

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 25, 1999  
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 0-3701

VALMONT INDUSTRIES, INC.

-----  
(Exact name if registrant as specified in its charter)

DELAWARE

47-0351813

-----  
State or other jurisdiction of Incorporation or organization (I.R.S. Employer Identification No.)

ONE VALMONT PLAZA, OMAHA, NEBRASKA

68154-5215

-----  
(Address of Principal Executive Offices)

-----  
(Zip Code)

Registrant's telephone number, including area code: (402) 963-1000

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

Title of each class  
COMMON STOCK \$1.00 PAR VALUE

NASDAQ (SYMBOL VALM)  
-----

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 twelve 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 ninety days. Yes  No  /

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.

At March 3, 2000 there were outstanding 23,316,298 common shares of the Company. The aggregate market value of the voting stock held by non-affiliates of the Company on March 3, 2000 was \$229,701,000.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's annual report to shareholders for the fiscal year ended December 25, 1999 (the "Annual Report") are incorporated by reference in Parts I and II, and portions of the Company's proxy statement for its annual meeting of shareholders to be held on April 26, 2000 (the "Proxy Statement") are incorporated by reference in Part III.

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VALMONT INDUSTRIES, INC.  
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 of the Securities and Exchange Act of 1934  
 For the Fiscal Year Ended December 25, 1999  
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PART I

ITEM 1. BUSINESS.

(A) GENERAL DESCRIPTION OF BUSINESS

Valmont Industries, Inc., a Delaware Corporation, was incorporated as a Nebraska corporation on March 8, 1946. Subsequently the Company changed its state of incorporation to be under the laws of Delaware in 1974 and together with its subsidiaries (the "Company" or "Valmont") is engaged in the Infrastructure and Irrigation businesses. The description of Valmont's businesses set forth on pages 8 through 25 of the Company's 1999 Annual Report is incorporated herein by reference. The Company entered the Irrigation market in 1953 from its manufacturing location in Valley, Nebraska. The Infrastructure segment began producing and marketing engineered metal structures in the early 1960's.

Valmont has grown internally and by acquisition and has also divested certain businesses. Valmont's business expansions during the past five years include (i) the acquisition of Microflect Company, Inc. in 1995, a manufacturer and installer of microwave communication structures, (ii) the 1996 acquisitions of TelecCentre, S.A., a French manufacturer of communication towers, and of Valmont Mastbau, KG, a German manufacturer and distributor of pole structures for the lighting market, (iii) the 1997 construction of a new galvanizing plant in West Point, Nebraska, (iv) the 1997 formation of a 70% owned joint venture with a Brazilian manufacturer of mechanized irrigation equipment, (v) the acquisition of two galvanizing facilities in Tualatin, Oregon and in Lindon, Utah in January of 1998, (vi) the expansion during 1998 of facilities in Siedlce, Poland, (vii) the acquisition during 1998 of two additional galvanizing facilities in Long Beach, California and Tulsa, Oklahoma and the purchase of Cascade Earth Sciences, Ltd., a firm providing consulting services for environmental and wastewater management projects headquartered in Albany, Oregon, (viii) investment in two retail irrigation outlets during 1999 in California and Colorado, (ix) the 1999 investment in an irrigation manufacturing facility in McCook, Nebraska and (x) the first quarter 2000 acquisitions of three coatings facilities and an aluminum pole manufacturing plant. Divestitures during the past five years include the January 1997 cash sale of the stock of Valmont Electric, Inc., a lighting ballast manufacturing business and the first quarter 1999 sale of stock of an investment in an irrigation technology development business.

(B) OPERATING SEGMENTS

During the first quarter of 1999 the Company reorganized its businesses on a worldwide product line basis. Accordingly the 1997 and 1998 segment information has been reclassified to conform to the 1999 presentation. The Company has two reportable segments:

**IRRIGATION:** This segment consists of the manufacture and distribution of agricultural irrigation equipment, tubular products and related parts and services; and

**INFRASTRUCTURE:** This segment includes the manufacture and distribution of engineered metal structures and coating services for the lighting, utility and wireless communications industries.

In addition to these two reportable segments, the Company has other businesses that individually are not more than 10% of consolidated sales. Amounts of revenues, operating income and total assets attributable to each Segment information for each of the last three years is set forth on page 49 of the Annual Report and incorporated herein by reference.

(C) NARRATIVE DESCRIPTION OF BUSINESS

PRINCIPAL PRODUCTS PRODUCED AND SERVICES RENDERED.

The information called for by this item is incorporated by reference to pages 8 through 25 in the Company's Annual Report.

SUPPLIERS AND AVAILABILITY OF RAW MATERIALS.

Hot rolled steel coil, zinc and other carbon steel products are the primary raw materials utilized in the manufacture of finished products for the Infrastructure and Irrigation segments. These essential items are purchased from steel mills, zinc producers and steel service centers and are readily available. It is not likely that key raw materials would be unavailable for extended periods.

PATENTS, LICENSES, FRANCHISES AND CONCESSIONS.

Valmont has a number of patents for its manufacturing machinery, poles and irrigation designs. The Company also has a number of registered trademarks. Management believes the loss of any individual patent would not have a material adverse effect on the financial condition of the Company.

SEASONAL FACTORS IN BUSINESS.

Sales can be somewhat seasonal based upon the agricultural growing season and the infrastructure construction season.

CUSTOMERS.

The Company is not dependent for a material part of its business upon a single customer, or upon very few customers, the loss of any one of which would have a material adverse effect on the financial condition of the Company.

BACKLOG.

The backlog of orders for the principal products manufactured and marketed was approximately \$129.9 million at the end of the 1999 fiscal year and \$106.3 million at the close of 1998. It is anticipated that most of the backlog of orders will be filled during fiscal year 2000. At year-end, the backlog by segment was as follows (dollar amounts in millions):

	DEC. 25, 1999	DEC. 26, 1998
	-----	-----
Infrastructure.....	\$100.2	79.8
Irrigation.....	23.1	21.1
Other.....	6.6	5.4
	-----	-----
	\$129.9	106.3
	=====	=====

COMPETITIVE CONDITIONS.

In the Infrastructure segment, Valmont is a major manufacturer and supplier of engineered metal structures to the lighting and traffic, utility and wireless communication industries and supplies custom coating services. The Irrigation segment involves the development, manufacture and distribution of mechanized irrigation equipment, tubular steel products and related products for both the U.S. and international markets. The Company manufactures and distributes pressure vessels, machine tool accessories and industrial fasteners. The Company has significant competitors in each of its industry segments. The key competitive strategy used by the Company in each segment is one of high quality and service.

RESEARCH ACTIVITIES.

The information called for by this item is incorporated by reference to the "Research and Development" on page 48 in the Company's Annual Report.

ENVIRONMENTAL DISCLOSURE.

The Company is subject to various federal, state and local laws and regulations pertaining to environmental protection and the discharge of materials into the environment. Although the Company continues to incur expenses and to make capital expenditures related to environmental protection, it does not anticipate that future expenditures will materially impact the financial condition of the Company.

NUMBER OF EMPLOYEES.

At December 25, 1999, the Company had 3,948 employees.

GEOGRAPHIC AREAS.

Valmont's international sales activity encompasses over one hundred foreign countries. The information called for by this item is incorporated by reference to "Summary by Geographical Area" on page 49 in the Annual Report.

ITEM 2. PROPERTIES

The Company's corporate headquarters are located in a leased facility in Omaha, Nebraska. The headquarters and principal operating locations of each business are set forth on the following list of "Valmont Locations." Some locations have shared facilities.

Most principal manufacturing facilities are held in fee. However, certain parcels of land and machinery and buildings are leased. A map depicting 27 plants can be found on pages 6 and 7 in the Annual Report.

VALMONT LOCATIONS

A. INFRASTRUCTURE SEGMENT

POLES DIVISION

Headquarters in Valley, Nebraska.

12 plants operated in Nebraska, Texas, Oklahoma, Indiana (all owned), Utah, Canada, France, the Netherlands, Germany, Poland and China (leased).

COMMUNICATION DIVISION

Headquarters at the Salem, Oregon facility which is leased.

Manufacturing capabilities located in Nebraska, Oregon, Texas, France (all owned), Brazil and China (both leased). Sales and engineering located in Nebraska (owned) and Oregon (leased).

