to 24 years, office furniture and equipment 3 to 7 years and intangible assets 5 to 20 years.

An impairment loss is recognized if the carrying amount of an asset may not be recoverable and exceeds estimated future undiscounted cash flows of the asset. A recognized impairment loss reduces the carrying amount of the asset to its fair value.

The Company evaluates its reporting units for impairment of goodwill during the third fiscal quarter of each year. Reporting units are evaluated using after-tax cash flows from operations (less capital expenditures) discounted to present value. Indefinite-lived intangible assets are separately assessed from goodwill as part of the annual impairment testing, using a relief-from-royalty method. If the underlying assumptions related to the valuation of a reporting unit's goodwill or an indefinite-lived intangible asset change materially before the annual impairment testing, the reporting unit or asset is evaluated for potential impairment.

Income Taxes

The Company uses the asset and liability method to calculate deferred income taxes. Deferred tax assets and liabilities are recognized on temporary differences between financial statement and tax bases of assets and liabilities using enacted tax rates. The effect of tax rate changes on deferred tax assets and liabilities is recognized in income during the period that includes the enactment date.

Accumulated Other Comprehensive Income (Loss)

Results of operations for foreign subsidiaries are translated using the average exchange rates during the period. Assets and liabilities are translated at the exchange rates in effect on the balance sheet dates. Cumulative translation adjustment is the only component of Accumulated other comprehensive income (loss) .

Revenue Recognition

Revenue is recognized upon shipment of the product or delivery of the service to the customer, which coincides with passage of title and risk of loss to the customer. Customer acceptance provisions exist only in the design stage of our products. No general rights of return exist for customers once the product has been delivered. Shipping and handling costs associated with sales are recorded as cost of good sold. Sales discounts and rebates are estimated based on past experience and are recorded as a reduction of net sales in the period in which the sale is recognized.

Use of Estimates

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

Stock Options

The Company maintains stock-based compensation plans approved by the shareholders, which provide that the Compensation Committee of the Board of Directors may grant incentive stock options, nonqualified stock options, stock appreciation rights, non-vested stock awards and bonuses of common stock. At December 30, 2006, 1,187,854 shares of common stock remained available for issuance under the plans. Shares and options issued and available for issuance are subject to changes in capitalization.

Under the plans, the exercise price of each option equals the market price at the time of the grant. Options vest beginning on the first anniversary of the grant in equal amounts over three to six years or on the fifth anniversary of the grant. Expiration of grants is from six to ten years from the date of grant. On January 1, 2006, the Company adopted SFAS No. 123 (revised 2004) (SFAS No. 123(R)), *Shared Based Payment*. The Company chose to apply the modified prospective transition method as permitted by SFAS No. 123(R) and therefore has not restated prior periods. Under this transition method, compensation cost associated with employee stock options recognized in the fifty-two weeks ended December 30, 2006 includes amortization related to the remaining unvested portion of stock option awards granted prior to December 31, 2005, and amortization related to new awards granted after January 1, 2006. Accordingly, the Company recorded \$1,421 of compensation expense (included in selling, general and administrative expenses) related to stock options for the fiscal year ended December 30, 2006. The associated tax benefit recorded was \$547. Prior to the adoption of SFAS No. 123(R), the Company accounted for these plans under APB Opinion 25, *Accounting for Stock Issued to Employees*, and related Interpretations. Under APB Opinion 25, no compensation cost associated with stock options was reflected in net income, as all options granted under these plans had an exercise price equal to the market value of the underlying common stock on the date of grant.

The following table illustrates the effect on net income and earnings per share if the company had applied the fair value recognition provision of FASB Statement No. 123, *Accounting for Stock-Based Compensation*, to stock-based employee compensation. Note 10 to the Consolidated Financial Statements provides a detailed discussion of the Company's stock option plans.

	2005	2004
Net earnings as reported	\$ 39,079	\$ 26,881
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	457	330
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	1,393	1,969
Pro forma	\$ 38,143	\$ 25,242
Earnings per share as reported:		
Basic	\$ 1.61	\$ 1.13
Diluted	\$ 1.54	\$ 1.10
Pro forma:		
Basic	\$ 1.57	\$ 1.06
Diluted	\$ 1.50	\$ 1.03

The fair value of each option grant commencing with grants made in 2006 was estimated as of the date of grant using a binomial option pricing model. The Company used the Black-Scholes option-pricing model to calculate the fair value of stock options granted in the 2005 and 2004 fiscal years. The following weighted-average assumptions used for grants in 2006, 2005 and 2004 were as follows:

	2006		2005		2004	
Expected volatility	32	%	27	%	29	%
Risk-free interest rate	4.72	%	4.40	%	3.01	%
Expected life from vesting date	3.1	yrs.	2.7	yrs.	2.3	yrs.
Dividend yield	1.21	%	1.51	%	1.51	%

Recently Issued Accounting Pronouncements

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, an interpretation of FASB Statement No. 109 (FIN 48). FIN 48 prescribes guidance regarding the recognition and measurement of a tax position taken or expected to be taken on an income tax return. The recognition threshold will require the Company to determine whether it is more likely than not that a given tax position will be sustained upon examination by the relevant taxing authority. If the tax position in question meets the recognition threshold, the position is measured at the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement of a tax position. The interpretation is effective for the Company in the first quarter of fiscal 2007. Upon adoption, the total amount of accrued tax liabilities will increase by up to \$0.8 million. This change will be a reduction to the January 1, 2007 balance of retained earnings. These estimates include accrued interest and penalties related to unrecognized tax benefits.

In September 2006, the FASB issued Statement 157 (SFAS No. 157), *Fair Value Measurements*. This Statement establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. While SFAS No. 157 does not require any new fair value measurements, it may change the application of fair value measurements embodied in other accounting standards. SFAS No. 157 will be effective at the beginning of our 2008 fiscal year. The Company is currently assessing the effect of this pronouncement on the consolidated financial statements.

(2) ACQUISITIONS

On April 16, 2004, the Company acquired all the outstanding shares of Newmark International, Inc. (Newmark), a manufacturer of concrete and steel pole structures serving primarily the electrical utility industry. The results of Newmark are included in the consolidated financial statements of the Company since that date. The total cost of the acquisition (including transaction costs) was \$110,147 in cash, plus the assumption of \$11,506 of interest-bearing debt, which was repaid after the acquisition. Of the \$48,107 of intangible assets recognized as part of the purchase price allocation, \$11,111 was assigned to trademarks and trade names that are not subject to amortization. The assets that make up the remainder of the acquired intangible assets are customer relationships of \$34,068 (20-year useful life), patents and proprietary technology of \$1,969 (weighted average useful life of 14.7 years), and computer software of \$959 (7-year useful life). The goodwill related to the acquisition was \$42,628 and was assigned to the Utility Support Structures segment. The reasons for the acquisition included broadening the Company's product line to include concrete support structures and combinations of steel and concrete structures to better meet customer needs, acquiring a trained workforce and experienced management team, and providing certain synergies to help the Company compete more effectively in the utility transmission and distribution structures industry.

On May 24, 2004, the Company acquired all the outstanding shares of W.J. Whatley, Inc. (Whatley), a manufacturer of fiberglass poles primarily serving street and area lighting customers. Whatley's operations

are included in the Company's consolidated financial statements since the acquisition date. The total purchase price amounted to \$9,327 in cash (including transaction costs). Goodwill of \$6,831 was recognized as part of the purchase price allocation and was assigned to the Engineered Support Structures segment. The Company acquired Whatley to broaden its product line in lighting structures to include fiberglass poles, to acquire a trained workforce, and to gain leverage from combining the respective sales distribution groups.

On August 2, 2004, the Company acquired substantially all the net assets of Sigma Industries, Inc. (Sigma), a manufacturer of overhead sign structures mainly serving the eastern United States. Sigma's operations are included in the Company's consolidated financial statements since the acquisition date. The purchase price for the net assets of this business was \$6,285 in cash. Goodwill of \$395 was recognized as part of the purchase price allocation and was assigned to the Engineered Support Structures segment. The Company acquired Sigma to broaden its expertise in and coverage of the sign structures industry.

Effective March 31, 2005, the Company increased its ownership percentage in its Brazilian Irrigation segment joint venture from 70% to 90%. The additional ownership percentage was purchased from its minority shareholder at a cost of \$5,031, the payment of which was made subsequent to December 30, 2006. Goodwill of \$1,270 was recognized as part of the purchase price allocation and was assigned to the Irrigation segment. The acquisition was made pursuant to a put option exercise by the other venturer.

Effective November 30, 2006, the Company increased its ownership interest in a steel pole manufacturing operation located in Monterrey, Mexico from 49% to 100%. The additional ownership interest was purchased from the majority owner at a cost of \$3,861, net of cash acquired. As a part of the acquisition, the Company also assumed certain interest-bearing debts and other amounts due to the majority owner totaling \$8.8 million. These debts were repaid by the Company at the time the acquisition closed. The purchase price of the acquisition included \$250 of transaction costs. Goodwill of \$1,437 was recognized as part of the purchase price allocation and was assigned to the Utility Support Structures segment. The acquisition was made primarily to acquire manufacturing capacity to serve the utility industry in the United States.

