

valmont 

Conserving Resources. Improving Life.

ANNUAL REPORT 2006



global leverage
at work

financial highlights

Dollars in millions, except per share amounts

	2006	2005	2004
Operating Results			
Net sales	\$ 1,281.3	\$ 1,108.1	\$ 1,031.5
Operating income	110.1	82.9	70.1
Net earnings	61.5	39.1	26.9
Diluted earnings per share	2.38	1.54	1.10
Dividends per share	0.370	0.335	0.320

Financial Position

Shareholders' equity	\$ 401.3	\$ 328.7	\$ 294.7
Long-term debt as a % of invested capital ¹	31.3%	36.2%	46.3%

Operating Profits

Gross profit as a % of net sales	25.5%	25.1%	23.8%
Operating income as a % of net sales	8.6%	7.5%	6.8%
Net earnings as a % of net sales	4.8%	3.5%	2.6%
Return on beginning equity	18.7%	13.3%	10.1%
Return on invested capital ¹	11.1%	7.7%	7.6%

Year-end Data

Shares outstanding (000)	25,634	24,765	24,162
Approximate number of shareholders	5,600	5,700	5,600
Number of employees	5,684	5,336	5,542

¹ See footnotes (2) on page 31 of this document and item 6 on pages 23 through 25 of the Company's Form 10-K



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pressing forward

As the needs for global infrastructure and agricultural water management press forward, so does Valmont.

OUR GOALS ARE SQUARELY IN SIGHT.

And we will continue to focus on *Conserving Resources* and *Improving Life*.



Mogens Bay
Chairman and Chief Executive Officer

message to fellow shareholders

vision

Valmont is recognized throughout the world as an industry leader in engineered support structures and services for infrastructure, and water management for agriculture. We grow our businesses by leveraging our existing products, markets and processes. We recognize that our growth will only create shareholder value if, at the same time, we exceed our cost of capital. Essential to our success is a company-wide commitment to customer service and innovation, and the ability to be the best cost producer for all products and services we provide. Recognizing that our employees are the cornerstone of our accomplishments, we pride ourselves on being people of passion and integrity who excel and deliver results.

The year 2006 was another record year for Valmont. Operating income was up 33 percent and net earnings increased 57 percent on a 16 percent revenue increase. Most importantly, we showed significant progress in the two financial measures I have singled out in our recent annual reports. Operating income as a percentage of sales improved more than a full percentage point to 8.6 percent and our return on invested capital reached 11.1 percent. Valmont's financial performance was due in part to the improvements we made in the quality of our businesses, but also a result of the generally favorable economic climate worldwide, which created strong demand for our products and services in the industries we serve.

We are pleased with the performance in 2006, but not yet satisfied, as we believe our worldwide leadership positions in our core industries provide opportunities to further improve our performance. For many years, Valmont's strategy for growth has been based on leveraging our strengths – our product lines, our market knowledge and skill sets – on a global scale. We refer to this as Global Leverage at Work, a concept first discussed in our 2003 annual report.

Why Global Leverage at Work? The drivers of our businesses are global, compelling and enduring. In the U.S. and international markets, the needs for water conservation and infrastructure development will continue to drive demand for Valmont's products. Industrialized countries need constant upgrading and expansion of their infrastructure. Developing economies need to provide basic infrastructure. Agriculture will be under increased pressure to increase production while reducing their relative water usage.

We leverage our strengths by taking advantage of capabilities and capacities throughout our global network of facilities and our knowledge of local markets. We leverage skill sets as Valmont employees work together across borders, sharing innovative ideas, efficiencies and processes.

We create value by taking abroad products and services we develop for the U.S. market, and by bringing back to the U.S. product lines developed in our international markets.

Our philosophy on international expansion has been one of planting seeds, nurturing them and giving them the proper resources to grow. Because of our perseverance, we are seeing the benefits today as these businesses blossom and strengthen Valmont's global leadership positions and financial performance.

Engineered Support Structures

The Engineered Support Structures Segment, which consists of poles, towers and specialty structures for the lighting, traffic and wireless communications markets, delivered improved performance in 2006, driven by significant improvement in our international operations. Europe benefited from government and private investments in quality infrastructure. China had another record year with significant growth in key local market segments as well as a very strong export performance. During the year we opened a second pole plant in the south of China, and our Chinese management did a great job of bringing this additional capacity on line.



Our North American pole businesses serving the lighting and traffic markets performed well, as they pursued business opportunities resulting from the Federal Highway Bill and saw continued strength in our commercial lighting business. Our facilities producing sign structures and serving the wireless communication market in the U.S., on the other hand, had a very difficult year. I wish we could blame it on weak market conditions, but unfortunately our problems were, for the most part, self-inflicted. We are working hard to remedy this, and I am confident that this portion of our business will greatly improve in 2007.

At the end of 2006 we decided to suspend our funding to develop a support structures business serving the wind power industry. This was not an easy decision to make. We are confident that we have a unique and technically solid design, but are not convinced that we can generate the kind of financial returns we require.

With hindsight, I think our enthusiasm for the potential size of the wind energy market overshadowed our skepticism regarding potential financial returns. This is an industry that today mostly manufactures structures to designs owned by the turbine manufacturers – in other words, supplying material and labor. At Valmont, we are accustomed to being paid for our engineering expertise and currently do not see a clear path in the U.S. market to the profitability levels we desire. Most of the key people in our wind power effort are still part of our organization, so should the circumstances change, we can take another look at the profit opportunity.

Utility Structures

The Utility Structures Segment delivered another year of strong growth in both revenue and financial performance. With the industry's broadest product line and production facilities geographically dispersed throughout the U.S., Valmont is well positioned to serve our utility customers as they ramp up their investment in the transmission and distribution grid. The merger of Newmark International and Valmont's utility business two years ago provided the utility management team an opportunity to leverage the strength of both organizations. They have done that very well and are building a strong business serving the North American utility industry. During 2006, we increased our ownership position in the Valmont-Formet joint venture in Mexico to 100 percent, enabling us to more fully integrate that facility into our manufacturing network.

Irrigation

Our Irrigation Segment recovered in 2006 from a difficult 2005 market. In the U.S., stronger commodity prices improved the outlook for farm income. Revenue increased as our customers made capital investment decisions despite continued inflationary pressures on manufacturing costs. The international operations showed improved performance in most regions and significant results from new market development efforts. Water conservation issues will always be a major driver for this business worldwide, mostly favorable for center pivot and linear move irrigation as they continue to be the most efficient delivery system of water for large-scale agriculture.

Operating income was up **33 PERCENT** and net earnings increased **57 PERCENT ON A 16 PERCENT REVENUE INCREASE**. Most importantly, we showed significant progress in the two financial measures I have singled out in our recent annual reports. Operating income as a percentage of sales improved more than a full percentage point to **8.6 PERCENT** and our return on invested capital reached **11.1 PERCENT**.

Tubing

The Tubing Segment continued their very strong performances from 2005 and 2004. In this business, we are very much a niche player focusing on superior customer service with specialty tubular products. We pursue quality of earnings over volume.

Coatings

Valmont's Coatings Segment again doubled their operating income on a significant increase in revenue. This segment is now operating at the profitability level we would expect after a few difficult years. The main challenge for this segment in 2006 was rapidly escalating zinc prices. Our team did an excellent job of passing this added cost on to the marketplace.

We will not always experience as favorable economic conditions as we see currently in the industries we serve. Our goal is to maximize our performance regardless of where we are in the economic cycle. In my letter last year, I outlined three major initiatives to deliver on this goal. These initiatives are:

Pricing—We are continuing to evaluate elements of our pricing processes to ensure our products are priced according to the value they provide to our customers.

Lean Manufacturing—We apply a disciplined approach to managing costs, to eliminate waste in our operations, and to continuously improve productivity, safety and cost competitiveness.

Employee Engagement—While it is difficult to make a direct correlation between profitability and employee engagement, we believe that a highly engaged workforce directly drives Valmont's success. We recently completed our third worldwide employee engagement survey. Once again, I am pleased to report an improvement in our overall employee engagement levels, as measured by Gallup. This initiative provides increased supervisor training, better communication between employees at all levels, and a unified vision throughout the company.

A meaningful portion of my time is spent visiting our facilities in the U.S. and around the world. It is something I thoroughly enjoy! I treasure the opportunity to meet and thank each and every one of my colleagues for what they do for Valmont every day. It is their passion and commitment to serve our customers that we can thank for our solid performance. Capital is allocated from Omaha, but the returns are generated by great people working together in teams at Valmont plants and offices all around the world.

Looking toward the future, we will continue to build upon our global leadership positions and pursue new opportunities. We will leverage our strengths and identify platforms for growth. At this point in time at the beginning of 2007, I expect us to further grow and improve our businesses this year and deliver another record performance.

Thank you for your support. I look forward to reporting to you throughout the coming year.

Sincerely,



Mogens C. Bay
Chairman and Chief Executive Officer

Infrastructure



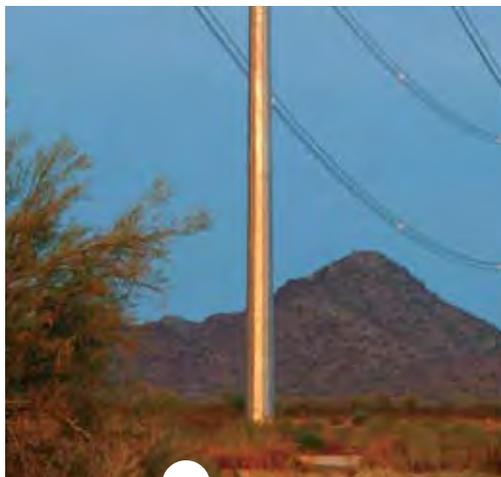
Engineered Support Structures

Area lighting poles for parking lots and public areas. Sports lighting structures for arenas and stadiums. Decorative lighting poles. Traffic and sign structures. Street and high-mast lighting poles. Monopoles, towers and structures for cellular, PCS, broadcast, microwave and two-way communications. Wireless communication components. Minimum visual impact structures. Overhead sign structures.