COATINGS DIVISION

Headquarters in Valley, Nebraska.

Six processing facilities in California, Nebraska, Oklahoma, Oregon, and Utah. Facilities in Nebraska and Oklahoma are owned with real estate being leased at the other sites.

B. IRRIGATION SEGMENT

IRRIGATION SYSTEM AND PARTS DIVISION

Headquarters and sales offices in Valley, Nebraska.

Five manufacturing facilities in Nebraska, Spain, Brazil (leased facility) and South Africa (leased facility).

RETAIL DIVISION

Headquarters in Valley, Nebraska.

Three sales facilities leased in California, Colorado and Washington.

ENVIRONMENTAL ENGINEERING DIVISION

Headquarters in Albany, Oregon.

Eight offices providing water and soil management services in Idaho, Washington, Oregon (leased) and Nebraska (owned).

TUBING DIVISION

Headquartered in Valley, Nebraska.

One plant in Nebraska (owned).

C. OTHER

INDUSTRIAL PRODUCTS DIVISION

Headquarters in Valley, Nebraska.

Three manufacturing plants in Oklahoma (owned), Oregon and France (both leased).

ITEM 3. LEGAL PROCEEDINGS.

The Company is not a party to, nor is any of its property subject to, any material legal proceedings. The Company is from time to time engaged in routine litigation incidental to the business.

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 1999.

EXECUTIVE OFFICERS OF THE COMPANY

The executive officers of the Company at December 25, 1999, their ages, positions held, and the business experience of each during the past five years are, as follows:

Mogens C. Bay, Age 51, Chairman and Chief Executive Officer of the Company since January 1997. President and Chief Executive Officer of the Company from August 1993 to December 1996 and Director of the Company since October 1993.

Vincent T. Corso, Age 52, Senior Vice President and Chief Operating Officer of the Company since September of 1998. Group President and Chief Operating Officer--Irrigation & Coatings Group of the Company from December 1996 until September 1998. Vice President--Operations from June 1994 until December 1996.

Thomas P. Egan, Jr., Age 51, Vice President, Corporate Counsel and Secretary of the Company since 1984.

Terry J. McClain, Age 52, Senior Vice President and Chief Financial Officer since January 1997. Previously Vice President and Chief Financial Officer of the Company from January 1994 until December 1996.

E. Robert Meaney, Age 52, Senior Vice President--International since September 1998. President and Chief Operating Officer--Valmont International from February 1994 to September 1998.

Brian C. Stanley, Age 57, Vice President--Controller of the Company since January 1994.

Mark E. Treinen Age 44, Vice President--Business Development since January 1994.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS.

ITEM 6. SELECTED FINANCIAL DATA.

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

The information called for by items 5, 6 and 7 is incorporated by reference to the following captioned paragraphs (at the pages indicated) in the Company's Annual Report:

ITEM	CAPTION IN ANNUAL REPORT	PAGE(S) IN ANNUAL REPORT
5	Stock Trading.....	52
5	Stock Market Price and Dividends Declared.....	50
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5&6	Selected Eleven Year Financial Data.....	38 - 39
7	Management's Discussion and Analysis.....	33 - 37

7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information called for by item 7A is incorporated by reference to the captioned paragraph, "Risk Management", in the Company's Annual Report on Page 36.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The financial statements called for by this item are incorporated by reference to the Company's Annual Report as set forth on pages 40 through 49, together with the independent auditors' report on page 51. The supplemental quarterly financial information is incorporated herein by reference to page 50 of the Company's Annual Report

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

ITEM 11. EXECUTIVE COMPENSATION.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

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, 12 and 13 is incorporated by reference to the sections entitled "Certain Shareholders", "Election of Directors", "Summary Compensation Table", "Stock Option Grants in Fiscal Year 1999", "Options Exercised in Fiscal Year 1999 and Fiscal Year End Values", and "Long-Term Incentive Plans" in the Company's Proxy Statement.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) (1) (2) FINANCIAL STATEMENTS AND SCHEDULES.

See index to financial statements and schedules on page F-1.

(a) (3) EXHIBITS.

See exhibit index, incorporated herein by reference.

(b) REPORTS ON FORM 8-K.

The Company filed no reports on Form 8-K during the fiscal quarter ended December 25, 1999.

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

Index to Consolidated Financial Statements and Consolidated Financial Statement Schedules

Consolidated Financial Statements

The following consolidated financial statements of Valmont Industries, Inc. and subsidiaries have been incorporated by reference to pages 40 to 49 of the Company's Annual Report to Shareholders for the year ended December 25, 1999:

Independent Auditors' Report--Page 51 of the annual report.

Consolidated Balance Sheets--December 25, 1999 and December 26, 1998

Consolidated Statements of Operations--Three-Year Period Ended December 25, 1999

Consolidated Statements of Shareholders' Equity--Three-Year Period Ended December 25, 1999

Consolidated Statements of Cash Flows--Three-Year Period Ended December 25, 1999

Notes to Consolidated Financial Statements--Three-Year Period Ended December 25, 1999

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Consolidated Financial Statement Schedule Supporting Consolidated Financial Statement

SCHEDULE II--Valuation and Qualifying Accounts..... F-4

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.

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENT SCHEDULE

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

We have audited the consolidated financial statements of Valmont Industries, Inc. and Subsidiaries (the Company) as of December 25, 1999 and December 26, 1998, and for each of the three years in the period ended December 25, 1999, and have issued our report thereon dated February 4, 2000; such financial statements and report are included in your 1999 Annual Report to Shareholders and are incorporated herein by reference. Our audits also included the financial statement schedule of the Company listed in Item 14 of this Form 10-K. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. 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.

DELOITTE & TOUCHE LLP

Omaha, Nebraska  
February 4, 2000

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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 25, 1999				
Reserve deducted in balance sheet from the asset to which it applies--				
Allowance for doubtful receivables.....	\$3,421	1,136	1,354	3,203
	=====	=====	=====	=====
Fifty-three weeks ended December 26, 1998				
Reserve deducted in balance sheet from the asset to which it applies--				
Allowance for doubtful receivables.....	\$2,132	1,522	233	3,421
	=====	=====	=====	=====
Fifty-two weeks ended December 27, 1997				
Reserve deducted in balance sheet from the asset to which it applies--				
Allowance for doubtful receivables.....	\$2,299	194	361	2,132
	=====	=====	=====	=====

\* The deductions from reserves are net of recoveries.

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SIGNATURES

The Registrant. 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, in the City of Omaha, State of Nebraska, on the 15th day of March, 2000.

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 Valmont Industries, Inc. and in the capacities indicated on the dates indicated.

/s/ Mogens C. Bay ----- Mogens C. Bay	Director, President and Chief Executive Officer (Principal Executive Officer)	3/15/00 ----- Date
/s/ Terry J. McClain ----- Terry J. McClain	Vice President and Senior Chief Financial Officer (Principal Financial Officer)	3/15/00 ----- Date
/s/ Brian C. Stanley ----- Brian C. Stanley	Vice President and Controller (Principal Accounting Officer)	3/15/00 ----- Date

Robert B. Daugherty\*  
Charles M. Harper\*  
Walter Scott, Jr.\*  
Thomas F. Madison\*

John E. Jones \*  
Kenneth E. Stinson\*  
Bruce Rohde\*  
Charles D. Pebler, Jr.\*

\* Mogens C. Bay, by signing his name hereto, signs the Annual Report on behalf of each of the directors indicated on this 15th day of March, 2000. 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  
Attorney-in-Fact

INDEX TO EXHIBITS

This Exhibit Index relates to exhibits filed as a part of this Report. Numbers are assigned to exhibits in accordance with Item 601 of Regulation S-K.