(3) CASH FLOW SUPPLEMENTARY INFORMATION

The Company considers all highly liquid temporary cash investments purchased with an original maturity of three months or less at the time of purchase to be cash equivalents. Cash payments for interest and income taxes (net of refunds) were as follows:

	2006	2005	2004
Interest	\$ 17,151	\$ 19,303	\$ 14,995
Income taxes	26,773	15,506	21,533

(4) INVENTORIES

Approximately 51% of inventory is valued at the lower of cost, determined on the last-in, first-out (LIFO) method, or market as of December 30, 2006 and December 31, 2005. All other inventory is valued at the lower of cost, determined on the first-in, first-out (FIFO) method or market. Finished goods and manufactured goods inventories include the costs of acquired raw materials and related factory labor and overhead charges required to convert raw materials to manufactured and finished goods. The excess of replacement cost of inventories over the LIFO value is approximately \$37,400 and \$29,100 at December 30, 2006 and December 31, 2005, respectively.

Inventories consisted of the following:

	2006	2005
Raw materials and purchased parts	\$ 132,988	\$ 97,606
Work-in-process	20,825	19,419
Finished goods and manufactured goods	77,817	70,377
Subtotal	231,630	187,402
Less: LIFO reserve	37,352	29,075
	\$ 194,278	\$ 158,327

(5) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost, consists of the following:

	2006	2005
Land and improvements	\$ 26,129	\$ 22,288
Buildings and improvements	136,116	130,965
Machinery and equipment	269,822	254,935
Transportation equipment	23,926	23,743
Office furniture and equipment	52,276	50,783
Construction in progress	13,975	6,946
	\$ 522,244	\$ 489,660

The Company leases certain facilities, machinery, computer equipment and transportation equipment under operating leases with unexpired terms ranging from one to fifteen years. Rental expense for operating leases amounted to \$10,530, \$10,648, and \$8,986 for fiscal 2006, 2005, and 2004, respectively.

Minimum lease payments under operating leases expiring subsequent to December 30, 2006 are:

Fiscal year ending	
2007	\$ 8,136
2008	6,106
2009	3,848
2010	2,774
2011	2,186
Subsequent	12,172
Total minimum lease payments	\$ 35,222

(6) GOODWILL AND INTANGIBLE ASSETS

The Company's annual impairment testing of goodwill and other intangible assets was performed during the third quarter of 2006. As a result of that testing, it was determined the goodwill and other intangible assets on the Company's Consolidated Balance Sheet were not impaired.

Amortized Intangible Assets

The components of amortized intangible assets at December 30, 2006 and December 31, 2005 were as follows:

	As of December 30, 2006		Weighted Average Life
	Gross Carrying Amount	Accumulated Amortization	
Customer Relationships	\$ 48,133	\$ 10,737	18 years
Proprietary Software & Database	2,609	2,021	6 years
Patents & Proprietary Technology	2,839	517	14 years
Non-compete Agreements	331	165	5 years
	\$ 53,912	\$ 13,440	

	As of December 31, 2005		Weighted Average Life
	Gross Carrying Amount	Accumulated Amortization	
Customer Relationships	\$ 48,133	\$ 7,819	18 years
Proprietary Software & Database	2,609	1,802	6 years
Patents & Proprietary Technology	2,839	319	14 years
Non-compete Agreements	331	98	5 years
	\$ 53,912	\$ 10,038	

Amortization expense for intangible assets was \$3,402, \$3,639, and \$2,856 for the fiscal years ended December 30, 2006, December 31, 2005 and December 25, 2004, respectively. Estimated annual amortization expense related to finite-lived intangible assets is as follows:

	Estimated Amortization Expense
2007	3,321
2008	3,321
2009	3,289
2010	3,255
2011	3,255

The useful lives assigned to finite-lived intangible assets included consideration of factors such as the Company's past and expected experience related to customer retention rates, the remaining legal or contractual life of the underlying arrangement that resulted in the recognition of the intangible asset and the Company's expected use of the intangible asset.

Non-amortized intangible assets

Under the provisions of SFAS No. 142, intangible assets with indefinite lives are not amortized. The carrying value of the PiRod and Newmark trade names are \$4,750 and \$11,111, respectively. The Newmark trade name arose from a 2004 acquisition and the PiRod trade name arose from a 2001 acquisition. The values of these trade names have not changed in the fifty-two weeks ended December 30, 2006.

In its determination of these intangible assets as indefinite-lived, the Company considered such factors as its expected future use of the intangible asset, legal, regulatory, technological and competitive factors that may impact the useful life or value of the intangible asset and the expected costs to maintain

the value of the intangible asset. The Company has determined that these intangible assets are expected to maintain their value indefinitely and, therefore, these assets are not amortized.

In addition, the Company acquired the Sigma trade name as part of the acquisition of Sigma's assets in 2004 and recorded an associated indefinite-lived intangible asset of \$405. In 2006, the Company determined it would no longer use the Sigma trade name and, accordingly, a complete impairment of the \$405 value assigned to the Sigma trade name was recorded in 2006.

Goodwill

The carrying amount of goodwill by segment as of December 30, 2006 was as follows:

	Engineered Support Structures Segment	Utility Support Structures Segment	Coatings Segment	Irrigation Segment	Tubing Segment	Total
Balance December 31, 2005	\$ 19,760	\$ 42,628	\$ 42,192	\$ 1,853	\$ 262	\$ 106,695
Acquisitions		1,437				1,437
Foreign currency translation	196					196
Balance December 30, 2006	\$ 19,956	\$ 44,065	\$ 42,192	\$ 1,853	\$ 262	\$ 108,328

In November 2006, the Company acquired additional ownership in a manufacturing operation located in Monterrey, Mexico, resulting in a \$1,437 increase of goodwill in the Utility Segment.

The carrying amount of goodwill by segment as of December 31, 2005 was as follows:

	Engineered Support Structures Segment	Utility Support Structures Segment	Coatings Segment	Irrigation Segment	Tubing Segment	Total
Balance December 25, 2004	\$ 19,959	\$ 42,628	\$ 42,192	\$ 981	\$ 262	\$ 106,022
Divestiture				(398)		(398)
Acquisitions				1,270		1,270
Foreign currency translation	(199)					(199)
Balance December 31, 2005	\$ 19,760	\$ 42,628	\$ 42,192	\$ 1,853	\$ 262	\$ 106,695

In June 2005, the Company divested its ownership in a retail operation located in Greeley, Colorado, resulting in a \$398 reduction of goodwill in the Irrigation Segment.

(7) BANK CREDIT ARRANGEMENTS

The Company maintains various lines of credit for short-term borrowings totaling \$26,513. As of December 30, 2006, \$7,884 was outstanding. The interest rates charged on these lines of credit vary in relation to the banks' costs of funds. The unused borrowings under the lines of credit were \$18,629 at December 30, 2006. The lines of credit can be modified at any time at the option of the banks. The Company pays no fees in connection with these lines of credit. In addition to the lines of credit, the Company also maintains other short-term bank loans. The weighted average interest rate on short-term borrowings was 4.26% at December 30, 2006, and 2.875% at December 31, 2005.

(8) INCOME TAXES

Income tax expense (benefit) consists of:

	2006	2005	2004
Current:			
Federal	\$ 29,030	\$ 17,205	\$ 12,725
State	2,957	1,702	1,206
Foreign	9,860	7,387	6,897
	\$ 41,847	\$ 26,294	\$ 20,828
Deferred:			
Federal	\$ (9,088)	\$ (593)	\$ (3,994)
State	(598)	(349)	(199)
Foreign	(1,341)	(1,004)	(508)
	(11,027)	(1,946)	(4,701)
	\$ 30,820	\$ 24,348	\$ 16,127

The reconciliations of the statutory Federal income tax rate and the effective tax rate follows:

	2006	2005	2004
Statutory federal income tax rate	35.0 %	35.0 %	35.0 %
State income taxes, net of federal benefit	3.1 %	2.5 %	2.7 %
Carryforwards, credits and changes in valuation allowances	(0.6)%	(0.5)%	(2.0)%
Foreign dividend repatriation		1.7 %	
Foreign tax rate differences	(4.1)%	(2.4)%	(2.0)%
Other	(1.4)%	1.5 %	2.3 %
	32.0 %	37.8 %	36.0 %

Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (b) operating loss and tax credit carryforwards. The tax effects of significant items comprising the Company's net deferred income tax liabilities are as follows:

	2006	2005
Deferred income tax assets:		
Accrued expenses and allowances	\$ 5,088	\$ 4,789
Accrued insurance	2,576	2,478
Tax credit and net operating loss carryforwards	8,034	3,831
Inventory allowances	5,181	3,992
Accrued warranty	1,513	1,318
Deferred compensation	14,346	11,152
Nonconsolidated subsidiaries	848	2,075
Gross deferred income tax assets	37,586	29,635
Valuation allowance	(3,844)	(4,397)
Net deferred income tax assets	\$ 33,742	\$ 25,238
Deferred income tax liabilities:		
Property, plant and equipment	\$ 19,720	\$ 22,958
Intangible assets	22,328	22,016
Lease transactions		2,498
Other liabilities	4,689	6,459
Total deferred income tax liabilities	46,737	53,931
Net deferred income tax liabilities	\$ 12,995	\$ 28,693

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At December 30, 2006 and December 31, 2005, net deferred tax assets of \$21,990 and \$14,506, respectively, are included in refundable and deferred income taxes (\$17,130 at December 30, 2006 and \$14,506 at December 31, 2005) and other assets (\$4,860 at December 30, 2006 and \$0 at December 31, 2005). At December 30, 2006 and December 31, 2005, net deferred tax liabilities of \$34,985 and \$43,199, respectively, are included in deferred income taxes.