Utility Support Structures

Utility transmission and distribution poles.
Utility substation structures.



Coatings for Metal Products

Galvanizing, anodizing, powder coatings and integrated graphics.

Irrigation and Water Management

Mechanized irrigation systems.

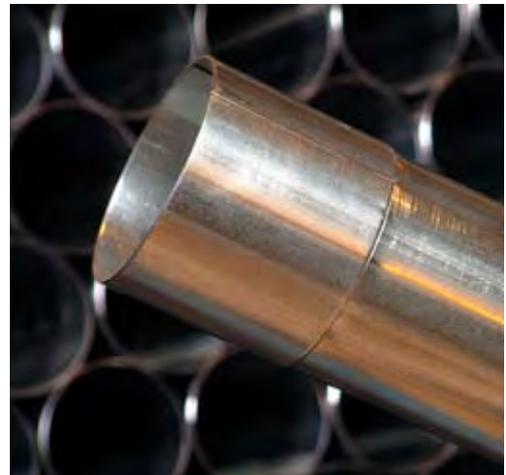


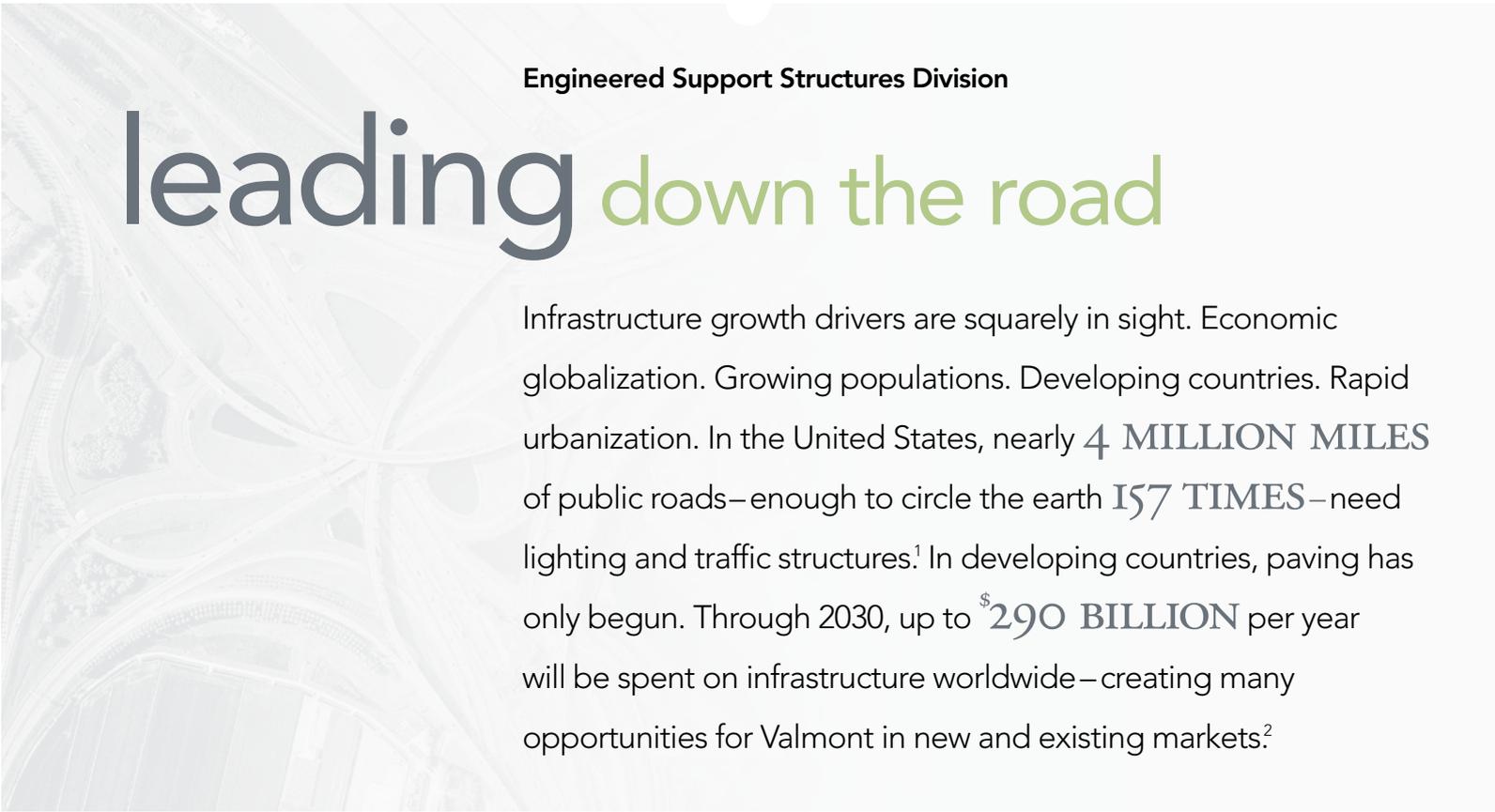
valmont at a glance

Wherever you live, whatever you do, chances are Valmont is part of your life. Engineered structures for infrastructure and water management for agriculture.

Tubing

Custom-made tubing used for agricultural and industrial applications.

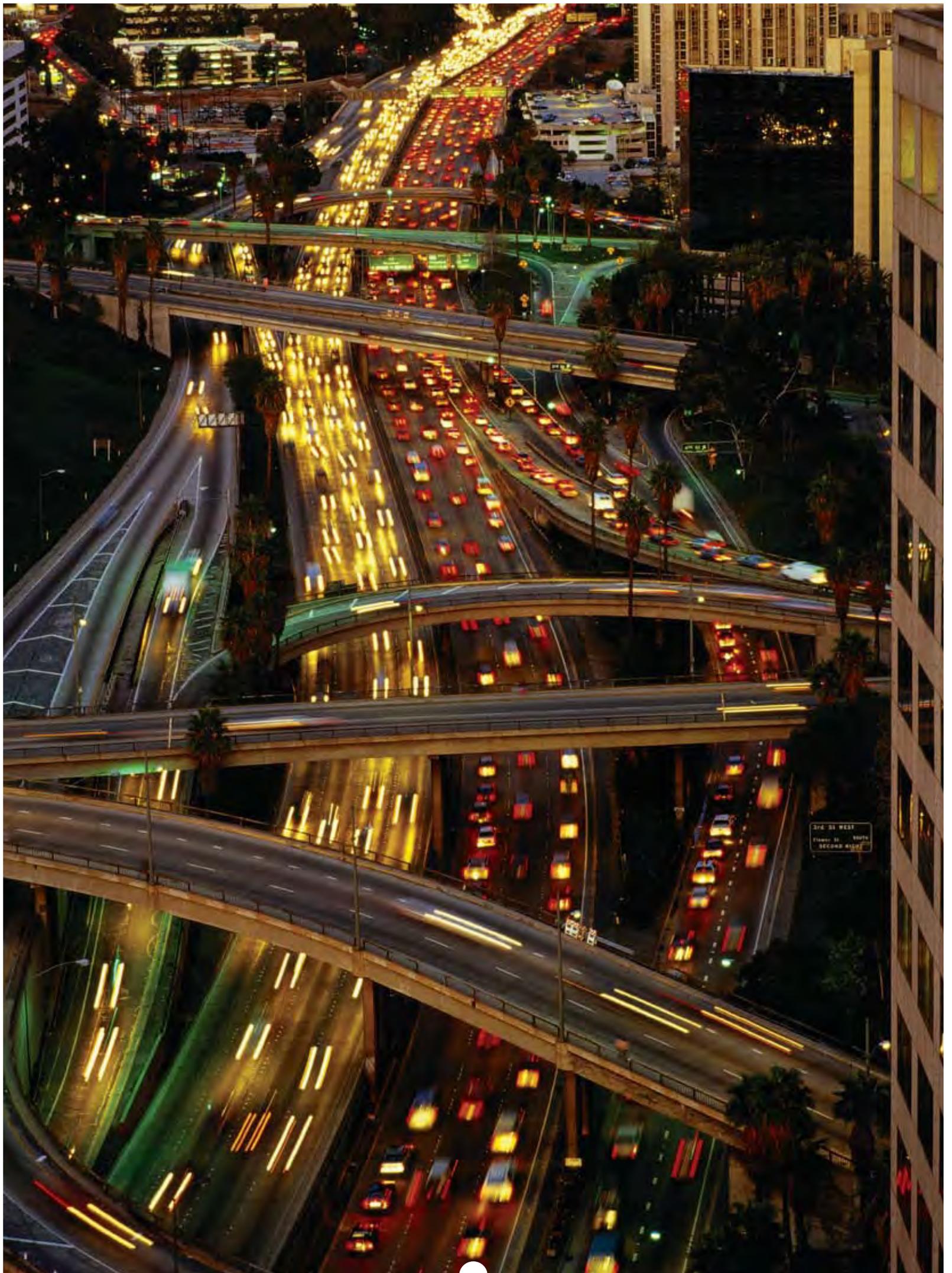




Engineered Support Structures Division

leading down the road

Infrastructure growth drivers are squarely in sight. Economic globalization. Growing populations. Developing countries. Rapid urbanization. In the United States, nearly **4 MILLION MILES** of public roads—enough to circle the earth **157 TIMES**—need lighting and traffic structures.¹ In developing countries, paving has only begun. Through 2030, up to **\$290 BILLION** per year will be spent on infrastructure worldwide—creating many opportunities for Valmont in new and existing markets.²





ENGINEERED SUPPORT STRUCTURES

Growth Drivers at Work

The world's population is growing by 200,000 people every day.³ This, along with rapid urbanization and economic growth, is creating mounting social and consumer pressure for infrastructure to ease congestion and to increase safety.