Exhibit 3(i)	--	The Company's Certificate of Incorporation, as amended. This document was filed with the Company's Quarterly Report on Form 10-Q for the quarter ended March 28, 1998 and is incorporated herein by reference.
Exhibit 3(ii)	--	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 fiscal year ended December 26, 1998 and is incorporated herein by reference.
Exhibit 4(i)*	--	Rights Agreement dated as of December 19, 1995 between the Company and First National Bank of Omaha as Rights Agent, with Certificate of Adjustment.
Exhibit 4(ii)	--	The Company's Credit Agreement with The Bank of New York dated October 7, 1997 as amended. This document was filed as Exhibit 4(iii) with the Company's Annual Report on Form 10-K for fiscal year ended December 26, 1998 and is incorporated herein by reference.
Exhibit 4(iii)*	--	The Company's Credit Agreement with Prudential Insurance Company of America dated September 10, 1999.
Exhibit 10(i)	--	The Company's 1988 Stock Plan and certain amendments. This document was filed as Exhibit 10(a) with the Company's Annual Report on Form 10-K for fiscal year ended December 27, 1997 and is incorporated herein by reference.
Exhibit 10(ii)*	--	The Company's 1996 Stock Plan.
Exhibit 10(iii)	--	The Company's 1999 Stock Plan. This document was filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 27, 1999 and is incorporated herein by reference.
Exhibit 10(iv)*	--	The Valmont Executive Incentive Plan.
Exhibit 10(v)	--	The Amended Unfunded Deferred Compensation Plan for Nonemployee Directors. This document was filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 28, 1998 and is incorporated herein by reference.
Exhibit 13*	--	The Company's Annual Report to Shareholders for its fiscal year ended December 25, 1999.
Exhibit 21*	--	Subsidiaries of the Company.
Exhibit 23*	--	Consent of Deloitte and Touche LLP.
Exhibit 24*	--	Power of Attorney.
Exhibit 27*	--	Financial Data Schedule.

Pursuant to Item 601(b)(4) of Regulation S-K, certain instruments with respect to Valmont Industries' 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(i) through 10(v).

\* Filed herewith.

VALMONT INDUSTRIES, INC.  
and  
FIRST NATIONAL BANK OF OMAHA, as Rights Agent

RIGHTS AGREEMENT

Dated as of December 19, 1995

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RIGHTS AGREEMENT

Rights Agreement, dated as of December 19, 1995 ("Agreement"), between Valmont Industries, Inc., a Delaware corporation (the "Company"), and First National Bank of Omaha, as Rights Agent (the "Rights Agent").

The Board of Directors of the Company has authorized and declared a dividend of one preferred share purchase right (a "Right") for each share of Common Stock (as hereinafter defined) of the Company outstanding as of the Close of Business (as defined below) on January 8, 1996 (the "Record Date"), each Right representing the right to purchase one one-thousandth (subject to adjustment) of a share of Preferred Stock (as hereinafter defined), upon the terms and subject to the conditions herein set forth, and has further authorized and directed the issuance of one Right (subject to adjustment as provided herein) with respect to each share of Common Stock that shall become outstanding between the Record Date and the earlier of the Distribution Date and the Expiration Date (as such terms are hereinafter defined); provided, however, that Rights may be issued with respect to shares of Common Stock that shall become outstanding after the Distribution Date and prior to the Expiration Date in accordance with Section 22.

Accordingly, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

Section 1. Certain Definitions. For purposes of this Agreement, the following terms have the meaning indicated:

(a) "Acquiring Person" shall mean any Person (as such term is hereinafter defined) who or which shall be the Beneficial Owner (as such term is hereinafter defined) of 15% or more of the shares of Common Stock then outstanding, but shall not include an Exempt Person (as such term is hereinafter defined); provided, however, that (i) if the Board of Directors of the Company determines in good faith that a Person who would otherwise be an "Acquiring Person" became such inadvertently (including, without limitation, because (A) such Person was unaware that it beneficially owned a percentage of Common Stock that would otherwise cause such Person to be an "Acquiring Person" or (B) such Person was aware of the extent of its Beneficial Ownership of Common Stock but had no actual knowledge of the consequences of such Beneficial Ownership under this Agreement) and without any intention of changing or influencing control of the Company, and if such Person as promptly as practicable divested or divests itself of Beneficial Ownership of a sufficient number of shares of Common Stock so that such Person would no longer be an "Acquiring Person," then such Person shall not be deemed to be or to have become an "Acquiring Person" for any purposes of this Agreement; and (ii) if, as of the date hereof, any Person is the Beneficial Owner of a number of shares of Common Stock that would otherwise cause such Person to be an "Acquiring Person", such Person shall not be or become an "Acquiring Person" unless and until such time as such Person shall become the Beneficial Owner of additional shares of Common Stock (other than pursuant to a dividend or distribution paid or made by the Company on the outstanding Common Stock in shares of Common Stock or pursuant to a split or subdivision of the outstanding Common Stock), unless, upon becoming the Beneficial Owner of such additional shares of Common Stock, such Person is not then the Beneficial Owner of 15% or more of the shares of Common Stock then outstanding. No Person shall become an "Acquiring Person" as the result of an acquisition of shares of Common Stock by the Company which, by reducing the number of shares outstanding, increases the proportionate number of shares of Common Stock beneficially owned by such Person to 15% or more of the shares of Common Stock then outstanding, provided, however, that if a Person shall become the Beneficial Owner of 15% or more of the shares of Common Stock then outstanding by reason of such share acquisitions by the Company and shall thereafter become the Beneficial Owner of

any additional shares of Common Stock, then such Person shall be deemed to be an "Acquiring Person" unless upon becoming the Beneficial Owner of such additional shares of Common Stock such Person does not beneficially own 15% or more of the shares of Common Stock then outstanding. For all purposes of this Agreement, any calculation of the number of shares of Common Stock outstanding at any particular time, including for purposes of determining the particular percentage of such outstanding shares of Common Stock of which any Person is the Beneficial Owner, shall be made in accordance with the last sentence of Rule 13d-3(d)(1)(i) of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as in effect on the date hereof.

(b) "Affiliate" and "Associate" shall have the respective meanings scribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act, as in effect on the date hereof.

(c) A Person shall be deemed the "Beneficial Owner" of, shall be deemed to have "Beneficial Ownership" of and shall be deemed to "beneficially own" any securities:

(i) which such Person or any of such Person's Affiliates or is deemed to beneficially own, directly or indirectly, within the meaning of Rule 13d-3 of the General Rules and Regulations under the Exchange Act as in effect on the date hereof;

(ii) which such Person or any of such Person's Affiliates or Associates has (A) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a bona fide public offering of securities), or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, (x) securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase, (y) securities which such Person has a right to acquire upon the exercise of Rights at any time prior to the time that any Person becomes an Acquiring Person or (z) securities issuable upon the exercise of Rights from and after the time that any Person becomes an Acquiring Person if such Rights were acquired by such Person or any of such Person's Affiliates or Associates prior to the Distribution Date or pursuant to Section 3(a) or Section 22 hereof ("Original Rights") or pursuant to Section 11(i) or Section 11(n) with respect to an adjustment to Original Rights; or (B) the right to vote pursuant to any agreement, arrangement or understanding; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, any security by reason of such agreement, arrangement or understanding if the agreement, arrangement or understanding to vote such security (1) arises solely from a revocable proxy or consent given to such Person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations promulgated under the Exchange Act and (2) is not also then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report); or

(iii) which are beneficially owned, directly or indirectly, by any other Person and with respect to which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a bona fide public offering of securities) for the purpose of acquiring, holding, voting (except to the extent contemplated by the proviso to Section 1(c)(ii)(B)) or disposing of such securities of the Company; provided, however, that no Person who is an officer, director or employee of an Exempt Person shall be deemed, solely by reason of such Person's status or authority as such, to be the "Beneficial Owner" of, to have "Beneficial

Ownership" of or to "beneficially own" any securities that are "beneficially owned" (as defined in this Section 1(c)), including, without limitation, in a fiduciary capacity, by an Exempt Person or by any other such officer, director or employee of an Exempt Person.

(d) "Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of Nebraska or the city in which the principal office of the Rights Agent is located are authorized or obligated by law or executive order to close.

(e) "Close of Business" on any given date shall mean 5:00 P.M., Omaha, Nebraska time, on such date; provided, however, that if such date is not a Business Day it shall mean 5:00 P.M., Omaha, Nebraska time, on the next succeeding Business Day.

(f) "Common Stock" when used with reference to the Company shall mean the Common Stock, presently par value \$1.00 per share, of the Company.

"Common Stock" when used with reference to any Person that the Company shall mean the common stock (or, in the case of an unincorporated entity, the equivalent equity interest) with the greatest voting power of such other Person or, if such other Person is a subsidiary of another Person, the Person or Persons which ultimately control such first-mentioned Person.