At December 30, 2006 and at December 31, 2005, management of the Company reviewed recent operating results and projected future operating results. The Company's belief that realization of its net deferred tax assets is more likely than not is based on, among other factors, changes in operations that have occurred in recent years and available tax planning strategies. Valuation allowances have been established for certain operating losses that reduce deferred tax assets to an amount that will, more likely than not, be realized. The currency translation adjustments in Accumulated other comprehensive income (loss) are not adjusted for income taxes as they relate to indefinite investments in non-US subsidiaries.

Provision has not been made for United States income taxes on a portion of the undistributed earnings of the Company's foreign subsidiaries (approximately \$53,527 at December 30, 2006 and \$17,669 at December 31, 2005, respectively) because the Company intends to reinvest those earnings. Such earnings would become taxable upon the sale or liquidation of these foreign subsidiaries or upon remittance of dividends.

On October 22, 2004, the American Jobs Creation Act (AJCA) was signed into law. The AJCA includes a deduction of 85% of certain foreign earnings that are repatriated, as defined in the AJCA. The company elected to apply the provision to qualifying earnings repatriations in fiscal 2005. The 2005 repatriation and related income tax expense was \$17,027 and \$1,113, respectively.

The Company is subject to examination by the Internal Revenue Service, by states in which the Company has significant business operations, and by other taxing authorities, including those in foreign countries. The tax years subject to examination vary by jurisdiction. The Company regularly assesses the likelihood of additional tax deficiencies in each of the taxing jurisdictions resulting from ongoing and subsequent years examinations. Included in current income tax expense are changes to accruals for probable tax contingencies in accordance with SFAS No. 5. At December 30, 2006, the tax years of 2003 through 2006 were open for potential examination by the United States Internal Revenue Service.

(9) LONG-TERM DEBT

	2006	2005
6.875% Senior Subordinated Notes(a)	\$ 150,000	\$ 150,000
Term Loan(b)	47,692	58,125
Revolving credit agreement(c)		
6.91% secured loan(d)	8,477	9,004
IDR Bonds(e)	8,500	8,500
3.00% to 8.75% notes	6,468	6,711
Total long-term debt	221,137	232,340
Less current installments of long-term debt	18,353	13,583
Long-term debt, excluding current installments	\$ 202,784	\$ 218,757

(a) The \$150 million of senior subordinated notes bear interest at 6.875% per annum and are due in May 2014. The notes may be repurchased starting in May 2009 at specified prepayment premiums and are guaranteed by certain U.S. subsidiaries of the Company.

(b) The term loan is with a group of banks and is unsecured. Quarterly principal payments are due beginning in 2005 through 2009. The term loan interest accrues at the Company's option at (i) the

higher of the prime lending rate and the Federal Funds rate plus 50 basis points or (ii) LIBOR plus a spread of 62.5-137.5 basis points depending on the Company's ratio of total debt to earnings before taxes, interest, depreciation and amortization (EBITDA). This loan may be prepaid at any time without penalty. The effective interest rates at December 30, 2006 and December 31, 2005 were 6.125% and 5.1875%, respectively.

(c) The revolving credit agreement is an unsecured facility with a group of banks for a maximum of \$150,000. The facility has a termination date of May 4, 2009. The funds borrowed may be repaid at any time without penalty, or additional funds may be borrowed up to the facility limit. The revolving credit agreement interest accrues at the Company's option at (i) the higher of the prime lending rate and the Federal Funds rate plus 50 basis points or (ii) LIBOR plus a spread of 62.5-137.5 basis points (inclusive of facility fees), depending on the Company's ratio of total debt to EBITDA. Another \$50 million may be added to the total credit agreement at the Company's request any time prior to May 31, 2007 subject to the group of banks increasing their current commitment.

(d) The secured loan is through a finance company and is related to transportation equipment. The loan payments are required until November 2010, with a payment of \$5.9 million due at the end of the loan.

(e) The Industrial Development Revenue Bonds were issued to finance the construction of a manufacturing facility in Jasper, Tennessee. Variable interest is payable until final maturity June 1, 2025. The effective interest rates at December 30, 2006 and December 31, 2005 were 3.97% and 3.57%, respectively.

The lending agreements place certain restrictions on working capital, capital expenditures, payment of dividends, purchase of Company stock and additional borrowings. The Company is in compliance with all debt covenants at December 30, 2006.

The minimum aggregate maturities of long-term debt for each of the four years following 2007 are: \$22,080, \$13,179, \$6,953 and \$314.

(10) STOCK PLANS

The Company maintains stock-based compensation plans approved by the shareholders, which provide that the Compensation Committee of the Board of Directors may grant incentive stock options, nonqualified stock options, stock appreciation rights, non-vested stock awards and bonuses of common stock. At December 30, 2006, 1,187,854 shares of common stock remained available for issuance under the plans. Shares and options issued and available are subject to changes in capitalization. The Company's policy is to issue shares upon exercise of stock options from treasury shares held by the Company.

Under the plans, the exercise price of each option equals the market price at the time of the grant. Options vest beginning on the first anniversary of the grant in equal amounts over three to six years or on the fifth anniversary of the grant. Expiration of grants is from six to ten years from the date of grant. The Company's policy is to record the fair value of the option to selling, general and administrative expense on a straight-line basis over the requisite service period.

On January 1, 2006, the Company adopted SFAS No. 123R, *Share Based Payment* (SFAS No. 123R). The Company chose to apply the modified prospective transition method as permitted by SFAS No. 123R and therefore has not restated prior periods. Under this transition method, compensation cost associated with employee stock options recognized in the year ended December 30, 2006 includes amortization related to the remaining unvested portion of stock options granted prior to January 1, 2006, and amortization related to stock options granted on or after January 1, 2006. At December 30, 2006, the amount of unrecognized stock option compensation cost, to be recognized over a weighted average period of 1.7 years, was approximately \$4,000.

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Upon adoption of SFAS No. 123R, the Company changed its method of valuation for share-based awards granted beginning in 2006 to a binomial option pricing model from the Black-Scholes-Merton option pricing model which was previously used for the Company's pro forma information required under SFAS No. 123. The fair value of each option grant made in 2006 was estimated using the following assumptions:

Expected volatility	31.90	%
Risk-free interest rate	4.72	%
Expected life from vesting date	3.10	yrs.
Dividend yield	1.21	%

As a result of adopting SFAS No. 123R, earnings before income taxes included \$1,421 of share-based compensation expense related to stock options, with associated tax benefit of \$547 for the year ended December 30, 2006, respectively. Prior to the adoption of SFAS No. 123R, the Company presented all benefits of tax deductions resulting from the exercise of stock options as operating cash flows in the Consolidated Statements of Cash Flows. SFAS No. 123R requires the cash flows resulting from tax deductions in excess of the compensation cost recognized for share-based payments (excess tax benefits) to be classified as financing cash flows. The excess tax benefit of \$17,502 was classified as a financing cash flow for the year ended December 30, 2006.