A key driver for infrastructure is new road construction and expansion. In developing countries alone, it is predicted that between 2000 and 2020, new road construction spending will have increased by 380 percent to \$68.6 billion. By 2030, new road construction spending is projected to be \$101.1 billion per year, a 607 percent increase over 2000 spending.⁴

Rapid growth in vehicle ownership, a key driver for new road construction, is a major concern to transport planners. For example, by 2020, vehicle ownership in China is predicted to increase between 550 and 815 percent.⁵ Vehicle ownership in other developing countries is predicted to nearly double by 2020.⁶

While spending for telecommunication infrastructure is projected to decline by 2030, a global surge in the number of mobile telephone service users—from approximately 2 billion in 2005 to over 5 billion by 2020—will cause interim spending to remain strong.⁷

What Does This Mean for Valmont?

New road construction fosters demand for basic infrastructure. Sharp growth in vehicle ownership fuels the demand for infrastructure. Aging of existing infrastructure in industrialized economies necessitates continual upgrading and expansion. Urbanization in the developing world fosters the need for telecommunication and wireless communications infrastructure.

These are the drivers of infrastructure growth at work, opening opportunities in new markets and expanding existing markets for Valmont's steel and aluminum poles, sign structures and wireless communication towers.

Global Leverage at Work

As a worldwide leader in engineered support structures, Valmont is well positioned to serve the world's infrastructure markets today and into the future.

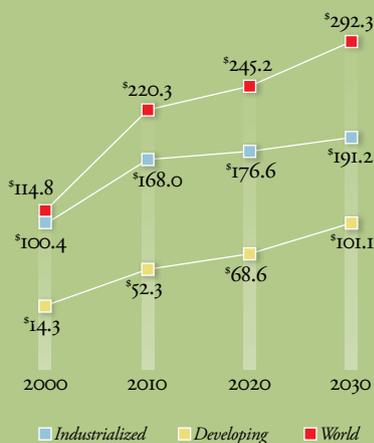
We have earned our global leadership position because of our strategies and ability to leverage our strengths on a global scale. At Valmont, we continuously leverage our engineering capacities, knowledge of local markets, distribution channels and skill sets between facilities and across borders. We apply continuous innovation to expand the depth and breadth of our products to meet the diverse needs of our clients around the world.

Our global network of manufacturing facilities builds products of superior quality and value, including: structures for area and decorative lighting; roadway and traffic structures; structures for mass transit; intelligent traffic structures (ITS); and wireless communication towers and components.

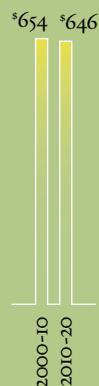
As global populations and economies continue to grow well into the 21st century, the demands for infrastructure to facilitate order and safety around the world will press forward. And so will Valmont. We will continue to leverage our strengths, actively seeking opportunities to serve new and expanded markets and increase shareholder value.



Global New Road Construction Requirements
US \$ Billions



Global Estimated Average Annual Expenditure for Telecommunications Infrastructure
Additions and Renewal | US \$ Billions



Global Vehicle Ownership Forecast
Vehicles Per 100 Population



Chart sources can be found on page 36

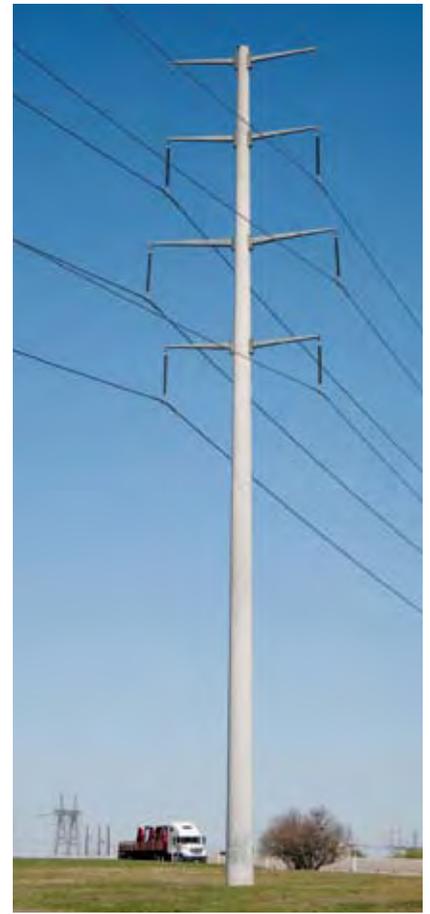


Utility Support Structures Division

moving with the current

Drivers of infrastructure for utilities are intensifying. Approximately **1.6 BILLION PEOPLE**—or one-fourth of the world's population—have no access to electricity.¹ Four out of five live in developing countries. By 2030, cumulative global electricity investment needs will amount to **\$9.8 TRILLION**, with the developing world accounting for over half.² The investment in China alone is expected to exceed **\$2 TRILLION**—further presenting Valmont with new opportunities for growth.³





UTILITY SUPPORT STRUCTURES

Growth Drivers at Work

Infrastructure is central to economic and social development. In the coming decades, installation and expansion of utility infrastructure, particularly in developing countries, will be of vital importance as societies pursue economic growth, raise living standards, and lift millions of people out of poverty.

In its report, *Infrastructure to 2030: Telecom, Land Transport Water and Electricity*, the Organization for Economic Co-Operation and Development (OECD) estimates that by 2030, the world will consume twice as much electricity as it does today. The bulk of the increase in demand will be attributed to the developing world, with its electricity use more than tripling by 2030.⁴

Replacement and expansion of aging utility infrastructure in the developed world will also require major expenditures. Combined, the projected global investment to meet electricity demand will amount to approximately \$350 billion per year. More than half that amount will go toward transmission and distribution, with distribution requiring the greatest share of overall network investment.⁵

What Does This Mean for Valmont?

To meet the growing demand for electricity, large investments in utility infrastructure will be needed, not only in developing countries, but also in North America and Europe.

For the next two decades, high demand will generate steady growth in investments in power networks worldwide. The largest share of these investments will be allocated for transmission and distribution infrastructure. This growth will provide ongoing opportunities for Valmont to serve industrialized markets with our quality transmission and distribution poles and substations.

In developing countries, the growing demand for utility infrastructure will afford us opportunities to enter new markets and be a part of delivering electricity to millions of people for the very first time.

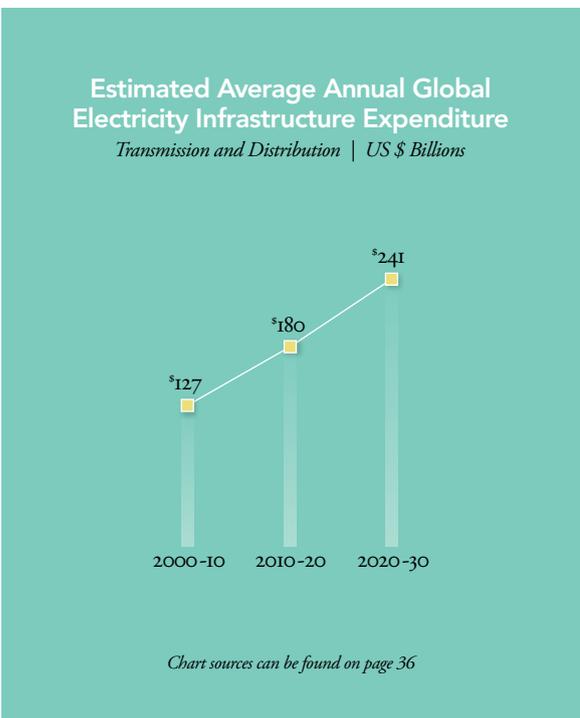
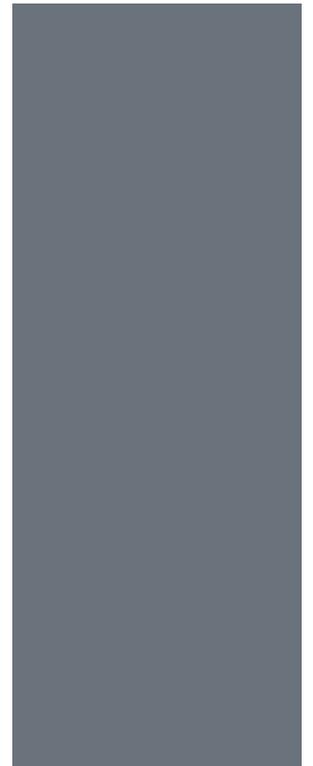
Global Leverage at Work

When it comes to utility support structures, reliability cannot be compromised. At Valmont, we leverage our strengths—our global engineering and manufacturing capabilities—to provide durable substations and structures for transmission and distribution that deliver reliable performance at the best cost.

Leveraging our strengths allows us to remain at the forefront of design and engineering innovation to meet the needs of diverse markets and environments. Tubular steel poles, spun concrete structures and hybrid poles provided

by Valmont-Newmark represent the most comprehensive selection of utility support structures in the industry.