(g) "Common Stock Equivalents" shall have the meaning set forth in Section 11(a) (iii) hereof.

(h) "Current Value" shall have the meaning set forth in Section 11(a) (iii) hereof.

(i) "Distribution Date" shall have the meaning set forth in Section 3 hereof.

(j) "Equivalent Preferred Shares" shall have the meaning set forth in Section 11(b) hereof.

(k) "Exempt Person" shall mean (i) the Company or any Subsidiary (as such term is hereinafter defined) of the Company, in each case including, without limitation, in its fiduciary capacity, or any employee benefit plan of the Company or of any Subsidiary of the Company, or any entity or trustee holding Common Stock for or pursuant to the terms of any such plan or for the purpose of funding any such plan or funding other employee benefits for employees of the Company or of any Subsidiary of the Company, and (ii) any Grandfathered Person. A Grandfathered Person shall be:

(i) Robert B. Daugherty, his spouse and his children (such persons collectively defined as the "Daugherty Family Members");

(ii) any trust previously established by a Daugherty Family Member, any estate of, or the executor or administrator of any estate of, or any guardian or custodian for, a Daugherty Family Member who dies after the date of this Agreement (such trusts, estates, executors, administrators or guardians or custodians collectively defined as the "Daugherty Family Entities"), or any trust established after the date hereof by one or more Daugherty Family Members or Daugherty Family Entities, provided that one or more Daugherty Family Members or Daugherty Family Entities, collectively, are the beneficiaries of at least 80% of the actuarially-determined beneficial interests in such estate or trust;

(iii) any charitable organization which qualifies as an exempt organization under Section 501(c) of the Internal Revenue Code of 1986, as amended ("Charitable Organization") which is established by one or more

Daugherty Family Members or Daugherty Family Entities (a "Daugherty Family Charitable Organization"); and

(iv) any corporation, partnership or other entity of which at least 80% of the voting power and at least 80% of the equity interest is held, directly or indirectly, by or for the benefit of one or more Daugherty Family Members, Daugherty Family Entities, or Daugherty Family Charitable Organizations;

provided, however, that a Grandfathered Person shall cease to be a Grandfathered Person at the time that (i) all or any part of its interest in the Common Stock becomes reportable on a Schedule 13D under the Securities Exchange Act of 1934, as amended (or any comparable or successor report) as part of a "group" (as such term is defined or used under Rule 13d-5(b) of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended) which beneficially owns, directly or indirectly, 15% or more of the then outstanding Common Shares and includes one or more persons (including any Affiliate or Associate thereof) who (A) are not Grandfathered Persons and (B) individually or in the aggregate beneficially own, directly or indirectly, in excess of 1% of the then outstanding Common Stock or (ii) the Grandfathered Persons in the aggregate beneficially own 35% or more of the then outstanding Common Shares unless such ownership threshold is exceeded as a result of the acquisition of shares of Common Stock by the Company which, by reducing the number of shares outstanding, increases the proportionate number of shares of Common Stock beneficially owned by such Grandfathered Persons in the aggregate to 35% or more of the shares of Common Stock then outstanding, provided, however, that if the Grandfathered Persons in the aggregate shall become the Beneficial Owners of 35% or more of the shares of Common Stock then outstanding by reason of such share acquisitions by the Company and shall thereafter in the aggregate become the Beneficial Owners of any additional shares of Common Stock, then each such Grandfathered Person shall cease to be a Grandfathered Person, unless upon becoming in the aggregate the Beneficial Owners of such additional shares of Common Stock (other than pursuant to a dividend or distribution paid or made by the Company on the outstanding Common Stock in shares of Common Stock or pursuant to a split or subdivision of the outstanding Common Stock), the Grandfathered Persons in the aggregate do not beneficially own 35% or more of the shares of Common Stock then outstanding.

(l) "Exchange Ratio" shall have the meaning set forth in Section 24 hereof.

(m) "Expiration Date" shall have the meaning set forth in Section 7 hereof.

(n) "Flip-In Event" shall have the meaning set forth in Section 11(a) (ii) hereof.

(o) "Final Expiration Date" shall have the meaning set forth in Section 7 hereof.

(p) "NASDAQ" shall mean The NASDAQ Stock Market.

(q) "New York Stock Exchange" shall mean the New York Stock Exchange, Inc.

(r) "Person" shall mean any individual, firm, corporation, partnership, limited liability company, trust or other entity, and shall include any successor (by merger or otherwise) to such entity.

(s) "Preferred Stock" shall mean the Series A Junior Participating Preferred Stock, par value \$1.00 per share, of the Company having the rights and preferences set forth in the Form of Certificate of Designation attached to this Rights Agreement as Exhibit A.

(t) "Principal Party" shall have the meaning set forth in Section 13(b) hereof.

(u) "Redemption Date" shall have the meaning set forth in Section 7 hereof.

(v) "Redemption Price" shall have the meaning set forth in Section 23 hereof.

(w) "Right Certificate" shall have the meaning set forth in Section 3 hereof.

(x) "Securities Act" shall mean the Securities Act of 1933, as amended.

(y) "Section 11(a)(ii) Trigger Date" shall have the meaning set forth in Section 11(a)(iii) hereof.

(z) "Spread" shall have the meaning set forth in Section 11(a)(iii) hereof.

(aa) "Stock Acquisition Date" shall mean the first date of public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to Section 13(d) of the Exchange Act) by the Company or an Acquiring Person that an Acquiring Person has become such, or such earlier date as a majority of the Board of Directors shall become aware of the existence of an Acquiring Person.

(bb) "Subsidiary" of any Person shall mean any corporation or other entity of which securities or other ownership interests having ordinary voting power sufficient to elect a majority of the board of directors or other persons performing similar functions are beneficially owned, directly or indirectly, by such Person, and any corporation or other entity that is otherwise controlled by such Person.

(cc) "Substitution Period" shall have the meaning set forth in Section 11(a)(iii) hereof.

(dd) "Summary of Rights" shall have the meaning set forth in Section 3 hereof.

(ee) "Trading Day" shall have the meaning set forth in Section 11(d)(i) hereof.

Section 2. Appointment of Rights Agent. The Company hereby appoints the Rights Agent to act as agent for the Company and the holders of the Rights (who, in accordance with Section 3 hereof, shall prior to the Distribution Date be the holders of Common Stock) in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint such co-Rights Agents as it may deem necessary or desirable.

### Section 3. Issue of Right Certificates.

(a) Until the Close of Business on the earlier of (i) the tenth day after the Stock Acquisition Date or (ii) the tenth Business Day (or such later date as may be determined by action of the Board of Directors prior to such time as any Person becomes an Acquiring Person) after the date of the commencement by any Person (other than an Exempt Person) of, or of the first public announcement of the intention of such Person (other than an Exempt Person) to commence, a tender or exchange offer the consummation of which would result in any Person (other than an Exempt Person) becoming the Beneficial Owner of shares of Common Stock aggregating 15% or more of the Common Stock then outstanding (including any such date which is after the date of this Agreement

and prior to the issuance of the Rights; the earlier of such dates being herein referred to as the "Distribution Date"), (x) the Rights will be evidenced (subject to the provisions of Section 3(b) hereof) by the certificates for Common Stock registered in the names of the holders thereof and not by separate Right Certificates, and (y) the Rights will be transferable only in connection with the transfer of Common Stock. As soon as practicable after the Distribution Date, the Company will prepare and execute, the Rights Agent will countersign and the Company will send or cause to be sent (and the Rights Agent will, if requested, send) by first-class, insured, postage-prepaid mail, to each record holder of Common Stock as of the close of business on the Distribution Date (other than any Acquiring Person or any Associate or Affiliate of an Acquiring Person), at the address of such holder shown on the records of the Company, a Right Certificate, in substantially the form of Exhibit B hereto (a "Right Certificate"), evidencing one Right (subject to adjustment as provided herein) for each share of Common Stock so held. As of the Distribution Date, the Rights will be evidenced solely by such Right Certificates.