Following is a summary of the activity of the stock plans during 2004, 2005 and 2006:

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 27, 2003	3,539,847	\$ 18.15
Granted	336,004	24.11
Exercised	(397,238)	(16.04)
Forfeited	(70,863)	(23.98)
Outstanding at December 25, 2004	3,407,750	\$ 18.86
Options exercisable at December 25, 2004	2,740,247	\$ 17.86
Weighted average fair value of options granted during 2004		\$ 5.98

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 25, 2004	3,407,750	\$ 18.86
Granted	256,150	32.26
Exercised	(858,588)	(16.42)
Forfeited	(135,218)	(22.22)
Outstanding at December 31, 2005	2,670,094	\$ 20.76
Options exercisable at December 31, 2005	2,191,635	\$ 19.12
Weighted average fair value of options granted during 2005		\$ 8.20

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2005	2,670,094	\$ 20.76		
Granted	170,005	55.84		
Exercised	(1,505,668)	(18.96)		
Forfeited	(48,829)	(26.14)		
Outstanding at December 30, 2006	1,285,602	\$ 27.31	5.57	\$ 36,429
Options vested or expected to vest at December 30, 2006	1,255,921	\$ 26.93	5.40	\$ 36,046
Options exercisable at December 30, 2006	890,885	\$ 21.28	5.11	\$ 30,479
Weighted average fair value of options granted during 2006		\$ 16.73		

Following is a summary of the status of stock options outstanding at December 30, 2006:

Outstanding and Exercisable By Price Range
Options Outstanding

Options Outstanding			Options Exercisable			
Exercise Price Range	Number	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number	Weighted Average Exercise Price	
\$ 13.91 19.75	337,998	3.73 years	\$ 16.67	337,998	\$ 16.67	
19.97 23.46	370,244	5.27 years	21.84	330,244	21.84	
23.58 34.33	407,355	6.86 years	29.18	222,643	27.43	
36.85 56.98	170,005	6.81 years	55.78			
	1,285,602			890,885		

In accordance with shareholder-approved plans, the Company grants stock under various stock-based compensation arrangements, including non-vested stock and stock issued in lieu of cash bonuses. Under such arrangements, stock is issued without direct cost to the employee. In addition, the Company grants restricted stock units. The restricted stock units are settled in Company stock when the restriction period ends. During fiscal 2006, 2005 and 2004, the Company granted non-vested stock and restricted stock units to directors and certain management employees as follows (which are included in the above stock plan activity tables):

	2006	2005	2004
Shares issued	43,485	70,700	66,883
Weighted-average per share price on grant date	\$ 55.34	\$ 32.08	\$ 24.02
Compensation expense	\$ 1,177	\$ 729	\$ 532

At December 30, 2006 the amount of deferred stock-based compensation granted, to be recognized over future periods, was approximately \$5,482. Beginning January 1, 2006, the unamortized balance of the non-vested share awards is a component of retained earnings. At December 31, 2005, this unamortized balance was shown as a separate component of shareholders' equity.

(11) EARNINGS PER SHARE

The following table provides a reconciliation between Basic and Diluted earnings per share (EPS).

	Basic EPS	Dilutive Effect of Stock Options	Diluted EPS
2006:			
Net earnings	\$ 61,544		\$ 61,544
Shares outstanding (000 s)	25,197	666	25,863
Per share amount	\$ 2.44	\$ 0.04	\$ 2.38
2005:			
Net earnings	\$ 39,079	\$	\$ 39,079
Shares outstanding (000 s)	24,287	1,080	25,367
Per share amount	\$ 1.61	\$ 0.07	\$ 1.54
2004:			
Net earnings	\$ 26,881	\$	\$ 26,881
Shares outstanding (000 s)	23,889	631	24,520
Per share amount	\$ 1.13	\$ 0.03	\$ 1.10

At the end of fiscal years 2006, 2005, and 2004, there were 0.1 million, 0.3 million, and 0.1 million options outstanding, respectively, with exercise prices exceeding the market value of common stock that were therefore excluded from the computation of shares contingently issuable upon exercise of the options.

(12) TREASURY STOCK

Repurchased shares are recorded as Treasury Stock and result in a reduction of Shareholders Equity. When treasury shares are reissued, the Company uses the last-in, first-out method, and the difference between the repurchase cost and reissuance price is charged or credited to Additional Paid-In Capital.

(13) EMPLOYEE RETIREMENT SAVINGS PLAN

Established under Internal Revenue Code Section 401(k), the Valmont Employee Retirement Savings Plan (VERSP) is a defined contribution plan available to all eligible employees. Participants can elect to contribute up to 15% of annual pay, on a pretax and/or after-tax basis. The Company also makes contributions to the Plan. The 2006, 2005 and 2004 Company contributions to these plans amounted to approximately \$6,700, \$5,400, and \$4,700 respectively.

The Company also offers a fully-funded, non-qualified deferred defined contribution plan for certain Company executives who otherwise would be limited in making pretax contributions into VERSP under Internal Revenue Service regulations. The invested assets and related liabilities to these participants were approximately \$20.1 million and \$14.5 million at December 30, 2006 and December 31, 2005, respectively. Such amounts are included in Other assets and Other noncurrent liabilities on the Consolidated Balance Sheets.

As a result of a settlement related to a retirement plan of a former subsidiary, the Company recorded \$1.1 million additional income included in Miscellaneous in the Consolidated Statement of Operations for the fifty-two weeks ended December 30, 2006.

(14) RESEARCH AND DEVELOPMENT

Research and development costs are charged to operations in the year incurred. These costs are a component of Selling, general and administrative expenses on the Consolidated Statements of Operations. Research and development expenses were approximately \$5,800 in 2006, \$6,400 in 2005, and \$5,500 in 2004.

(15) DISCLOSURES ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of cash and cash equivalents, receivables, accounts payable, notes payable to banks and accrued expenses approximate fair value because of the short maturity of these instruments. The fair values of each of the Company's long-term debt instruments are based on the amount of future cash flows associated with each instrument discounted using the Company's current borrowing rate for similar debt instruments of comparable maturity. The fair value estimates are made at a specific point in time and the underlying assumptions are subject to change based on market conditions. At December 30, 2006, the carrying amount of the Company's long-term debt was \$221,137 with an estimated fair value of approximately \$221,884. At December 31, 2005, the carrying amount of the Company's long-term debt was \$232,340 with an estimated fair value of approximately \$233,881.

(16) GUARANTEES

The Company has guaranteed the repayment of a bank loan of a nonconsolidated equity investee. The guarantee continues until the loan, including accrued interest and fees, have been paid in full. The maximum amount of the guarantee is limited to the sum of the total due and unpaid principal amounts, accrued and unpaid interest and any other related expenses. As of December 30, 2006, the maximum amount of the guarantee was approximately \$2.4 million. This loan guarantee is accompanied by a guarantee from the majority owner to the Company. In accordance with FIN 45, the Company recorded the fair value of this guarantees of \$0.1 million in Accrued expenses at December 30, 2006 and December 31, 2005.

At December 31, 2005, the Company guaranteed the repayment of a bank loan of its Mexican nonconsolidated joint venture. The Company recorded the fair value of this guarantee of \$1 million as part of Other noncurrent liabilities in its consolidated balance sheet at December 31, 2005. In 2006, as part of its purchase of the remainder of the shares of this joint venture, the bank loan was repaid and the guarantee released. At December 31, 2005, the Company had a residual value guarantee related to a synthetic lease on its corporate headquarters building. The value of that guarantee was \$1.0 million at December 31, 2005 and was recorded as part of Other noncurrent liabilities on its December 31, 2005 balance sheet. In 2006, the building was sold and the Company's residual value guarantee was released.

The Company's product warranty accrual reflects management's best estimate of probable liability under its product warranties. Historical product claims data is used to estimate the cost of product warranties at the time revenue is recognized.

Changes in the product warranty accrual for the years ended December 30, 2006 and December 31, 2005 were as follows:

	2006	2005
Balance, beginning of period	\$ 6,646	\$ 6,285
Payments made	(9,393)	(8,330)
Change in liability for warranties issued during the period	9,621	8,328
Change in liability for pre-existing warranties	(170)	363
Balance, end of period	\$ 6,704	\$ 6,646

(17) BUSINESS SEGMENTS

The Company aggregates its operating segments into five reportable segments. Aggregation is based on similarity of operating segments as to economic characteristics, products, production processes, types or classes of customer and the methods of distribution. Net corporate expense is net of certain service-related expenses that are allocated to business units generally on the basis of employee headcounts and sales dollars. Figures for 2005 and 2004 have been reclassified to conform to the 2006 presentation.

Reportable segments are as follows:

ENGINEERED SUPPORT STRUCTURES: This segment consists of the manufacture of engineered metal structures and components for the lighting and traffic and wireless communication industries, certain international utility industries and for other specialty applications;

UTILITY SUPPORT STRUCTURES: This segment consists of the manufacture of engineered steel and concrete structures primarily for the North American utility industry;

COATINGS: This segment consists of galvanizing, anodizing and powder coating services;

IRRIGATION: This segment consists of the manufacture of agricultural irrigation equipment and related parts and services; and

TUBING: This segment consists of the manufacture of tubular products for industrial customers.

In addition to these five reportable segments, the Company has other businesses and activities that individually are not more than 10% of consolidated sales. These include the machine tool accessories and industrial fasteners businesses and the development of structures for the wind energy industry and are reported in the Other category. In late 2006, the Company decided to suspend its efforts related to the wind energy industry.