As a global leader in infrastructure, Valmont is positioned to meet the world's utility infrastructure needs as the pressures of rapid urbanization and developing economies push global electrification rates to new heights. Our leveraged strengths provide Valmont with a global competitive advantage that allows us to serve utility markets anywhere in the world, helping to raise the standard of living and improving the quality of life for future generations.

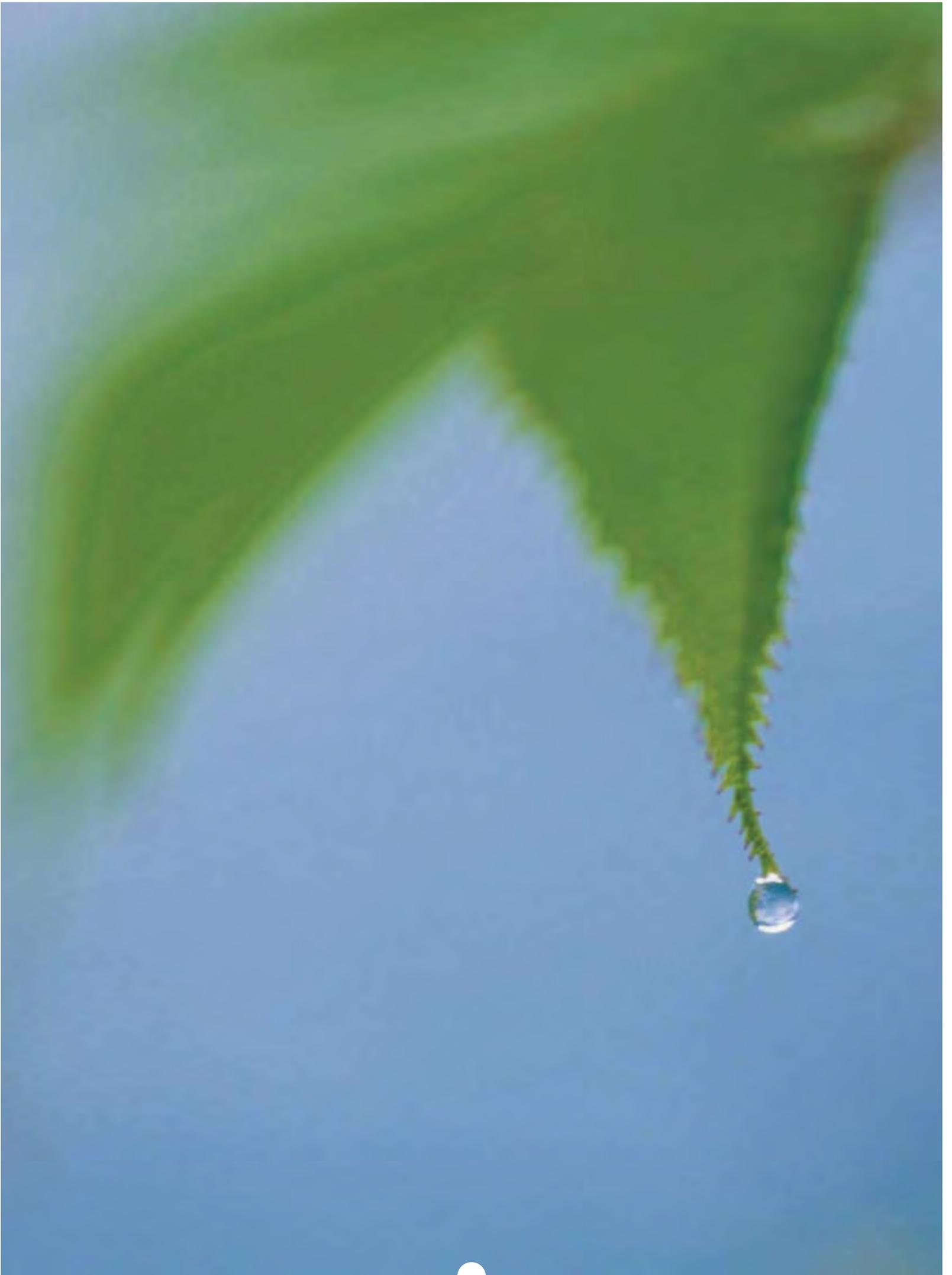




Irrigation Division

advancing in the field

Drivers for mechanized irrigation equipment remain solid. By 2030, production of cereals alone will need to increase by **ONE BILLION** metric tons to feed rising populations. Developing countries will likely expand their irrigated area from today's **202 MILLION** hectares to **242 MILLION** hectares.¹ More food will need to be grown with less water. These drivers, among others, are catalysts for Valmont's future growth.



IRRIGATION



Growth Drivers at Work

The world's population is growing at an average of 1.2 percent each year. As the population grows, so does demand for food. And as demand for food increases, so does the stress on one of the world's most precious resources—water.

Of all the earth's fresh water available for human purposes, approximately 70 percent is used for agriculture. As population increases, more crops will need to be grown with less water, making efficient irrigation crucial to the world's food supplies.

Most population growth is occurring in developing countries, where a shift toward urbanization and dietary improvements will put additional pressure on agriculture. Overall, the increase in demand is expected to amount to 1.5 percent per year through 2030.² While this growth in demand is less than the 2.2 percent experienced over the past 30 years, the implications for water-conserving irrigation technologies are apparent.

According to a report published by the Food and Agriculture Organization of the United Nations, by 2030, developing countries are expected to increase water withdrawals for irrigation by 14 percent.³ Yet, ground-water levels are falling by one to three meters per year.⁴

What Does This Mean for Valmont?

Water plays a critical role in food production. Irrigated farms have 50 to 200 percent higher yields for most crops, and mechanized irrigation equipment allows irrigators to reduce pumping by between 30 to 60 percent. Growing more food with less water to feed more people will be an ongoing challenge in the 21st century. Meeting this challenge will expand the markets for Valmont's mechanized irrigation systems.

Global Leverage at Work

Valmont is the world's largest manufacturer and distributor of mechanized irrigation equipment, with a worldwide dealer organization that serves producers around the world.

Our Valley® brand center pivot and linear irrigation equipment conserves water and reduces the burden on the world's fresh water supply by using less water.

Our global presence allows us to leverage our engineering capabilities, manufacturing resources, and distribution channels between manufacturing facilities. Our disciplined approach allows us to help producers around the world – from arid regions to the most fertile – increase yields with less water.

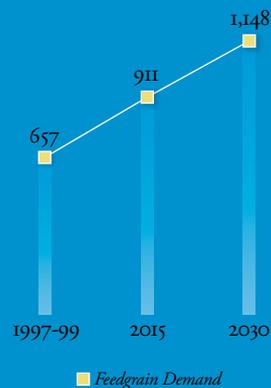
Valley's irrigation equipment and field support operate in virtually every part of the world, helping to meet the nutritional needs of the world's population today and well into the 21st century.

Mechanized irrigation technology designed to conserve water will be crucial, especially as developing countries strive to meet the nutritional needs of their people. Valmont's global presence will bring us continued opportunities to deliver water-saving irrigation solutions to new and developing markets as we apply continuous innovation to conserve resources and improve life around the world.



Better Diets Raise Global Feedgrain Demand

Metric Tons (Millions)



Global Water Consumption for Agriculture

km³

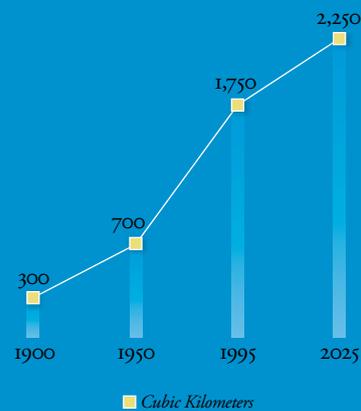


Chart sources can be found on page 36



Coatings Division

excelling to the finish

Year after year, the cost of corrosion places a major financial burden on society. In the United States alone, corrosion costs industry and government agencies an estimated **\$276 BILLION** annually.¹ The widely recognized need for better corrosion management sets the stage for Valmont's continued successful performance in the coatings market.

Growth Drivers at Work

According to the American Galvanizers Association, 3.1 million tons of steel were protected by hot-dip galvanizing in 2004. Still, the total annual estimated direct cost of corrosion in the U.S.—\$276 billion—represents approximately 3.1 percent of the nation's gross domestic product.²

These were the findings of a groundbreaking two-year study entitled, "Corrosion Costs and Preventive Strategies in the United States." The study, which was conducted from 1999 to 2001, was initiated by the National Association of Corrosion Engineers (NACE International), members of Congress and the Department of Transportation.

These numbers may, in part, be explained by looking at intensity of use per capita, a benchmark indicator for the galvanizing industry. Intensity of use relates demand to economic activity.

According to the American Galvanizers Association, intensity of use in the U.S. is 20.8 pounds per person. At 33 pounds per person, Europe's intensity of use is 59 percent higher, according to the European General Galvanizers Association.

What Does This Mean for Valmont?

While the staggering cost of corrosion in the U.S. indicates a need for better corrosion management, the disparity in intensity of use between the U.S. and Europe indicates that the U.S. hot-dip galvanizing market is far from mature.

These industry drivers will continue to provide further opportunities for Valmont to grow existing customer relationships and serve new markets.