(b) On the Record Date, or as soon as practicable thereafter, the Company will send a copy of a Summary of Rights to Purchase Shares of Preferred Stock, in substantially the form of Exhibit C hereto (the "Summary of Rights"), by first-class, postage-prepaid mail, to each record holder of Common Stock as of the Close of Business on the Record Date (other than any Acquiring Person or any Associate or Affiliate of any Acquiring Person), at the address of such holder shown on the records of the Company. With respect to certificates for Common Stock outstanding as of the Record Date, until the Distribution Date, the Rights will be evidenced by such certificates registered in the names of the holders thereof together with the Summary of Rights. Until the Distribution Date (or, if earlier, the Expiration Date), the surrender for transfer of any certificate for Common Stock outstanding on the Record Date, with or without a copy of the Summary of Rights, shall also constitute the transfer of the Rights associated with the Common Stock represented thereby.

(c) Certificates issued for Common Stock (including, without limitation, upon transfer of outstanding Common Stock, disposition of Common Stock out of treasury stock or issuance or reissuance of Common Stock out of authorized but unissued shares) after the Record Date but prior to the earlier of the Distribution Date and the Expiration Date shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

This certificate also evidences and entitles the holder hereof to certain rights as set forth in a Rights Agreement between Valmont Industries, Inc. and First National Bank of Omaha, as Rights Agent, dated as of December 19, 1995 as the same may be amended from time to time (the "Rights Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of Valmont Industries, Inc. Under certain circumstances, as set forth in the Rights Agreement, such Rights will be evidenced by separate certificates and will no longer be evidenced by this certificate. Valmont Industries, Inc. will mail to the holder of this certificate a copy of the Rights Agreement without charge after receipt of a written request therefor. Under certain circumstances, as set forth in the Rights Agreement, Rights owned by or transferred to any Person who is or becomes an Acquiring Person (as defined in the Rights Agreement) and certain transferees thereof will become null and void and will no longer be transferable.

With respect to such certificates containing the foregoing legend, until the Distribution Date the Rights associated with the Common Stock represented by such certificates shall be evidenced by such certificates alone, and the surrender for transfer of any such certificate, except as otherwise provided

herein, shall also constitute the transfer of the Rights associated with the Common Stock represented thereby. In the event that the Company purchases or otherwise acquires any Common Stock after the Record Date but prior to the Distribution Date, any Rights associated with such Common Stock shall be deemed canceled and retired so that the Company shall not be entitled to exercise any Rights associated with the Common Stock which are no longer outstanding.

Notwithstanding this paragraph (c), the omission of a legend shall not affect the enforceability of any part of this Agreement or the rights of any holder of the Rights.

Section 4. Form of Right Certificates. The Right Certificates (and the forms of election to purchase shares and of assignment to be printed on the reverse thereof) shall be substantially in the form set forth in Exhibit B hereto and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any applicable law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange or interdealer quotation system on which the Rights may from time to time be listed or quoted, or to conform to usage. Subject to the provisions of Sections 11, 13 and 22 hereof, the Right Certificates shall entitle the holders thereof to purchase such number of one one-thousandths of a share of Preferred Stock as shall be set forth therein at the price per one one-thousandth of a share of Preferred Stock set forth therein (the "Purchase Price"), but the number of such one one-thousandths of a share of Preferred Stock and the Purchase Price shall be subject to adjustment as provided herein.

#### Section 5. Countersignature and Registration.

(a) The Right Certificates shall be executed on behalf of the Company by the Chief Executive Officer of the Company, either manually or by facsimile signature, shall have affixed thereto the Company's seal or a facsimile thereof and shall be attested by the Secretary of the Company, either manually or by facsimile signature. The Right Certificates shall be manually countersigned by the Rights Agent and shall not be valid for any purpose unless countersigned. In case any officer of the Company who shall have signed any of the Right Certificates shall cease to be such officer of the Company before countersignature by the Rights Agent and issuance and delivery by the Company, such Right Certificates, nevertheless, may be countersigned by the Rights Agent and issued and delivered by the Company with the same force and effect as though the Person who signed such Right Certificates had not ceased to be such officer of the Company; and any Right Certificate may be signed on behalf of the Company by any Person who, at the actual date of the execution of such Right Certificate, shall be a proper officer of the Company to sign such Right Certificate, although at the date of the execution of this Agreement any such Person was not such an officer.

(b) Following the Distribution Date, the Rights Agent will keep or cause to be kept, at an office or agency designated for such purpose, books for registration and transfer of the Right Certificates issued hereunder. Such books shall show the names and addresses of the respective holders of the Right Certificates, the number of Rights evidenced on its face by each of the Right Certificates and the date of each of the Right Certificates.

#### Section 6. Transfer, Split Up, Combination and Exchange of Right Certificates; Mutilated, Destroyed, Lost or Stolen Right Certificates.

(a) Subject to the provisions of Sections 7(e), 11(a)(ii) and 14 hereof, at any time after the Distribution Date and prior to the Expiration Date, any Right Certificate or Right Certificates may be transferred, split up, combined or exchanged for another Right Certificate or Right Certificates, entitling the registered holder to purchase a like number of one one-thousandths of a

share of Preferred Stock as the Right Certificate or Right Certificates surrendered then entitled such holder to purchase. Any registered holder desiring to transfer, split up, combine or exchange any Right Certificate or Right Certificates shall make such request in writing delivered to the Rights Agent, and shall surrender the Right Certificate or Right Certificates to be transferred, split up, combined or exchanged at the office or agency of the Rights Agent designated for such purpose. Thereupon the Rights Agent shall countersign and deliver to the Person entitled thereto a Right Certificate or Right Certificates, as the case may be, as so requested. The Company may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer, split up, combination or exchange of Right Certificates.

(b) Subject to the provisions of Section 11(a)(ii) hereof, at any time after the Distribution Date and prior to the Expiration Date, upon receipt by the Company and the Rights Agent of evidence reasonably satisfactory to them of the loss, theft, destruction or mutilation of a Right Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to them, and, at the Company's request, reimbursement to the Company and the Rights Agent of all reasonable expenses incidental thereto, and upon surrender to the Rights Agent and cancellation of the Right Certificate if mutilated, the Company will make and deliver a new Right Certificate of like tenor to the Rights Agent for delivery to the registered holder in lieu of the Right Certificate so lost, stolen, destroyed or mutilated.

#### Section 7. Exercise of Rights, Purchase Price; Expiration Date of Rights.

(a) Except as otherwise provided herein, the Rights shall become exercisable on the Distribution Date, and thereafter the registered holder of any Right Certificate may, subject to Section 11(a)(ii) hereof and except as otherwise provided herein, exercise the Rights evidenced thereby in whole or in part upon surrender of the Right Certificate, with the form of election to purchase on the reverse side thereof duly executed, to the Rights Agent at the office or agency of the Rights Agent designated for such purpose, together with payment of the aggregate Purchase Price with respect to the total number of one one-thousandths of a share of Preferred Stock (or other securities, cash or other assets, as the case may be) as to which the Rights are exercised, at any time which is both after the Distribution Date and prior to the time (the "Expiration Date") that is the earliest of (i) the Close of Business on December 19, 2005 (the "Final Expiration Date"), (ii) the time at which the Rights are redeemed as provided in Section 23 hereof (the "Redemption Date") or (iii) the time at which such Rights are exchanged as provided in Section 24 hereof.

(b) The Purchase Price shall be initially \$100.00 for each one one-thousandth of a share of Preferred Stock purchasable upon the exercise of a Right. The Purchase Price and the number of one one-thousandths of a share of Preferred Stock or other securities or property to be acquired upon exercise of a Right shall be subject to adjustment from time to time as provided in Sections 11 and 13 hereof and shall be payable in lawful money of the United States of America in accordance with paragraph (c) of this Section 7.