The accounting policies of the reportable segments are the same as those described in Note 1. The Company evaluates the performance of its business segments based upon operating income and invested capital. The Company does not allocate interest expense, non-operating income and deductions, or income taxes to its business segments.

Summary by Business Segments

	2006	2005	2004
SALES:			
Engineered Support Structures segment:			
Lighting & Traffic	\$ 390,265	\$ 367,846	\$ 341,421
Specialty	112,067	99,991	92,281
Utility	30,688	24,278	14,891
Engineered Support Structures segment	533,020	492,115	448,593
Utility Support Structures segment:			
Steel	206,580	156,502	136,313
Concrete	76,249	65,971	48,695
Utility Support Structures segment	282,829	222,473	185,008
Coatings segment	113,238	87,110	88,080
Irrigation segment	312,852	260,359	297,985
Tubing segment	89,706	86,891	83,398
Other	18,567	18,400	17,976
Total	1,350,212	1,167,348	1,121,040
INTERSEGMENT SALES:			
Engineered Support Structures	23,736	21,451	46,567
Utility Support Structures	1,992	3,573	9,733
Coatings	22,790	14,968	14,569
Irrigation	76	17	175
Tubing	15,854	14,948	14,765
Other	4,483	4,291	3,756
Total	68,931	59,248	89,565
NET SALES:			
Engineered Support Structures segment	509,284	470,664	402,026
Utility Support Structures segment	280,837	218,900	175,275
Coatings segment	90,448	72,142	73,511
Irrigation segment	312,776	260,342	297,810
Tubing segment	73,852	71,943	68,633
Other	14,084	14,109	14,220
Total	\$ 1,281,281	\$ 1,108,100	\$ 1,031,475

	2006	2005	2004
OPERATING INCOME (LOSS):			
Engineered Support Structures segment	\$ 46,194	\$ 44,588	\$ 31,607
Utility Support Structures segment	31,038	20,632	7,145
Coatings segment	18,759	8,452	4,231
Irrigation segment	32,961	24,830	35,442
Tubing segment	14,704	14,543	13,408
Other.	(2,175)	(4,062)	(2,837)
Corporate	(31,396)	(26,120)	(18,884)
Total	110,085	82,863	70,112
Interest expense, net	(15,140)	(17,688)	(14,740)
Debt prepayment expense			(9,860)
Miscellaneous	1,374	(802)	(679)
Earnings before income taxes, minority interest, and equity in earnings/(losses) of nonconsolidated subsidiaries	\$ 96,319	\$ 64,373	\$ 44,833
TOTAL ASSETS:			
Engineered Support Structures	\$ 308,567	\$ 285,639	\$ 296,729
Utility Support Structures	238,858	215,539	225,314
Coatings	95,114	83,486	83,195
Irrigation	133,811	118,914	143,927
Tubing	28,359	23,146	31,606
Other	9,879	9,864	9,023
Corporate	77,722	65,454	53,557
Total	\$ 892,310	\$ 802,042	\$ 843,351
	2006	2005	2004
CAPITAL EXPENDITURES:			
Engineered Support Structures	\$ 13,079	\$ 11,038	\$ 6,288
Utility Support Structures	5,134	2,329	4,061
Coatings	4,112	2,792	1,484
Irrigation	2,227	1,349	2,922
Tubing	2,300	728	1,211
Other	467	360	415
Corporate	579	16,523	801
Total	\$ 27,898	\$ 35,119	\$ 17,182
DEPRECIATION AND AMORTIZATION:			
Engineered Support Structures	\$ 13,618	\$ 13,518	\$ 13,445
Utility Support Structures	7,938	8,024	6,733
Coatings	3,077	3,919	4,690
Irrigation	6,824	7,471	7,729
Tubing	1,858	2,043	1,968
Other	563	466	670
Corporate	2,663	3,951	3,225
Total	\$ 36,541	\$ 39,392	\$ 38,460

Summary by Geographical Area by Location of Valmont Facilities:

	2006	2005	2004
NET SALES:			
United States	\$ 1,013,691	\$ 865,871	\$ 800,015
France	87,098	76,180	67,323
China	56,722	54,497	45,400
Other	123,770	111,552	118,737
Total	\$ 1,281,281	\$ 1,108,100	\$ 1,031,475
OPERATING INCOME:			
United States	\$ 77,595	\$ 60,513	\$ 49,222
France	8,893	4,268	1,338
China	13,295	6,900	6,525
Other	10,302	11,182	13,027
Total	\$ 110,085	\$ 82,863	\$ 70,112
LONG-LIVED ASSETS:			
United States	\$ 359,092	\$ 363,220	\$ 372,246
France	10,744	9,838	12,451
China	11,853	8,831	5,997
Other	15,963	11,841	16,909
Total	\$ 397,652	\$ 393,730	\$ 407,603

No single customer accounted for more than 10% of net sales in 2006, 2005, or 2004. Net sales by geographical area are based on the location of the facility producing the sales and do not include sales to other operating units of the company. No foreign country other than as disclosed herein accounted for more than 5% of the Company's net sales.

Operating income by business segment and geographical areas are based on net sales less identifiable operating expenses and allocations and includes profits recorded on sales to other operating units of the company.

Long-lived assets consist of property, plant and equipment, net of depreciation, goodwill, other intangible assets and other assets. Long-lived assets by geographical area are based on location of facilities.

(18) GUARANTOR/NON-GUARANTOR FINANCIAL INFORMATION

On May 4, 2004, the Company completed a \$150,000 offering of 67% Senior Subordinated Notes. The Notes are guaranteed, jointly, severally, fully and unconditionally, on a senior subordinated basis by certain of the Company's current and future direct and indirect domestic subsidiaries (collectively the Guarantors), excluding its other current domestic and foreign subsidiaries which do not guarantee the debt (collectively referred to as the Non-Guarantors). All Guarantors are 100% owned by the parent company.

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Consolidated financial information for the Company (Parent), the Guarantor subsidiaries and the Non-Guarantor subsidiaries is as follows:

**Consolidated Statements of Operations
For the Year ended December 30, 2006**

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	\$ 785,173	\$ 229,689	\$ 348,512	\$ (82,093)	\$ 1,281,281
Cost of sales	600,109	178,222	258,617	(82,393)	954,555
Gross profit	185,064	51,467	89,895	300	326,726
Selling, general and administrative expenses	121,063	33,100	62,478		216,641
Operating income	64,001	18,367	27,417	300	110,085
Other income (deductions):					
Interest expense	(16,152)	(8)	(1,116)	152	(17,124)
Interest income	539	219	1,378	(152)	1,984
Miscellaneous	1,091	55	228		1,374
	(14,522)	266	490		(13,766)
Earnings before income taxes, minority interest and equity in earnings/(losses) of nonconsolidated subsidiaries	49,479	18,633	27,907	300	96,319
Income tax expense:					
Current	25,533	7,991	8,323		41,847
Deferred	(7,693)	(787)	(2,547)		(11,027)
	17,840	7,204	5,776		30,820
Earnings before minority interest, and equity in earnings/(losses) of nonconsolidated subsidiaries	31,639	11,429	22,131	300	65,499
Minority interest			(1,290)		(1,290)
Equity in earnings/(losses) of nonconsolidated subsidiaries	29,605		279	(32,549)	(2,665)
Net earnings	\$ 61,244	\$ 11,429	\$ 21,120	\$ (32,249)	\$ 61,544

**Consolidated Statements of Operations
For the Year ended December 31, 2005**

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	\$ 667,640	\$ 205,222	\$ 306,647	\$ (71,409)	\$ 1,108,100
Cost of sales	510,009	163,715	227,814	(71,733)	829,805
Gross profit	157,631	41,507	78,833	324	278,295
Selling, general and administrative expenses	109,148	31,231	55,053		195,432
Operating income	48,483	10,276	23,780	324	82,863
Other income (deductions):					
Interest expense	(18,592)	(22)	(941)	57	(19,498)
Interest income	121	20	1,726	(57)	1,810
Miscellaneous	(213)	40	(629)		(802)
	(18,684)	38	156		(18,490)
Earnings before income taxes, minority interest and equity in earnings/(losses) of nonconsolidated subsidiaries	29,799	10,314	23,936	324	64,373
Income tax expense:					
Current	13,519	4,060	8,715		26,294
Deferred	(599)	92	(1,439)		(1,946)
	12,920	4,152	7,276		24,348
Earnings before minority interest, and equity in earnings/(losses) of nonconsolidated subsidiaries	16,879	6,162	16,660	324	40,025
Minority interest			(1,052)		(1,052)
Equity in earnings/(losses) of nonconsolidated subsidiaries	21,876		13	(21,783)	106
Net earnings	\$ 38,755	\$ 6,162	\$ 15,621	\$ (21,459)	\$ 39,079