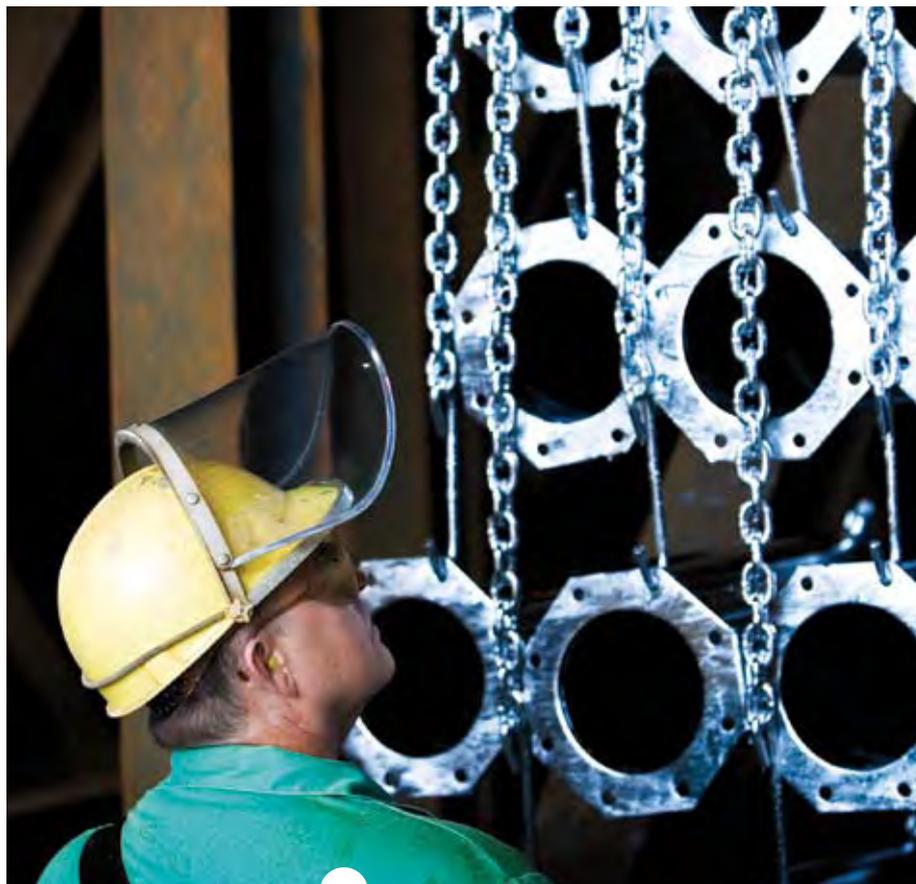
Global Leverage at Work

Water and salt are necessary for life. But when it comes to steel and aluminum products, these elements are detrimental. Thanks to the quality finishes provided by Valmont Coatings over the past 10 years, millions of pounds of metal products throughout North America have been protected from the elements and the corrosion they cause.

Valmont Coatings is one of the largest custom galvanizers in North America. Over the years, we have built upon our strengths to expand the scope of our coatings services. Our ability to leverage our engineering capacities, resources and skills between facilities has led to the development of quality processes for powder coating and anodizing.

From flashlights and skateboards to large steel poles and bridges, Valmont's surface finishes extend service life for products we often take for granted, but rely on every day.

Increasing demand for infrastructure will create further demand for protective coatings that provide sustainability and durability for metal products—and for Valmont Coatings' market share and performance.

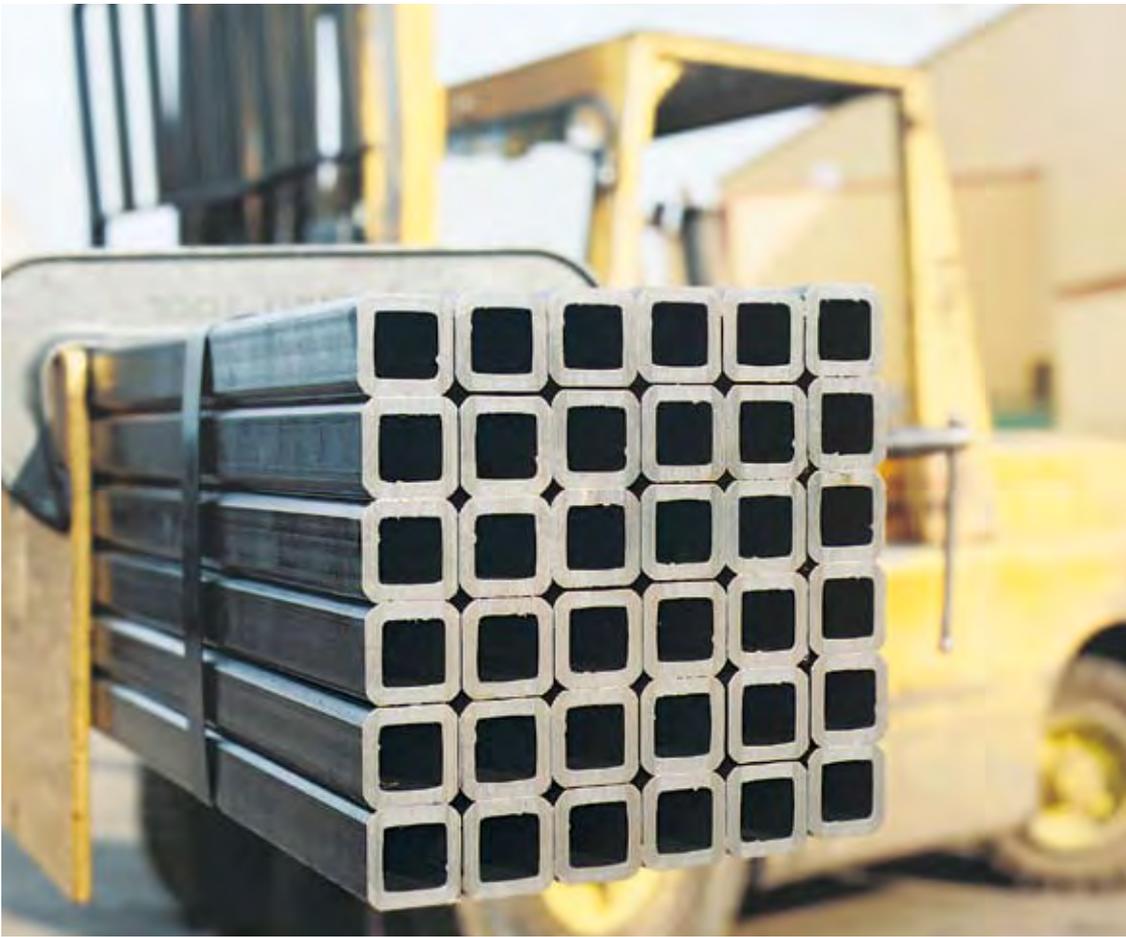


Tubing Division

delivering on demand

Constant innovation leading to new products, advanced engineering and novel applications delineates the steel tubing business as an **EVER-EVOLVING INDUSTRY**. It is one in which Valmont excels, delivering custom steel tubing products that meet the specific needs of our customers.





Growth Drivers at Work

Over the last five years, sales for Valmont's custom steel tubing products has increased over 20 percent. Much of our past and future successes can be attributed to engineering and product innovations that continue to generate new markets for our tubing products.

Further, the growth drivers at work for new and replacement infrastructures will continue to make their impact on the market for steel tubular products.

What Does This Mean for Valmont?

Our ability to meet the evolving demands for custom steel tubing products, combined with the increasing demands for infrastructures, will allow Valmont to continuously advance into new and specialized niche markets.

Global Leverage at Work

Valmont specializes in custom tubing, offering one of the widest selections of tubular steel products in the industry.

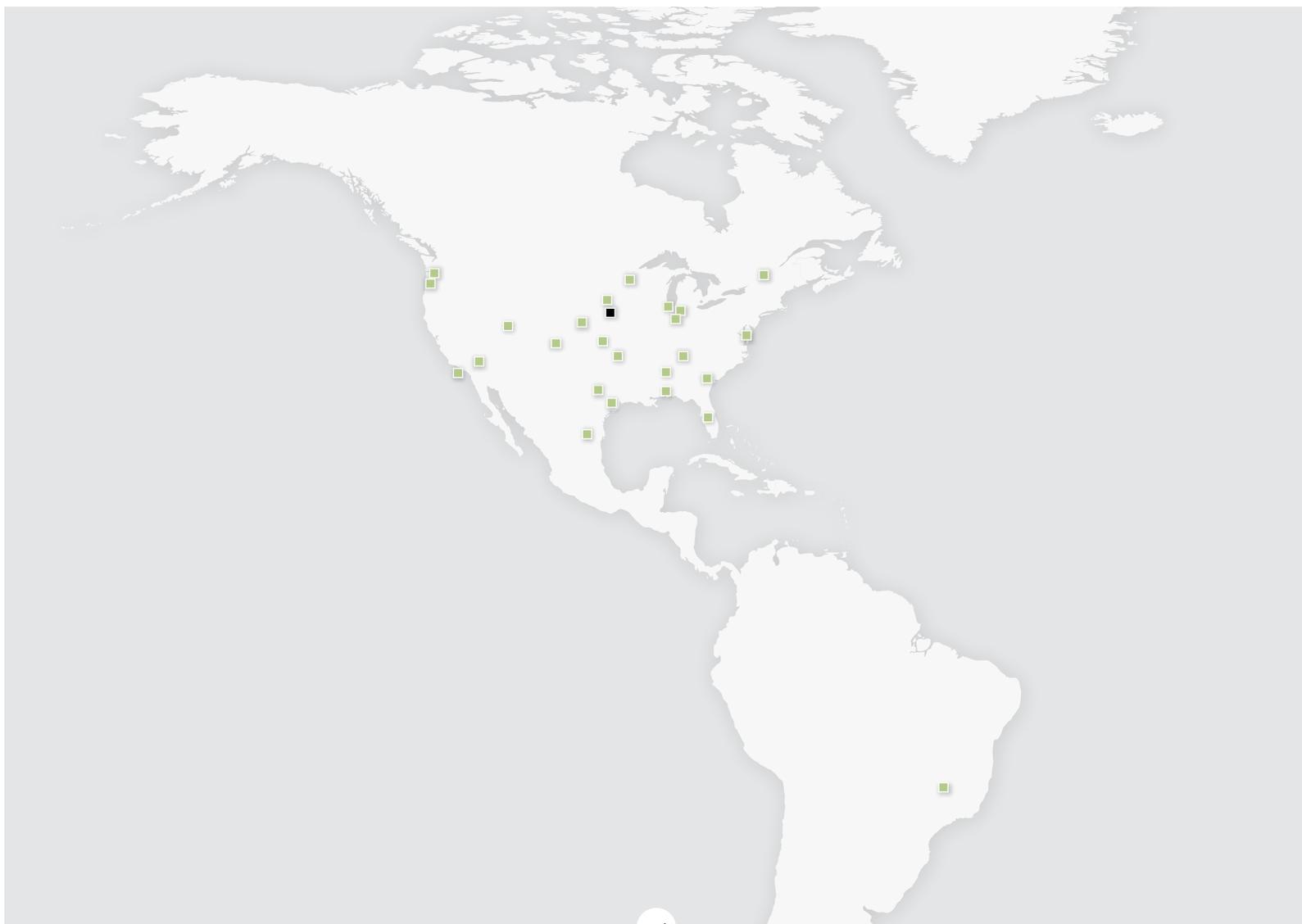
From round tubes to square, from rectangular to custom shapes, we provide specialized tubing in a variety of steel chemistries and finishes. Made to precise customer specifications, Valmont's tubing is sold into distribution and to original equipment manufacturers.