(c) Except as otherwise provided herein, upon receipt of a Right Certificate representing exercisable Rights, with the form of election to purchase duly executed, accompanied by payment of the aggregate Purchase Price for the shares of Preferred Stock to be purchased and an amount equal to any applicable transfer tax required to be paid by the holder of such Right Certificate in accordance with Section 9 hereof, in cash or by certified check, cashier's check or money order payable to the order of the Company, the Rights Agent shall thereupon promptly (i) (A) requisition from any transfer agent of the Preferred Stock certificates for the number of shares of Preferred Stock to be purchased and the Company hereby irrevocably authorizes its transfer agent to comply with all such requests, or (B) requisition from the depository agent

depository receipts representing interests in such number of one one-thousandths of a share of Preferred Stock as are to be purchased (in which case certificates for the Preferred Stock represented by such receipts shall be deposited by the transfer agent with the depository agent) and the Company hereby directs the depository agent to comply with such request, (ii) when appropriate, requisition from the Company the amount of cash to be paid in lieu of issuance of fractional shares in accordance with Section 14 hereof, (iii) promptly after receipt of such certificates or depository receipts, cause the same to be delivered to or upon the order of the registered holder of such Right Certificate, registered in such name or names as may be designated by such holder and (iv) when appropriate, after receipt, promptly deliver such cash to or upon the order of the registered holder of such Right Certificate.

(d) Except as otherwise provided herein, in case the registered holder of any Right Certificate shall exercise less than all of the Rights evidenced thereby, a new Right Certificate evidencing Rights equivalent to the exercisable Rights remaining unexercised shall be issued by the Rights Agent to the registered holder of such Right Certificate or to his duly authorized assigns, subject to the provisions of Section 14 hereof.

(e) Notwithstanding anything in this Agreement to the contrary, neither the Rights Agent nor the Company shall be obligated to undertake any action with respect to a registered holder of Rights upon the occurrence of any purported transfer or exercise of Rights pursuant to Section 6 hereof or this Section 7 unless such registered holder shall have (i) completed and signed the certificate contained in the form of assignment or form of election to purchase set forth on the reverse side of the Rights Certificate surrendered for such transfer or exercise and (ii) provided such additional evidence of the identity of the Beneficial Owner (or former Beneficial Owner) thereof as the Company shall reasonably request.

Section 8. Cancellation and Destruction of Right Certificates. All Right Certificates surrendered for the purpose of exercise, transfer, split up, combination or exchange shall, if surrendered to the Company or to any of its agents, be delivered to the Rights Agent for cancellation or in canceled form, or, if surrendered to the Rights Agent, shall be canceled by it, and no Right Certificates shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Agreement. The Company shall deliver to the Rights Agent for cancellation and retirement, and the Rights Agent shall so cancel and retire, any other Right Certificate purchased or acquired by the Company otherwise than upon the exercise thereof. The Rights Agent shall deliver all canceled Right Certificates to the Company, or shall, at the written request of the Company, destroy such canceled Right Certificates, and in such case shall deliver a certificate of destruction thereof to the Company.

#### Section 9. Availability of Shares of Preferred Stock.

(a) The Company covenants and agrees that it will cause to be reserved and kept available out of its authorized and unissued shares of Preferred Stock or any shares of Preferred Stock held in its treasury, the number of shares of Preferred Stock that will be sufficient to permit the exercise in full of all outstanding Rights.

(b) So long as the shares of Preferred Stock (and, following the time that any Person becomes an Acquiring Person, shares of Common Stock and other securities) issuable upon the exercise of Rights may be listed or admitted to trading on any national securities exchange, or quoted on NASDAQ, the Company shall use its best efforts to cause, from and after such time as the Rights become exercisable, all shares reserved for such issuance to be listed or admitted to trading on such exchange, or quoted on NASDAQ, upon official notice of issuance upon such exercise.

(c) From and after such time as the Rights become exercisable, the Company shall use its best efforts, if then necessary to permit the issuance of shares of Preferred Stock (and, following the time that any Person becomes an Acquiring Person, shares of Common Stock and other securities) upon the exercise of Rights, to register and qualify such shares of Preferred Stock (and, following the time that any Person becomes an Acquiring Person, shares of Common Stock and other securities) under the Securities Act and any applicable state securities or "Blue Sky" laws (to the extent exemptions therefrom are not available), cause such registration statement and qualifications to become effective as soon as possible after such filing and keep such registration and qualifications effective until the earlier of the date as of which the Rights are no longer exercisable for such securities and the Expiration Date. The Company may temporarily suspend, for a period of time not to exceed 90 days, the exercisability of the Rights in order to prepare and file a registration statement under the Securities Act and permit it to become effective. Upon any such suspension, the Company shall issue a public announcement stating that the exercisability of the Rights has been temporarily suspended, as well as a public announcement at such time as the suspension is no longer in effect. Notwithstanding any provision of this Agreement to the contrary, the Rights shall not be exercisable in any jurisdiction unless the requisite qualification in such jurisdiction shall have been obtained and until a registration statement under the Securities Act (if required) shall have been declared effective.

(d) The Company covenants and agrees that it will take all such action as may be necessary to ensure that all shares of Preferred Stock (and, following the time that any Person becomes an Acquiring Person, shares of Common Stock and other securities) delivered upon exercise of Rights shall, at the time of delivery of the certificates therefor (subject to payment of the Purchase Price), be duly and validly authorized and issued and fully paid and nonassessable shares.

(e) The Company further covenants and agrees that it will pay when due and payable any and all federal and state transfer taxes and charges which may be payable in respect of the issuance or delivery of the Right Certificates or of any shares of Preferred Stock (or shares of Common Stock or other securities) upon the exercise of Rights. The Company shall not, however, be required to pay any transfer tax which may be payable in respect of any transfer or delivery of Right Certificates to a Person other than, or the issuance or delivery of certificates or depository receipts for the Preferred Stock (or shares of Common Stock or other securities) in a name other than that of, the registered holder of the Right Certificate evidencing Rights surrendered for exercise or to issue or deliver any certificates or depository receipts for Preferred Stock (or shares of Common Stock or other securities) upon the exercise of any Rights until any such tax shall have been paid (any such tax being payable by that holder of such Right Certificate at the time of surrender) or until it has been established to the Company's reasonable satisfaction that no such tax is due.

Section 10. Preferred Stock Record Date. Each Person in whose name any certificate for Preferred Stock is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the shares of Preferred Stock represented thereby on, and such certificate shall be dated, the date upon which the Right Certificate evidencing such Rights was duly surrendered and payment of the Purchase Price (and any applicable transfer taxes) was made; provided, however, that if the date of such surrender and payment is a date upon which the Preferred Stock transfer books of the Company are closed, such Person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding Business Day on which the Preferred Stock transfer books of the Company are open. Prior to the exercise of the Rights evidenced thereby, the holder of a Right Certificate shall not be entitled to any rights of a holder of Preferred Stock for which the Rights shall be exercisable, including, without limitation,

the right to vote or to receive dividends or other distributions, and shall not be entitled to receive any notice of any proceedings of the Company, except as provided herein.

Section 11. Adjustment of Purchase Price, Number and Kind of Shares and Number of Rights. The Purchase Price, the number of shares of Preferred Stock or other securities or property purchasable upon exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 11.

(a) (i) In the event the Company shall at any time after the date of this Agreement (A) declare a dividend on the Preferred Stock payable in shares of Preferred Stock, (B) subdivide the outstanding Preferred Stock, (C) combine the outstanding Preferred Stock into a smaller number of shares of Preferred Stock or (D) issue any shares of its capital stock in a reclassification of the Preferred Stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), except as otherwise provided in this Section 11(a), the Purchase Price in effect at the time of the record date for such dividend or of the effective date of such subdivision, combination or reclassification, and the number and kind of shares of capital stock issuable on such date, shall be proportionately adjusted so that the holder of any Right exercised after such time shall be entitled to receive the aggregate number and kind of shares of capital stock which, if such Right had been exercised immediately prior to such date and at a time when the Preferred Stock transfer books of the Company were open, the holder would have owned upon such exercise and been entitled to receive by virtue of such dividend, subdivision, combination or reclassification; provided, however, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company issuable upon exercise of one Right.

(ii) Subject to Section 24 of this Agreement, in the event any Person becomes an Acquiring Person (the first occurrence of such event being referred to hereinafter as the "Flip-In Event"), then (A) the Purchase Price shall be adjusted to be the Purchase Price in effect immediately prior to the Flip-In Event multiplied by the number of one one-thousandths of a share of Preferred Stock for which a Right was exercisable immediately prior to such Flip-In Event, whether or not such Right was then exercisable, and (B) each holder of a Right, except as otherwise provided in this Section 11(a)(ii) and Section 11(a)(iii) hereof, shall thereafter have the right to receive, upon exercise thereof at a price equal to the Purchase Price (as so adjusted), in accordance with the terms of this Agreement and in lieu of shares of Preferred Stock, such number of shares of Common Stock as shall equal the result obtained by dividing the Purchase Price (as so adjusted) by 50% of the current per share market price of the Common Stock (determined pursuant to Section 11(d) hereof) on the date of such Flip-In Event; provided, however, that the Purchase Price (as so adjusted) and the number of shares of Common Stock so receivable upon exercise of a Right shall, following the Flip-In Event, be subject to further adjustment as appropriate in accordance with Section 11(f) hereof.