Consolidated Statements of Operations
For the Year ended December 25, 2004

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	\$ 638,802	\$ 168,019	\$ 297,059	\$ (72,405)	\$ 1,031,475
Cost of sales	497,319	137,027	222,955	(71,748)	785,553
Gross profit	141,483	30,992	74,104	(657)	245,922
Selling, general and administrative expenses	100,374	25,003	50,433		175,810
Operating income	41,109	5,989	23,671	(657)	70,112
Other income (deductions):					
Interest expense	(15,048)	(19)	(1,132)	126	(16,073)
Interest income	159	4	1,296	(126)	1,333
Debt prepayment expenses	(9,860)				(9,860)
Miscellaneous	7	(1,919)	1,233		(679)
	(24,742)	(1,934)	1,397		(25,279)
Earnings before income taxes, minority interest and equity in earnings/(losses) of nonconsolidated subsidiaries	16,367	4,055	25,068	(657)	44,833
Income tax expense:					
Current	9,345	2,188	9,295		20,828
Deferred	(3,036)	(544)	(1,121)		(4,701)
	6,309	1,644	8,174		16,127
Earnings before minority interest, and equity in earnings/(losses) of nonconsolidated subsidiaries	10,058	2,411	16,894	(657)	28,706
Minority interest			(2,397)		(2,397)
Equity in earnings/(losses) of nonconsolidated subsidiaries	17,480		30	(16,938)	572
Net earnings	\$ 27,538	\$ 2,411	\$ 14,527	\$ (17,595)	\$ 26,881

CONSOLIDATED BALANCE SHEETS
December 30, 2006

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 25,438	\$ 2,962	\$ 35,104	\$	\$ 63,504
Receivables, net	88,295	32,836	92,577	(48)	213,660
Inventories	84,073	46,539	63,666		194,278
Prepaid expenses	2,368	422	3,296		6,086
Refundable and deferred income taxes	9,791	3,323	4,016		17,130
Total current assets	209,965	86,082	198,659	(48)	494,658
Property, plant and equipment, at cost	331,520	72,482	118,242		522,244
Less accumulated depreciation and amortization	221,290	29,603	70,741		321,634
Net property, plant and equipment	110,230	42,879	47,501		200,610
Goodwill	20,370	73,375	14,583		108,328
Other intangible assets	724	53,475	2,134		56,333
Investment in subsidiaries and intercompany accounts	380,194	46,664	2,437	(429,295)	
Other assets	25,666	9,839	(2,524)	(600)	32,381
Total assets	\$ 747,149	\$ 312,314	\$ 262,790	\$ (429,943)	\$ 892,310
LIABILITIES AND SHAREHOLDERS EQUITY					
Current liabilities:					
Current installments of long-term debt	\$ 16,068	\$ 29	\$ 2,256	\$	\$ 18,353
Notes payable to banks			13,114		13,114
Accounts payable	43,321	13,397	46,601		103,319
Accrued expenses	47,239	6,549	25,959	(48)	79,699
Dividends payable	2,437				2,437
Total current liabilities	109,065	19,975	87,930	(48)	216,922
Deferred income taxes	11,392	21,196	2,397		34,985
Long-term debt, excluding current installments	201,615	38	1,731	(600)	202,784
Other noncurrent liabilities	26,203		1,846		28,049
Minority interest in consolidated subsidiaries			8,289		8,289
Commitments and contingencies					
Shareholders' equity:					
Common stock of \$1 par value	27,900	14,249	13,331	(27,580)	27,900
Additional paid-in capital		159,082	67,055	(226,137)	
Retained earnings	406,786	97,774	76,585	(175,578)	405,567
Accumulated other comprehensive income			3,626		3,626
Treasury stock	(35,812)				(35,812)
Total shareholders' equity	398,874	271,105	160,597	(429,295)	401,281
Total liabilities and shareholders' equity	\$ 747,149	\$ 312,314	\$ 262,790	\$ (429,943)	\$ 892,310

CONSOLIDATED BALANCE SHEETS
December 31, 2005

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 16,875	\$ 1,898	\$ 28,094	\$	\$ 46,867
Receivables, net	74,397	36,496	70,094	(18)	180,969
Inventories	66,111	42,540	49,676		158,327
Prepaid expenses	3,008	1,690	2,945		7,643
Refundable and deferred income taxes	8,931	3,406	2,169		14,506
Total current assets	169,322	86,030	152,978	(18)	408,312
Property, plant and equipment, at cost	325,620	66,218	97,822		489,660
Less accumulated depreciation and amortization	208,862	23,207	62,915		294,984
Net property, plant and equipment	116,758	43,011	34,907		194,676
Goodwill	20,370	73,375	12,950		106,695
Other intangible assets	778	56,498	2,864		60,140
Investment in subsidiaries and intercompany accounts	319,473	41,560	(10,471)	(350,562)	
Other assets	31,305		1,514	(600)	32,219
Total assets	\$ 658,006	\$ 300,474	\$ 194,742	\$ (351,180)	\$ 802,042
LIABILITIES AND SHAREHOLDERS EQUITY					
Current liabilities:					
Current installments of long-term debt	\$ 11,624	\$ 26	\$ 1,933	\$	\$ 13,583
Notes payable to banks			4,918		4,918
Accounts payable	38,109	11,281	41,284		90,674
Accrued expenses	42,608	7,357	17,922	(18)	67,869
Dividends payable	2,107				2,107
Total current liabilities	94,448	18,664	66,057	(18)	179,151
Deferred income taxes	18,224	22,066	2,909		43,199
Long-term debt, excluding current installments	217,592	68	1,697	(600)	218,757
Other noncurrent liabilities	23,807		1,082		24,889
Minority interest in consolidated subsidiaries			7,371		7,371
Commitments and contingencies					
Shareholders' equity:					
Common stock of \$1 par value	27,900	14,249	10,343	(24,592)	27,900
Additional paid-in capital		159,082	71,885	(230,967)	
Retained earnings	329,764	86,345	35,919	(95,003)	357,025
Accumulated other comprehensive loss			(2,521)		(2,521)
Treasury stock	(50,067)				(50,067)
Unearned restricted stock	(3,662)				(3,662)
Total shareholders' equity	303,935	259,676	115,626	(350,562)	328,675
Total liabilities and shareholders' equity	\$ 658,006	\$ 300,474	\$ 194,742	\$ (351,180)	\$ 802,042

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Year Ended December 30, 2006

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Cash flows from operations:					
Net earnings	\$ 61,242	\$ 11,430	\$ 21,120	\$ (32,248)	\$ 61,544
Adjustments to reconcile net earnings to net cash flows from operations:					
Depreciation and amortization	19,229	9,260	8,052		36,541
Stock-based compensation	2,598				2,598
(Gain)/loss on sale of property, plant and equipment	(572)	(7)	233		(346)
Equity in (earnings)/losses of nonconsolidated subsidiaries	(304)	3,248	(279)		2,665
Minority interest in net earnings			1,290		1,290
Deferred income taxes	(7,693)	(786)	(2,548)		(11,027)
Other adjustments			78		78
Changes in assets and liabilities, before acquisitions:					
Receivables	(13,898)	3,660	(15,295)	49	(25,484)
Inventories	(17,962)	(3,999)	(6,660)		(28,621)
Prepaid expenses	(1,162)	1,268	4,435		4,541
Accounts payable	7,639	2,117	(1,782)		7,974
Accrued expenses	4,742	(809)	5,112	(49)	8,996
Other noncurrent liabilities	(193)		762		569
Income taxes payable	(7,288)		5,100		(2,188)
Net cash flows from operations	46,378	25,382	19,618	(32,248)	59,130
Cash flows from investing activities:					
Purchase of property, plant and equipment	(12,494)	(6,183)	(9,221)		(27,898)
Investment in nonconsolidated subsidiary	(4,824)				(4,824)
Acquisitions, net of cash acquired			(3,861)		(3,861)
Dividends to minority interests			(451)		(451)
Proceeds from sale of property, plant and equipment	3,045	85	319		3,449
Other, net	(15,070)	(18,193)	(2,135)	32,248	(3,150)
Net cash flows from investing activities	(29,343)	(24,291)	(15,349)	32,248	(36,735)
Cash flows from financing activities:					
Net borrowings under short-term agreements			1,196		1,196
Proceeds from long-term borrowings			619		619
Principal payments on long-term obligations	(11,533)	(27)	(262)		(11,822)
Dividends paid	(9,088)				(9,088)
Proceeds from exercises under stock plans	28,830				28,830
Excess tax benefits from stock option exercises	17,502				17,502
Sale of treasury shares	400				400
Purchase of common treasury shares:					
Stock plan exercises	(34,583)				(34,583)
Net cash flows from financing activities	(8,472)	(27)	1,553		(6,946)
Effect of exchange rate changes on cash and cash equivalents					
			1,188		1,188
Net change in cash and cash equivalents	8,563	1,064	7,010		16,637
Cash and cash equivalents beginning of year	16,875	1,898	28,094		46,867
Cash and cash equivalents end of year	\$ 25,438	\$ 2,962	\$ 35,104		\$ 63,504