We apply decades of technology experience to deliver tubing products that are consistently on the cutting edge of quality. Our ability to leverage our resources allows us to share innovative solutions and maximize our engineering and manufacturing capacities between facilities.

As we move forward, the market drivers for Valmont's custom steel tubing products will continue to drive demand. The dynamic impact of infrastructure expansion, shifting agricultural markets, general steel consumption, new housing starts and the construction industries will place pressure on the steel tubing industry to continuously evolve. And as the industry evolves, greater opportunities will unfold that will allow Valmont to expand the depth and breadth of our markets.

global dedication

Throughout the world, our dedicated employees strive to make a difference. A difference at work, at home and in their communities.



Western Hemisphere

Albany, Oregon, USA

Cascade Earth Sciences

Barstow, California, USA

Concrete Poles

Bartow, Florida, USA

Concrete Poles

Bay Minette, Alabama, USA

Concrete Poles

Bellville, Texas, USA

Concrete Poles

Brenham, Texas, USA

Steel Poles

Chicago, Illinois, USA

Galvanizing

Claxton, Georgia, USA

Concrete Poles

Commerce City, Colorado, USA

Composite Poles

El Dorado, Kansas, USA

Steel Poles

Elkhart, Indiana, USA

Steel and Aluminum Poles

Farmington, Minnesota, USA

Aluminum Poles

Jasper, Tennessee, USA

Steel Poles

Lindon, Utah, USA

Galvanizing and Powder Coating

Long Beach, California, USA

Galvanizing

Los Angeles, California, USA

Anodizing and Powder Coating

Mansfield, Texas, USA

Steel Poles

McCook, Nebraska, USA

Irrigation Equipment

Minneapolis, Minnesota, USA

Anodizing, Powder Coating and E-coating

Omaha, Nebraska, USA

Corporate Headquarters

Plymouth, Indiana, USA

Wireless Communication Structures and Components and Specialty Structures

Salem, Oregon, USA

Wireless Communication Structures and Components and Specialty Structures

Selbyville, Delaware, USA

Specialty Structures

Sioux City, Iowa, USA

Galvanizing

Tualatin, Oregon, USA

Galvanizing

Tulsa, Oklahoma, USA

Steel Poles and Galvanizing

Tuscaloosa, Alabama, USA

Concrete Poles

Valley, Nebraska, USA

Irrigation Equipment, Steel Poles, Tubing and Galvanizing

Waverly, Nebraska, USA

Steel Tubing

West Point, Nebraska, USA

Galvanizing

Uberaba, Brazil

Irrigation Equipment

St. Julie, Quebec, Canada

Aluminum Poles

Monterrey, Mexico

Steel Poles

Eastern Hemisphere

Guangzhou, China

Steel Poles

Shanghai, China

Steel Poles

Charmeil, France

Steel Poles

Creuzier-le-neuf, France

Industrial Covers and Conveyers

Rive-de-gier, France

Aluminum Poles

Gelsenkirchen, Germany

Steel Poles

Berrechid, Morocco

Steel Poles

Maarheeze, The Netherlands

Steel Poles

Siedlce, Poland

Steel Poles

Johannesburg, South Africa

Irrigation Equipment

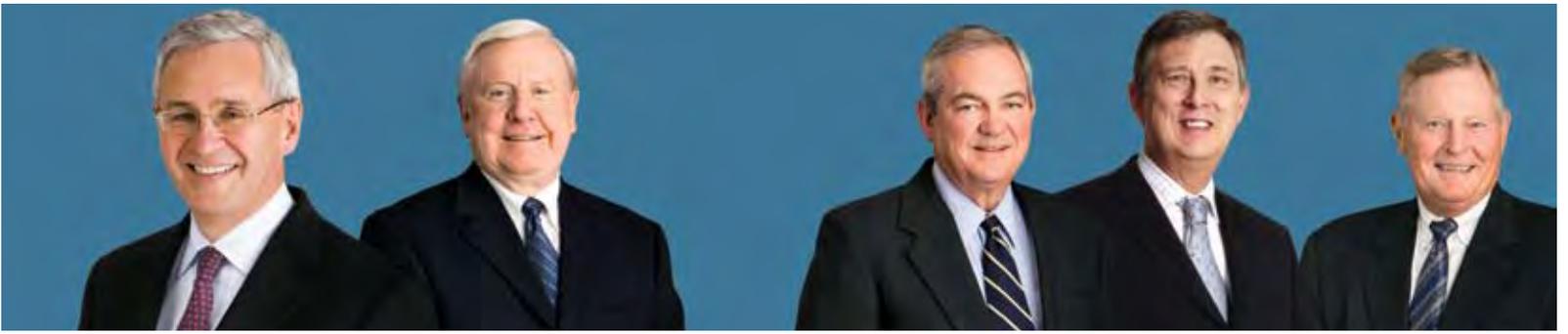
Madrid, Spain

Irrigation Equipment

Jebel Ali, U.A.E.

Irrigation Equipment





board of directors

MOGENS C. BAY
Chairman and
Chief Executive Officer
Valmont Industries, Inc.
Director Since 1993

THOMAS F. MADISON
Lead Director
President
MLM Partners
Director Since 1987

GLEN A. BARTON
Retired Chairman and
Chief Executive Officer
Caterpillar, Inc.
Director Since 2004

KAJ DEN DAAS
Chairman
Philips Lighting North America
Chief Executive Officer
BU Lamps North America
Executive Vice President
Philips Lighting B.V.
Director Since 2004

JOHN E. JONES
Retired Chairman,
President and
Chief Executive Officer
CBI Industries, Inc.
Director Since 1993

DR. STEPHEN R. LEWIS, JR.
President Emeritus and
Professor of Economics
Carleton College
Director Since 2002

DANIEL P. NEARY
Chairman and
Chief Executive Officer
Mutual of Omaha
Director Since 2005

CHARLES D. PEEBLER, JR.
Retired Chairman Emeritus
True North Communications, Inc.
Director Since 1999

WALTER SCOTT, JR.
Chairman
Level 3 Communications, Inc.
Director Since 1981

KENNETH E. STINSON
Chairman
Peter Kiewit Sons', Inc.
Director Since 1996

AUDIT COMMITTEE
Walter Scott, Jr., Chairman
John E. Jones
Daniel P. Neary
Charles D. Peebler, Jr.

COMPENSATION COMMITTEE
Thomas F. Madison, Chairman
Glen A. Barton
Dr. Stephen R. Lewis, Jr.
Charles D. Peebler, Jr.

**GOVERNANCE AND
NOMINATING COMMITTEE**
Thomas F. Madison, Chairman
Kaj den Daas
Dr. Stephen R. Lewis, Jr.

Top photo, from left to right | Mogens C. Bay, Thomas F. Madison, Glen A. Barton, Kaj den Daas and John E. Jones.

Bottom photo, from left to right | Dr. Stephen R. Lewis, Jr., Daniel P. Neary, Charles D. Peebler, Walter Scott, Jr. and Kenneth E. Stinson, Jr.