Notwithstanding anything in this Agreement to the contrary, however, from and after the Flip-In Event, any Rights that are beneficially owned by (x) any Acquiring Person (or any Affiliate or Associate of any Acquiring Person), (y) a transferee of any Acquiring Person (or any such Affiliate or Associate) who becomes a transferee after the Flip-In Event or (z) a transferee of any Acquiring Person (or any such Affiliate or Associate) who became a transferee prior to or concurrently with the Flip-In Event pursuant to either (I) a transfer from the Acquiring Person to holders of its equity securities or to any Person with whom it has any continuing agreement, arrangement or understanding regarding the transferred Rights or (II) a transfer which the Board of Directors has determined is part of a plan, arrangement or understanding which has the purpose or effect of avoiding the provisions of

this paragraph, and subsequent transferees of such Persons, shall be void without any further action and any holder of such Rights shall thereafter have no rights whatsoever with respect to such Rights under any provision of this Agreement. The Company shall use all reasonable efforts to ensure that the provisions of this Section 11(a)(ii) are complied with, but shall have no liability to any holder of Right Certificates or other Person as a result of its failure to make any determinations with respect to an Acquiring Person or its Affiliates, Associates or transferees hereunder. From and after the Flip-In Event, no Right Certificate shall be issued pursuant to Section 3 or Section 6 hereof that represents Rights that are or have become void pursuant to the provisions of this paragraph, and any Right Certificate delivered to the Rights Agent that represents Rights that are or have become void pursuant to the provisions of this paragraph shall be canceled. From and after the occurrence of an event specified in Section 13(a) hereof, any Rights that theretofore have not been exercised pursuant to this Section 11(a)(ii) shall thereafter be exercisable only in accordance with Section 13 and not pursuant to this Section 11(a)(ii).

(iii) The Company may at its option substitute for a share of Common Stock issuable upon the exercise of Rights in accordance with the foregoing subparagraph (ii) a number of shares of Preferred Stock or fraction thereof such that the current per share market price of one share of Preferred Stock multiplied by such number or fraction is equal to the current per share market price of one share of Common Stock. In the event that there shall not be sufficient shares of Common Stock issued but not outstanding or authorized but unissued to permit the exercise in full of the Rights in accordance with the foregoing subparagraph (ii), the Board of Directors shall, to the extent permitted by applicable law and any material agreements then in effect to which the Company is a party (A) determine the excess (such excess, the "Spread") of (1) the value of the shares of Common Stock issuable upon the exercise of a Right in accordance with the foregoing subparagraph (ii) (the "Current Value") over (2) the Purchase Price (as adjusted in accordance with the foregoing subparagraph (ii)), and (B) with respect to each Right (other than Rights which have become void pursuant to the foregoing subparagraph (ii)), make adequate provision to substitute for the shares of Common Stock issuable in accordance with the foregoing subparagraph (ii) upon exercise of the Right and payment of the Purchase Price (as adjusted in accordance therewith), (1) cash, (2) a reduction in such Purchase Price, (3) shares of Preferred Stock or other equity securities of the Company (including, without limitation, shares or fractions of shares of preferred stock which, by virtue of having dividend, voting and liquidation rights substantially comparable to those of the shares of Common Stock, are deemed in good faith by the Board of Directors to have substantially the same value as the shares of Common Stock (such shares of Preferred Stock and shares or fractions of shares of preferred stock are hereinafter referred to as "Common Stock Equivalents")), (4) debt securities of the Company, (5) other assets, or (6) any combination of the foregoing, having a value which, when added to the value of the shares of Common Stock actually issued upon exercise of such Right, shall have an aggregate value equal to the Current Value (less the amount of any reduction in such Purchase Price), where such aggregate value has been determined by the Board of Directors upon the advice of a nationally recognized investment banking firm selected in good faith by the Board of Directors; provided, however, that if the Company shall not make adequate provision to deliver value pursuant to clause (B) above within thirty (30) days following the Flip-In Event (the "Section 11(a)(ii) Trigger Date"), then the Company shall be obligated to deliver, to the extent permitted by applicable law and any material agreements then in effect to which the Company is a party, upon the surrender for exercise of a Right and without requiring payment of such Purchase Price, shares of Common Stock (to the extent available), and then, if necessary, such number or fractions of shares of Preferred Stock (to the extent available) and then, if necessary, cash, which shares and/or cash have an aggregate value equal to the Spread. If, upon the occurrence of the Flip-In Event, the Board of Directors shall determine in good faith that it is likely that sufficient additional shares of Common Stock could

be authorized for issuance upon exercise in full of the Rights, then, if the Board of Directors so elects, the thirty (30) day period set forth above may be extended to the extent necessary, but not more than ninety (90) days after the Section 11(a) (ii) Trigger Date, in order that the Company may seek stockholder approval for the authorization of such additional shares (such thirty (30) day period, as it may be extended, is herein called the "Substitution Period"). To the extent that the Company determines that some action need be taken pursuant to the second and/or third sentence of this Section 11(a) (iii), the Company (x) shall provide, subject to Section 11(a) (ii) hereof and the last sentence of this Section 11(a) (iii) hereof, that such action shall apply uniformly to all outstanding Rights and (y) may suspend the exercisability of the Rights until the expiration of the Substitution Period in order to seek any authorization of additional shares and/or to decide the appropriate form of distribution to be made pursuant to such second sentence and to determine the value thereof. In the event of any such suspension, the Company shall issue a public announcement stating that the exercisability of the Rights has been temporarily suspended, as well as a public announcement at such time as the suspension is no longer in effect. For purposes of this Section 11(a) (iii), the value of the shares of Common Stock shall be the current per share market price (as determined pursuant to Section 11(d) (i)) on the Section 11(a) (ii) Trigger Date and the per share or fractional value of any "Common Stock equivalent" shall be deemed to equal the current per share market price of the Common Stock. The Board of Directors of the Company may, but shall not be required to, establish procedures to allocate the right to receive shares of Common Stock upon the exercise of the Rights among holders of Rights pursuant to this Section 11(a) (iii).

(b) In case the Company shall fix a record date for the issuance of rights, options or warrants to all holders of Preferred Stock entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Preferred Stock (or shares having the same rights, privileges and preferences as the Preferred Stock ("equivalent preferred shares")) or securities convertible into Preferred Stock or equivalent preferred shares at a price per share of Preferred Stock or equivalent preferred shares (or having a conversion price per share, if a security convertible into shares of Preferred Stock or equivalent preferred shares) less than the then current per share market price of the Preferred Stock (determined pursuant to Section 11(d) hereof) on such record date, the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the number of shares of Preferred Stock and equivalent preferred shares outstanding on such record date plus the number of shares of Preferred Stock and equivalent preferred shares which the aggregate offering price of the total number of shares of Preferred Stock and/or equivalent preferred shares so to be offered (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase at such current market price, and the denominator of which shall be the number of shares of Preferred Stock and equivalent preferred shares outstanding on such record date plus the number of additional shares of Preferred Stock and/or equivalent preferred shares to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible); provided, however, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company issuable upon exercise of one Right. In case such subscription price may be paid in a consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent. Shares of Preferred Stock and equivalent preferred shares owned by or held for the account of the Company shall not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed; and in the event that such rights, options or warrants are not so issued, the