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2005

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Cash flows from operations:					
Net earnings	\$ 38,755	\$ 6,162	\$ 15,621	\$ (21,459)	\$ 39,079
Adjustments to reconcile net earnings to net cash flows from operations:					
Depreciation and amortization	21,605	10,377	7,410		39,392
Stock based compensation	646				646
(Gain)/loss on sale of property, plant and equipment	318	106	403		827
Equity in (earnings)/losses of nonconsolidated subsidiaries	(93)		(13)		(106)
Minority interest			1,052		1,052
Deferred income taxes	(600)	92	(1,438)		(1,946)
Other adjustments	640	(2)	1,548		2,186
Changes in assets and liabilities:					
Receivables	4,883	(8,187)	7,362		4,058
Inventories	29,810	(4,052)	(535)	(331)	24,892
Prepaid expenses	(857)	112	2,345		1,600
Accounts payable	5,290	968	2,139		8,397
Accrued expenses	915	1,587	25		2,527
Other noncurrent liabilities	385		(151)		234
Income taxes payable	10,660		279		10,939
Net cash flows from operations	112,357	7,163	36,047	(21,790)	133,777
Cash flows from investing activities:					
Purchase of property, plant and equipment	(25,565)	(2,796)	(6,758)		(35,119)
Dividends to minority interests			(2,066)		(2,066)
Proceeds from sale of property, plant and equipment	7,822	12	715		8,549
Other, net	6,916	(6,149)	(22,975)	20,490	(1,718)
Net cash flows from investing activities	(10,827)	(8,933)	(31,084)	20,490	(30,354)
Cash flows from financing activities:					
Net repayments under short-term agreements			450		450
Proceeds from long-term borrowings	16,500		181		16,681
Principal payments on long-term obligations	(105,511)	(26)	(2,870)	1,300	(107,107)
Dividends paid	(8,040)				(8,040)
Proceeds from exercises under stock plans	14,099				14,099
Purchase of common treasury shares:					
Stock plan exercises	(9,912)				(9,912)
Net cash flows from financing activities	(92,864)	(26)	(2,239)	1,300	(93,829)
Effect of exchange rate changes on cash and cash equivalents					
			(180)		(180)
Net change in cash and cash equivalents	8,666	(1,796)	2,544		9,414
Cash and cash equivalents beginning of year	8,209	3,694	25,550		37,453
Cash and cash equivalents end of year	\$ 16,875	\$ 1,898	\$ 28,094	\$	\$ 46,867

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Year Ended December 25, 2004

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Cash flows from operations:					
Net earnings	\$ 27,538	\$ 2,411	\$ 14,527	\$ (17,595)	\$ 26,881
Adjustments to reconcile net earnings to net cash flows from operations:					
Depreciation and amortization	22,300	8,803	7,357		38,460
Stock based compensation	473				473
(Gain)/loss on sale of property, plant and equipment	517	9	601		1,127
Equity in (earnings)/losses of nonconsolidated subsidiaries	(542)		(30)		(572)
Minority interest			2,397		2,397
Deferred income taxes	(3,036)	(544)	(1,121)		(4,701)
Other adjustments	869		1,262		2,131
Changes in assets and liabilities:					
Receivables	(17,684)	2,444	1,941	46	(13,253)
Inventories	(33,665)	(8,043)	(6,531)	(650)	(48,889)
Prepaid expenses	744	259	466		1,469
Accounts payable	519	(278)	(4,711)		(4,470)
Accrued expenses	7,442	(1,591)	182	(46)	5,987
Other noncurrent liabilities	2,076		(1,358)		718
Income taxes payable	(2,442)	1,240	(1,391)		(2,593)
Net cash flows from operations	5,109	4,710	13,591	(18,245)	5,165
Cash flows from investing activities:					
Purchase of property, plant and equipment	(11,249)	(1,921)	(4,012)		(17,182)
Investment in nonconsolidated subsidiary	(2,450)				(2,450)
Acquisitions, net of cash acquired	(125,446)				(125,446)
Dividends to minority interests			(1,796)		(1,796)
Proceeds from sale of property, plant and equipment	65	12	2,256		2,333
Other, net	(33,652)	11,849	(1,074)	16,745	(6,132)
Net cash flows from investing activities	(172,732)	9,940	(4,626)	16,745	(150,673)
Cash flows from financing activities:					
Net repayments under short-term agreements					
		(11,388)	(11,107)		(22,495)
Proceeds from long-term borrowings	263,100		71		263,171
Principal payments on long-term obligations					
	(87,905)	(180)	(4,780)	1,500	(91,365)
Dividends paid	(7,654)				(7,654)
Proceeds from exercises under stock plans	6,305				6,305
Debt issuance costs	(5,520)				(5,520)
Purchase of common treasury shares:					
Stock plan exercises	(2,701)				(2,701)
Net cash flows from financing activities	165,625	(11,568)	(15,816)	1,500	139,741
Effect of exchange rate changes on cash and cash equivalents					
			1,650		1,650
Net change in cash and cash equivalents	(1,998)	3,082	(5,201)		(4,117)
Cash and cash equivalents beginning of year	10,207	612	30,751		41,570
Cash and cash equivalents end of year	\$ 8,209	\$ 3,694	\$ 25,550	\$	\$ 37,453

QUARTERLY FINANCIAL DATA (Unaudited)

(Dollars in thousands, except per share amounts)

	Net Sales	Gross Profit	Net Earnings		Stock Price		Dividends Declared	
			Amount	Per Share Basic Diluted	High	Low		
2006								
First	\$ 303,625	\$ 75,693	\$ 13,085	\$ 0.53	\$ 0.52	\$ 42.07	\$ 32.85	\$ 0.085
Second	338,791	85,062	17,285	0.69	0.67	\$ 58.00	\$ 39.92	0.095
Third	310,904	80,670	15,062	0.60	0.58	\$ 58.70	\$ 42.46	0.095
Fourth	327,961	85,301	16,112	0.62	0.61	\$ 61.19	\$ 50.29	0.095
Year	\$ 1,281,281	\$ 326,726	\$ 61,544	\$ 2.44	\$ 2.38	\$ 61.19	\$ 32.85	\$ 0.370
2005								
First	\$ 265,741	\$ 61,661	\$ 6,810	\$ 0.28	\$ 0.27	\$ 26.42	\$ 21.98	\$ 0.080
Second	265,134	67,593	10,443	0.43	0.42	25.80	21.37	0.085
Third	265,942	69,610	10,206	0.42	0.40	30.09	24.50	0.085
Fourth	311,283	79,431	11,620	0.48	0.45	35.25	27.30	0.085
Year	\$ 1,108,100	\$ 278,295	\$ 39,079	\$ 1.61	\$ 1.54	\$ 35.25	\$ 21.37	\$ 0.335
2004								
First	\$ 215,897	\$ 51,280	\$ 5,501	\$ 0.23	\$ 0.22	\$ 23.66	\$ 19.35	\$ 0.080
Second	266,013	66,080	2,812	0.12	0.12	23.03	19.67	0.080
Third	262,890	61,100	7,104	0.30	0.29	22.97	19.40	0.080
Fourth	286,675	67,462	11,464	0.48	0.46	25.97	20.53	0.080
Year	\$ 1,031,475	\$ 245,922	\$ 26,881	\$ 1.13	\$ 1.10	\$ 25.97	\$ 19.35	\$ 0.320

Earnings per share are computed independently for each of the quarters. Therefore, the sum of the quarterly earnings per share may not equal the total for the year.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

The Company carried out an evaluation under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Securities Exchange Act Rule 13a-15. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports the Company files or submits under the Securities Exchange Act of 1934 is (1) accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures and (2) recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. There have been no changes in the Company's internal controls over financial reporting during the quarter covered by this report that have materially affected, or are reasonably likely to materially affect, such internal controls.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Securities Exchange Act Rule 13a-15(f). The Company carried out an evaluation under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's internal control over financial reporting. The Company's management used the framework in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations (COSO) to perform this evaluation. Based on that evaluation, the Company's management concluded that the Company's internal control over financial reporting was effective as of December 30, 2006.

Management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 30, 2006 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, a copy of which is included in this Annual Report on Form 10-K.

77

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Valmont Industries, Inc.
Omaha, Nebraska

We have audited management's assessment, included in the accompanying *Management's Report on Internal Control Over Financial Reporting* that Valmont Industries, Inc. and subsidiaries (the Company) maintained effective internal control over financial reporting as of December 30, 2006, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 30, 2006, is fairly stated, in all material respects, based on the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 30, 2006, based on the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 30, 2006 of the Company and our report dated February 26, 2007 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ DELOITTE & TOUCHE LLP

Omaha, Nebraska

February 26, 2007

79

ITEM 9B. OTHER INFORMATION.