2006

financial and corporate information

SELECTED II-YEAR FINANCIAL SUMMARY

(Dollars in thousands, except per share amounts)

	2006	2005	2004	2003
OPERATING DATA				
Net sales	\$ 1,281,281	1,108,100	1,031,475	837,625
Operating income	110,085	82,863	70,112	54,623
Net earnings	61,544	39,079	26,881	25,487
Depreciation and amortization	\$ 36,541	39,392	38,460	34,597
Capital expenditures	27,898	35,119	17,182	17,679
Effective tax rate	32.0%	37.8%	36.0%	36.3%
PER SHARE DATA¹				
Earnings:				
Basic	\$ 2.44	1.61	1.13	1.07
Diluted	2.38	1.54	1.10	1.05
Cash dividends	0.370	0.335	0.320	0.315
INVESTED CAPITAL				
Total assets	\$ 892,310	802,042	843,351	613,022
Less: accounts payable	(103,319)	(90,674)	(77,222)	(71,481)
Less: accrued expenses	(79,699)	(67,869)	(66,506)	(55,856)
Less: dividends payable	(2,437)	(2,107)	(1,932)	(1,921)
Total invested capital	\$ 706,855	641,392	697,691	483,764
FINANCIAL POSITION				
Working capital	\$ 277,736	229,161	277,444	169,568
Property, plant and equipment, net	200,610	194,676	205,655	190,103
Total assets	892,310	802,042	843,351	613,022
Long-term debt, including current installments	221,137	232,340	322,775	149,662
Shareholders' equity	401,281	328,675	294,655	265,494
KEY FINANCIAL MEASURES²				
Return on beginning shareholders' equity	18.7%	13.3%	10.1%	10.5%
Return on invested capital	11.1%	7.7%	7.6%	7.4%
Long-term debt as a percent of invested capital	31.3%	36.2%	46.3%	30.9%
YEAR END DATA				
Shares outstanding (000) ¹	25,634	24,765	24,162	23,825
Approximate number of shareholders	5,600	5,700	5,600	5,400
Number of employees	5,684	5,336	5,542	5,074

	2002	2001	2000	1999	1998	1997	1996
	854,898	872,380	846,129	639,869	630,858	622,506	644,531
	70,289	65,021	67,256	50,176	47,752	61,990	36,644
	33,629	26,693	30,400	26,367	27,636	37,544	21,248
	33,942	36,324	30,270	21,949	19,843	16,437	14,832
	13,942	25,652	46,456	37,783	29,667	39,115	35,559
	36.5%	36.9%	36.3%	36.9%	36.5%	36.3%	35.6%
	1.40	1.10	1.31	1.09	1.04	1.36	0.78
	1.37	1.09	1.28	1.08	1.02	1.33	0.76
	0.290	0.260	0.260	0.260	0.250	0.220	0.190
	593,649	599,433	600,135	419,335	406,957	368,052	341,648
	(70,276)	(67,563)	(63,005)	(46,753)	(45,996)	(48,717)	(43,699)
	(69,828)	(58,042)	(56,005)	(49,962)	(41,646)	(47,380)	(52,678)
	(1,792)	(1,598)	(1,516)	(1,524)	(1,607)	(1,555)	(1,366)
	451,753	472,230	479,609	321,096	317,708	270,400	243,905
	154,112	145,550	145,575	98,588	99,466	94,416	81,403
	193,175	209,580	208,272	173,920	157,447	140,834	120,579
	593,649	599,433	600,135	419,335	406,957	368,052	341,648
	166,391	198,008	205,472	108,622	96,218	28,060	29,573
	242,020	225,811	191,911	170,488	175,913	207,102	175,231
	14.9%	13.9%	17.8%	15.0%	13.3%	21.4%	13.3%
	9.7%	8.6%	10.7%	9.9%	10.3%	15.4%	10.3%
	36.8%	41.9%	42.8%	33.8%	30.3%	10.4%	12.1%
	23,883	24,477	23,320	23,354	24,721	27,641	27,330
	5,500	5,500	5,500	5,500	5,500	5,400	4,400
	5,234	5,342	5,503	3,948	3,869	3,751	4,868

¹ Per share amounts and number of shares reflect the two-for-one stock split in 1997.

² Operating Income after tax is calculated as ((Operating income-(Operating income multiplied by the Effective tax rate)).
Return on beginning shareholders' equity is calculated as Net earnings divided by the prior year's ending Shareholders' equity.
Average invested capital is calculated as (prior year Invested capital plus current year Invested capital) divided by 2.
Return on invested capital is calculated as Operating income after-tax divided by the average invested capital.
Long-term debt as a percent of invested capital is calculated as Long-term debt, including current installments divided by Total invested capital.

The selected consolidated financial data set forth in the above table have been derived from the Company's consolidated financial statements. This data should be read in conjunction with, and are qualified by reference to, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K, and the Company's audited consolidated financial statements, including the notes thereto, and the other financial information included elsewhere in the Annual Report on Form 10-K filed with the Securities and Exchange Commission.

SEGMENT SUMMARY

(Dollars in millions, except per share amounts)

CONSOLIDATED

Net sales
Gross profit
as a percent of sales
SG&A expense
as a percent of sales
Operating income
as a percent of sales
Net interest expense
Effective tax rate
Net earnings
Earnings per share

ENGINEERED SUPPORT STRUCTURES SEGMENT

Net sales
Gross profit
SG&A expense
Operating income

UTILITY SUPPORT STRUCTURES SEGMENT

Net sales
Gross profit
SG&A expense
Operating income(loss)

COATINGS SEGMENT

Net sales
Gross profit
SG&A expense
Operating income

IRRIGATION SEGMENT

Net sales
Gross profit
SG&A expense
Operating income

TUBING SEGMENT

Net sales
Gross profit
SG&A expense
Operating income

OTHER

Net sales
Gross profit
SG&A expense
Operating loss

NET CORPORATE EXPENSE

Gross profit
SG&A expense
Operating loss

	2006	2005	CHANGE 2006-2005	2004	CHANGE 2005-2004
	\$ 1,281.3	\$ 1,108.1	15.6%	\$ 1,031.5	7.4%
	326.7	278.3	17.4%	245.9	13.2%
	25.5%	25.1%		23.8%	
	216.6	195.4	10.8%	175.8	11.1%
	16.9%	17.6%		17.0%	
	110.1	82.9	32.8%	70.1	18.3%
	8.6%	7.5%		6.8%	
	15.1	17.7	(14.7)%	14.7	20.4%
	32.0%	37.8%		36.0%	
	61.5	39.1	57.3%	26.9	45.4%
	2.38	1.54	54.5%	1.10	40.0%
	509.3	470.7	8.2%	402.0	17.1%
	136.0	127.2	6.9%	102.8	23.7%
	89.8	82.6	8.7%	71.2	16.0%
	46.2	44.6	3.6%	31.6	41.1%
	280.8	218.9	28.3%	175.3	24.9%
	62.9	48.6	29.4%	32.1	51.4%
	31.9	27.9	14.3%	25.0	11.6%
	31.0	20.7	49.8%	7.1	191.5%
	90.4	72.1	25.4%	73.5	(1.9)%
	29.5	17.6	67.6%	14.0	25.7%
	10.7	9.2	16.3%	9.8	(6.1)%
	18.8	8.4	123.8%	4.2	100.0%
	312.8	260.4	20.1%	297.8	(12.6)%
	73.9	61.0	21.1%	73.8	(17.3)%
	40.9	36.2	13.0%	38.3	(5.5)%
	33.0	24.8	33.1%	35.5	(30.1)%
	73.9	71.9	2.8%	68.7	4.7%
	20.4	20.6	(1.0)%	20.3	1.5%
	5.7	6.0	(5.0)%	6.9	(13.0)%
	14.7	14.6	0.7%	13.4	9.0%
	14.1	14.1	0.0%	14.2	(0.7)%
	4.6	4.3	7.0%	4.6	(6.5)%
	6.8	8.4	(19.0)%	7.4	13.5%
	(2.2)	(4.1)	46.3%	(2.8)	(46.4)%
	(0.7)	(1.0)	30.0%	(1.6)	37.5%
	30.6	25.1	21.9%	17.3	45.1%
	(31.4)	(26.1)	(20.3)%	(18.9)	(38.1)%

CORPORATE AND BUSINESS UNIT OFFICERS

Corporate Officers

MOGENS C. BAY
Chairman and
Chief Executive Officer

TERRY J. McCLAIN
Senior Vice President and
Chief Financial Officer

E. ROBERT MEANEY
Senior Vice President and
Corporate Secretary

STEVEN G. BRANSCOMBE
Vice President
Information Technology

MARK C. JAKSICH
Vice President
Corporate Controller

WALTER P. PASKO
Vice President
Procurement

MARK E. TREINEN
Vice President
Corporate Development
and Treasurer

Infrastructure

THOMAS D. SPEARS
Group President
North American Structures
and Coatings

RICHARD S. CORNISH
Vice President and
General Manager
Galvanizing Services

JOSEPH A. KERNER
Vice President and
General Manager
Specialty Structures

THOMAS F. SANDERSON
Vice President
Sales and Marketing
North American Structures

THOMAS J. SUTKO
Vice President
Operations
North American Structures

Utility Support Structures Division

EARL FOUST
President

WESLEY J. OLIPHANT
Vice President
Steel Business Units

DOUGLAS C. SHERMAN
Vice President
Market Development

Irrigation and Tubing

LEONARD M. ADAMS
Group President
North American Irrigation
and Tubing

JAMES L. BROWN
Vice President
North American Sales
Irrigation

International

VICTOR D. GRIZZLE
Group President
Valmont International

MICHAEL BANAT
Vice President
International Structure
Sales and Marketing

KLAVS GULDAGER
Vice President
Operations

BERNHARD L. KIEP
Vice President and
General Manager
International Irrigation

STÉPHANE DEVULDER
General Manager
Southern Europe

HUANG XIAO YONG
General Manager
China

CORPORATE AND STOCK INFORMATION

Corporate Headquarters

Valmont Industries, Inc.
One Valmont Plaza
Omaha, Nebraska 68154-5215 USA
Tel 1-402-963-1000
Fax 1-402-963-1198
Online valmont.com

Independent Public Accountants

Deloitte & Touche LLP
Omaha, Nebraska USA

Legal Counsel

McGrath North Mullin & Kratz, PC LLO
Omaha, Nebraska USA

Stock Transfer Agent and Registrar

Address Shareholder Inquiries to:
The Bank of New York
Shareholder Relations
Department, 11 E
P.O. Box 11258
Church Street Station
New York, NY 10285 USA
1-866-886-9962

Send Certificates for Transfer and Address Changes to:

The Bank of New York
Receive and Deliver Department
P.O. Box 11002
Church Street Station
New York, NY 10286 USA

Annual Meeting

The annual meeting of Valmont's
shareholders will be held at 2:00 p.m.
on Monday, April 23, 2007, at the Joslyn
Art Museum in Omaha, Nebraska USA.