Shareholder Return Performance Graphs

The graphs below compare the yearly change in the cumulative total shareholder return on the Company's common stock with the cumulative total returns of the S&P Small Cap 600 Index and the S&P 600 Industrial Machinery index for the five and ten-year periods ended December 30, 2006. The graphs assume that the beginning value of the investment in Valmont Common Stock and each index was \$100 and that all dividends were reinvested.

80

PART III**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.**

Except for the information relating to the executive officers of the Company set forth in Part I of this 10 K Report, the information called for by items 10, 11, and 13 is incorporated by reference to the sections entitled Certain Shareholders , Corporate Governance , Election of Directors , Compensation Discussion and Analysis , Compensation Committee Report , Summary Compensation Table , Grants of Plan-Based Awards for Fiscal Year 2006 , Outstanding Equity Awards at Fiscal Year-End , Options Exercised and Stock Vested , Nonqualified Deferred Compensation , Director Compensation and Section 16(a) Beneficial Ownership Reporting Compliance in the Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION.

See Item 10.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Incorporated herein by reference to Certain Shareholders in the Proxy Statement.

Equity Compensation Plan Information

The following table provides information about the Company's stock that may be issued upon exercise of options, warrants and rights under existing equity compensation plans as of December 30, 2006.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation (including securities plans reflected in column(a)) (c)
Equity compensation plans approved by security holders	1,286,769	27.34	1,186,687
Equity compensation plans not approved by security holders			
Total	1,286,769		1,186,687

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

See Item 10.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information called for by Item 14 is incorporated by reference to the sections titled Ratification of Appointment of Independent Auditors in the Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a)(1)(2) *Financial Statements and Schedules.*

The following consolidated financial statements of the Company and its subsidiaries are included herein as listed below:

Consolidated Financial Statements	
<u>Report of Independent Registered Public Accounting Firm</u>	44
<u>Consolidated Statements of Operations Three-Year Period Ended December 30, 2006</u>	45
<u>Consolidated Balance Sheets December 30, 2006 and December 31, 2005</u>	46
<u>Consolidated Statements of Cash Flows Three-Year Period Ended December 30, 2006</u>	47
<u>Consolidated Statements of Shareholders Equity Three-Year Period Ended December 30, 2006</u>	48
<u>Notes to Consolidated Financial Statements Three-Year Period Ended December 30, 2006</u>	49-75
The following financial statement schedule of the Company is included herein:	
<u>SCHEDULE II Valuation and Qualifying Accounts</u>	83

All other schedules have been omitted as the required information is inapplicable or the information is included in the consolidated financial statements or related notes.

Separate financial statements of the registrant have been omitted because the registrant meets the requirements which permit omission.

(a)(3) *Exhibits.*

Index to Exhibits, Page 85

Schedule II

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

Valuation and Qualifying Accounts

(Dollars in thousands)

	Balance at beginning of period	Charged to profit and loss	Deductions from reserves*	Balance at close of period
Fifty-two weeks ended December 30, 2006				
Reserve deducted in balance sheet from the asset to which it applies				
Allowance for doubtful receivables	\$ 5,323	1,941	1,312	\$ 5,952
Fifty-three weeks ended December 31, 2005				
Reserve deducted in balance sheet from the asset to which it applies				
Allowance for doubtful receivables	\$ 5,372	1,006	1,055	\$ 5,323
Fifty-two weeks ended December 25, 2004				
Reserve deducted in balance sheet from the asset to which it applies				
Allowance for doubtful receivables	\$ 4,363	1,443	434	\$ 5,372

* The deductions from reserves are net of recoveries.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 26th day of February, 2007.

VALMONT INDUSTRIES, INC.

By:

/s/ MOGENS C. BAY
Mogens C. Bay
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated and on the dates indicated.

/s/ MOGENS C. BAY	Director, Chairman and Chief Executive Officer	02/26/07
Mogens C. Bay	(Principal Executive Officer)	Date
/s/ TERRY J. MCCLAIN	Senior Vice President and Chief Financial Officer	02/26/07
Terry J. McClain	(Principal Financial Officer)	Date
/s/ MARK C. JAKSICH	Vice President and Controller	02/26/07
Mark C. Jaksich	(Principal Accounting Officer)	Date

Walter Scott, Jr.*	John E. Jones*
Thomas F. Madison*	Kenneth E. Stinson*
Charles D. Peebler, Jr.*	Stephen R. Lewis, Jr.*
Glen A. Barton*	K.R. (Kaj) den Daas*
Daniel P. Neary*	

* Mogens C. Bay, by signing his name hereto, signs the Annual Report on behalf of each of the directors indicated on this 26th day of February, 2007. A Power of Attorney authorizing Mogens C. Bay to sign the Annual Report of Form 10-K on behalf of each of the indicated directors of Valmont Industries, Inc. has been filed herein as Exhibit 24.

By	/s/ MOGENS C. BAY
	Mogens C. Bay
	<i>Attorney-in-Fact</i>

INDEX TO EXHIBITS

- Exhibit 3.1 The Company's Certificate of Incorporation, as amended. This document was filed as Exhibit 3(i) to the Company's Annual Report on Form 10-K for the year ended December 27, 2003 and is incorporated herein by this reference.
- Exhibit 3.2 The Company's By-Laws, as amended. This document was filed as Exhibit 3(ii) to the Company's Annual Report on Form 10-K for the year ended December 27, 2003 and is incorporated by this reference.
- Exhibit 4.1 The Company's Credit Agreement with The Bank of New York dated May 4, 2004. This document was filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 2004 and Amendments 1,2,3, and 4 thereto filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated May 16, 2005, all of which are incorporated herein by this reference.
- Exhibit 4.2 Indenture relating to senior subordinated debt dated as of May 4, 2004, between Valmont Industries, Inc., as issuer and Wells Fargo Bank, National Association as trustee. This document was filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 2004 and is incorporated herein by this reference.
- Exhibit 10.1 The Company's 1988 Stock Plan and certain amendments. This document was filed as Exhibit 10(i) to the Company's Annual Report on Form 10-K for the year ended December 28, 2002 and is incorporated herein by this reference.
- Exhibit 10.2 The Company's 1996 Stock Plan. This document was filed as Exhibit 10.2 to the Company's Annual Report on Form 10-K for the year ended December 25, 2004 and is incorporated herein by reference.
- Exhibit 10.3 The Company's 1999 Stock Plan, as amended. This document was filed as Exhibit 10.3 to the Company's Annual Report on Form 10-K for the year ended December 25, 2004 and is incorporated herein by reference.
- Exhibit 10.4* The Company's 2002 Stock Plan.
- Exhibit 10.5 Amendment No. 1 to Valmont 2002 Stock Plan. This document was filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 2004 and is incorporated herein by this reference.
- Exhibit 10.6 Form of Stock Option Agreement. This document was filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 and is incorporated herein by reference.
- Exhibit 10.7 Form of Restricted Stock Agreement. This document was filed as Exhibit 10.1 to the Company's Report on Form 8-K dated December 19, 2004 and is incorporated herein by reference.
- Exhibit 10.8 The 2001 Valmont Executive Incentive Plan, as amended. This document was filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 and is incorporated herein by reference.
- Exhibit 10.9 The 2006 Valmont Executive Incentive Plan. This document was filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 and is incorporated herein by reference.

Exhibit 10.10	Director and Named Executive Officers Compensation, is incorporated by reference to the sections entitled Compensation Discussion and Analysis , Compensation Committee Report , Summary Compensation Table , Grants of Plan-Based Awards for Fiscal Year 2006 , Outstanding Equity Awards at Fiscal Year-End , Options Exercised and Stock Vested , Nonqualified Deferred Compensation , and Director Compensation in the Company s Proxy Statement for the Annual Meeting of Stockholders on April 23, 2007.
Exhibit 10.11	The Amended Unfunded Deferred Compensation Plan for Nonemployee Directors. This document was filed as Exhibit 10(vi) to the Company s Annual Report on Form 10-K for the year ended December 27, 2003 and is incorporated herein by this reference.
Exhibit 10.12	VERSP Restoration Plan. This document was filed as Exhibit 10 to the Company s Registration Statement on Form S-8 (333-64170) and is incorporated herein by this reference.
Exhibit 21*	Subsidiaries of the Company.
Exhibit 23*	Consent of Deloitte & Touche LLP.
Exhibit 24*	Power of Attorney.
Exhibit 31.1*	Section 302 Certification of Chief Executive Officer.
Exhibit 31.2*	Section 302 Certification of Chief Financial Officer.
Exhibit 32.1*	Section 906 Certifications.

Pursuant to Item 601(b)(4) of Regulation S-K, certain instruments with respect to the registrant s long-term debt are not filed with this Form 10-K. Valmont will furnish a copy of such long-term debt agreements to the Securities and Exchange Commission upon request.

Management contracts and compensatory plans are set forth as exhibits 10.1 through 10.12.

* Filed herewith.