VMI
LISTED
NYSE

Shareholder and Investor Relations

Valmont's common stock trades on the
New York Stock Exchange (NYSE) under
the symbol VMI.

We make available, free of charge through our Internet
Web site at 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 fur-
nished 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.

Valmont has filed the Chief Executive Officer and Chief
Financial Officer certifications required by Section 302 of
the Sarbanes-Oxley Act of 2002 as exhibits with the com-
pany's annual report or Form 10-K for the fiscal year ended
December 30, 2006.

We have also posted on our Web site our (1) Corporate
Governance Principles, (2) charter for the Audit Committee,
Compensation Committee, and Governance and Nominat-
ing Committee of the Board, (3) Code of Business Con-
duct, 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:

JEFFREY S. LAUDIN
Investor Relations Department
Valmont Industries, Inc.
One Valmont Plaza
Omaha, NE 68154 USA
Tel 1-402-963-1000
Fax 1-402-963-1198

Sources and Footnotes

Engineered Support Structures

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1. Bureau of Transportation Statistics. (2004). Public Road and Street Mileage in the United States by Type of Surface. Retrieved December 7, 2006, from http://www.bts.gov/publications/national_transportation_statistics/2004/html/table_01_04.html.
2. Organisation for Economic Co-Operation and Development. (2006). Infrastructure to 2030, Telecom, Land Transport and Electricity. Paris: OECD Publishing.

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3. The World Bank. (2001). Population Growth Rate. Retrieved January 10, 2007, from <http://www.worldbank.org/depweb/english/modules/social/pgpr/>.
4. Organisation for Economic Co-Operation and Development. (2006). Infrastructure to 2030, Telecom, Land Transport and Electricity. Paris: OECD Publishing.
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Chart (left): Global New Road Construction Requirements – Source: Organisation for Economic Co-Operation and Development. (2006). Infrastructure to 2030, Telecom, Land Transport and Electricity. Paris: OECD Publishing.

Chart (center): Global Estimated Average Annual Expenditure for Telecommunications Infrastructure – Source: Organisation for Economic Co-Operation and Development. (2006). Infrastructure to 2030, Telecom, Land Transport and Electricity. Paris: OECD Publishing.

Chart (right): Global Vehicle Ownership Forecast – Source: Organisation for Economic Co-Operation and Development. (2006). Infrastructure to 2030, Telecom, Land Transport and Electricity. Paris: OECD Publishing.

Utility Support Structures

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1. Organisation for Economic Co-Operation and Development (OECD)/ International Energy Agency (IEA). (2003). 30 Key Energy Trends in the IEA & Worldwide. Retrieved February 1, 2007, from http://www.iea.org/textbase/nppdf/free/2005/energy_trends.pdf.
2. Organisation for Economic Co-Operation and Development. (2006). Infrastructure to 2030, Telecom, Land Transport and Electricity. Paris: OECD Publishing.
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5. Organisation for Economic Co-Operation and Development. (2006). Infrastructure to 2030, Telecom, Land Transport and Electricity. Paris: OECD Publishing.

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Chart: Estimated Average Annual Global Electricity Infrastructure – Source: Organisation for Economic Co-Operation and Development. (2006). Infrastructure to 2030, Telecom, Land Transport and Electricity. Paris: OECD Publishing.

According to the OECD, these projections should not be interpreted as a forecast of how markets are likely to develop, but rather as a platform vision of how the global market may evolve.

Irrigation

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1. Food and Agriculture Organization of the United Nations. (2002). World Agriculture 2030: Main Findings. Retrieved February 5, 2007, from <http://www.fao.org/english/newsroom/news/2002/7833-en.html>.

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4. Food and Agriculture Organization of the United Nations. (2002). World Agriculture 2030: Main Findings. Retrieved February 5, 2007, from <http://www.fao.org/english/newsroom/news/2002/7833-en.html>.

Page 21

Chart (left): Better Diets Raise Global Feedgrain Demand – Source: Zhou, Zhang-Yue. (2004). Feed versus Food: The Future Challenge and Balance for Farming [Abstract]. Australasian Agribusiness Review, 12. Retrieved March 7, 2007, from <http://www.agrifood.info/AgriFood/Review/2004V12/Zhou.htm>.

Chart (right): Global Water Consumption for Agriculture – Source: Organisation for Economic Co-Operation and Development. (2006). Infrastructure to 2030, Telecom, Land Transport and Electricity. Paris: OECD Publishing.

Coatings

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1. NACE International. (2002). Corrosion Costs and Preventive Strategies in the United States. Retrieved February 8, 2007, from http://www.nace.org/nace/content/publicaffairs/cost_corr_pres/cost_corrosion_files/frame.htm.

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Photo Information

Page 3

The Centenary Highway looking toward the suburb of Jindalee in Brisbane, Australia. Getty Images.

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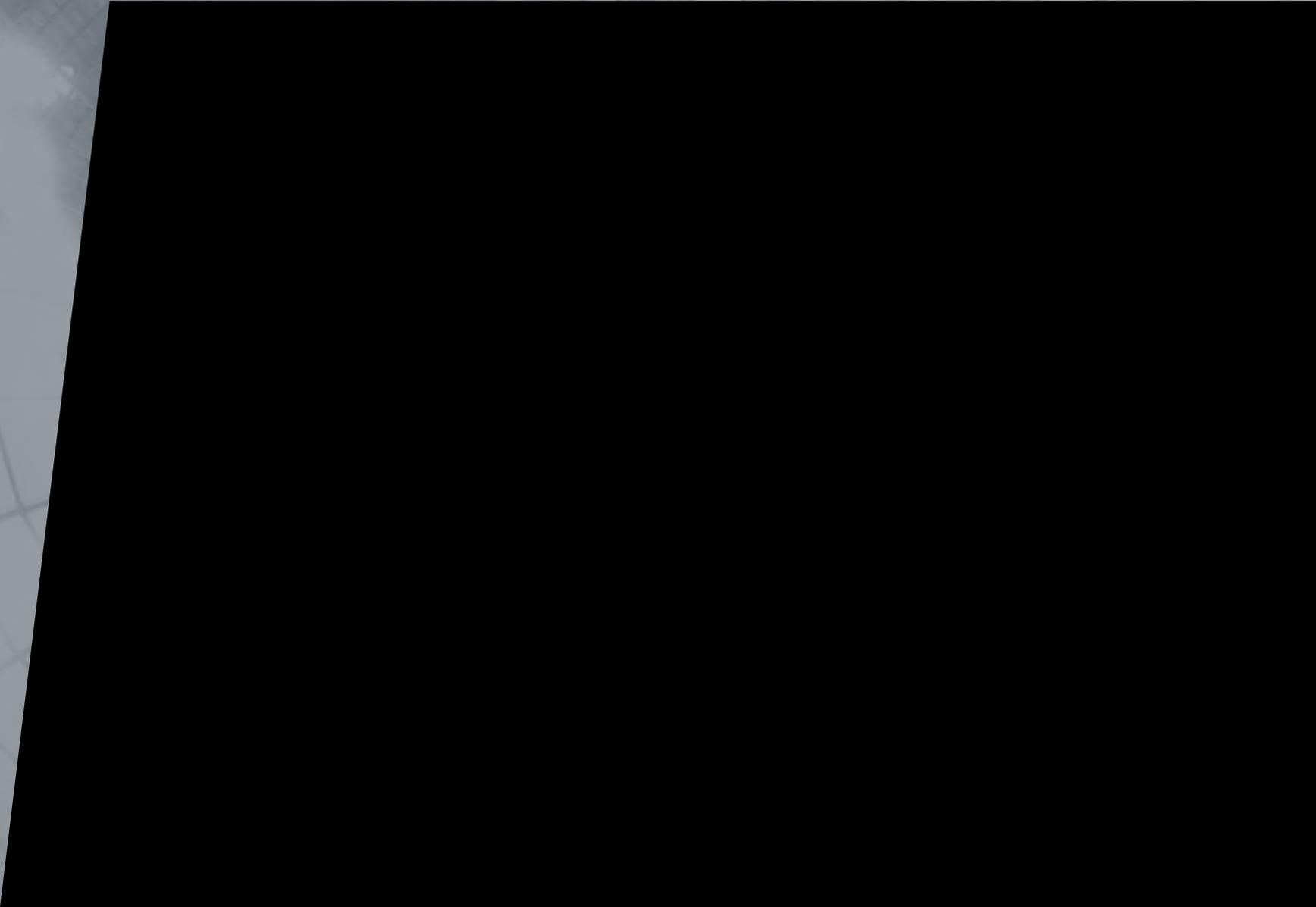
Los Angeles, California freeway traffic at dusk. Getty Images.

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Shanghai, China, Pudong skyline and Huangpu River at night. Oriental Pearl Tower and Jin Mao Tower. Getty Images.

Forward-Looking Statements

This report contains 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. The Company cautions that any forward-looking statements included in this report are made as of the date of this report.



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Conserving Resources. Improving Life.