Purchase Price shall be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(c) In case the Company shall fix a record date for the making of a distribution to all holders of the Preferred Stock (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing or surviving corporation) of evidences of indebtedness or assets (other than a regular quarterly cash dividend or a dividend payable in Preferred Stock) or subscription rights or warrants (excluding those referred to in Section 11(b) hereof), the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the then current per share market price of the Preferred Stock (determined pursuant to Section 11(d) hereof) on such record date, less the fair market value (as determined in good faith by the Board of Directors of the Company whose determination shall be described in a statement filed with the Rights Agent) of the portion of the assets or evidences of indebtedness so to be distributed or of such subscription rights or warrants applicable to one share of Preferred Stock, and the denominator of which shall be such current per share market price (determined pursuant to Section 11(d) hereof) of the Preferred Stock; provided, however, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company to be issued upon exercise of one Right. Such adjustments shall be made successively whenever such a record date is fixed; and in the event that such distribution is not so made, the Purchase Price shall again be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(d) (i) Except as otherwise provided herein, for the purpose of any computation hereunder, the "current per share market price " of any security (a "Security " for the purpose of this Section 11(d)(i)) on any date shall be deemed to be the average of the daily closing prices per share of such Security for the 30 consecutive Trading Days (as such term is hereinafter defined) immediately prior to such date; provided, however, that in the event that the current per share market price of the Security is determined during a period following the announcement by the issuer of such Security of (A) a dividend or distribution on such Security payable in shares of such Security or securities convertible into such shares, or (B) any subdivision, combination or reclassification of such Security, and prior to the expiration of 30 Trading Days after the ex-dividend date for such dividend or distribution, or the record date for such subdivision, combination or reclassification, then, and in each such case, the current per share market price shall be appropriately adjusted to reflect the current market price per share equivalent of such Security. The closing price for each day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported by the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Security is not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Security is listed or admitted to trading or, if the Security is not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by NASDAQ or such other system then in use, or, if on any such date the Security is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Security selected by the Board of Directors of the Company. The term "Trading Day" shall mean a day on which the principal national securities exchange on which the Security is listed or admitted to trading is open for the transaction of business or, if the Security is not listed or admitted to trading on any national securities exchange, a Business Day. (ii) For the purpose of any computation hereunder,

if the Preferred Stock is publicly traded, the "current per share market price" of the Preferred Stock shall be determined in accordance with the method set forth in Section 11(d)(i). If the Preferred Stock is not publicly traded but the Common Stock is publicly traded, the "current per share market price" of the Preferred Stock shall be conclusively deemed to be the current per share market price of the Common Stock as determined pursuant to Section 11(d)(i) multiplied by the then applicable Adjustment Number (as defined in and determined in accordance with the Certificate of Designation for the Preferred Stock). If neither the Common Stock nor the Preferred Stock is publicly traded, "current per share market price" shall mean the fair value per share as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent.

(e) No adjustment in the Purchase Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Purchase Price; provided, however, that any adjustments which by reason of this Section 11(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 11 shall be made to the nearest cent or to the nearest one hundred-thousandth of a share of Preferred Stock or share of Common Stock or other share or security as the case may be. Notwithstanding the first sentence of this Section 11(e), any adjustment required by this Section 11 shall be made no later than the earlier of (i) three years from the date of the transaction which requires such adjustment or (ii) the Expiration Date.

(f) If as a result of an adjustment made pursuant to Section 11(a) hereof, the holder of any Right thereafter exercised shall become entitled to receive any shares of capital stock of the Company other than the Preferred Stock, thereafter the Purchase Price and the number of such other shares so receivable upon exercise of a Right shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Preferred Stock contained in Sections 11(a), 11(b), 11(c), 11(e), 11(h), 11(i) and 11(m) hereof, as applicable, and the provisions of Sections 7, 9, 10, 13 and 14 hereof with respect to the Preferred Stock shall apply on like terms to any such other shares.

(g) All Rights originally issued by the Company subsequent to any adjustment made to the Purchase Price hereunder shall evidence the right to purchase, at the adjusted Purchase Price, the number of one one-thousandths of a share of Preferred Stock purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(h) Unless the Company shall have exercised its election as provided in Section 11(i), upon each adjustment of the Purchase Price as a result of the calculations made in Sections 11(b) and (c), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Purchase Price, that number of one one-thousandths of a share of Preferred Stock (calculated to the nearest one hundred-thousandth of a share of Preferred Stock) obtained by (i) multiplying (x) the number of one one-thousandths of a share covered by a Right immediately prior to such adjustment by (y) the Purchase Price in effect immediately prior to such adjustment of the Purchase Price and (ii) dividing the product so obtained by the Purchase Price in effect immediately after such adjustment of the Purchase Price.

(i) The Company may elect on or after the date of any adjustment of the Purchase Price pursuant to Sections 11(a)(i), 11(b) or 11(c) hereof to adjust the number of Rights, in substitution for any adjustment in the number of one one-thousandths of a share of Preferred Stock purchasable upon the exercise of a Right. Each of the Rights outstanding after such adjustment of the number of Rights shall be exercisable for the number of one one-thousandths of a share of Preferred Stock for which a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number

of Rights shall become that number of Rights (calculated to the nearest one-hundredth) obtained by dividing the Purchase Price in effect immediately prior to adjustment of the Purchase Price by the Purchase Price in effect immediately after adjustment of the Purchase Price. The Company shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the Purchase Price is adjusted or any day thereafter, but, if the Right Certificates have been issued, shall be at least 10 days later than the date of the public announcement. If Right Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Section 11(i), the Company may, as promptly as practicable, cause to be distributed to holders of record of Right Certificates on such record date Right Certificates evidencing, subject to Section 14 hereof, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Company, shall cause to be distributed to such holders of record in substitution and replacement for the Right Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Company, new Right Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Right Certificates so to be distributed shall be issued, executed and countersigned in the manner provided for herein and shall be registered in the names of the holders of record of Right Certificates on the record date specified in the public announcement.

(j) Irrespective of any adjustment or change in the Purchase Price or the number of one one-thousandths of a share of Preferred Stock issuable upon the exercise of the Rights, the Right Certificates theretofore and thereafter issued may continue to express the Purchase Price and the number of one one-thousandths of a share of Preferred Stock which were expressed in the initial Right Certificates issued hereunder.

(k) Before taking any action that would cause an adjustment reducing the Purchase Price below the then par value, if any, of the fraction of Preferred Stock or other shares of capital stock issuable upon exercise of the Rights, the Company shall take any corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and nonassessable shares of Preferred Stock or other such shares at such adjusted Purchase Price.

(l) In any case in which this Section 11 shall require that an adjustment in the Purchase Price be made effective as of a record date for a specified event, the Company may elect to defer until the occurrence of such event the issuing to the holder of any Right exercised after such record date of the Preferred Stock and other capital stock or securities of the Company, if any, issuable upon such exercise over and above the Preferred Stock and other capital stock or securities of the Company, if any, issuable upon such exercise on the basis of the Purchase Price in effect prior to such adjustment; provided, however, that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional shares upon the occurrence of the event requiring such adjustment.

(m) Anything in this Section 11 to the contrary notwithstanding, the Company shall be entitled to make such adjustments in the Purchase Price, in addition to those adjustments expressly required by this Section 11, as and to the extent that it in its sole discretion shall determine to be advisable in order that any consolidation or subdivision of the Preferred Stock, issuance wholly for cash of any shares of Preferred Stock at less than the current market price, issuance wholly for cash of Preferred Stock or securities which by their terms are convertible into or exchangeable for Preferred Stock, dividends on Preferred Stock payable in shares of Preferred Stock or issuance of rights, options or warrants referred to hereinabove in Section 11(b), hereafter made by the Company to holders of its Preferred Stock shall not be taxable to such stockholders.

(n) Anything in this Agreement to the contrary notwithstanding, in the event that at any time after the date of this Rights Agreement and prior to the Distribution Date, the Company shall (i) declare or pay any dividend on the Common Stock payable in Common Stock or (ii) effect a subdivision, combination or consolidation of the Common Stock (by reclassification or otherwise than by payment of a dividend payable in Common Stock) into a greater or lesser number of shares of Common Stock, then, in each such case, the number of Rights associated with each share of Common Stock then outstanding, or issued or delivered thereafter, shall be proportionately adjusted so that the number of Rights thereafter associated with each share of Common Stock following any such event shall equal the result obtained by multiplying the number of Rights associated with each share of Common Stock immediately prior to such event by a fraction the numerator of which shall be the total number of shares of Common Stock outstanding immediately prior to the occurrence of the event and the denominator of which shall be the total number of shares of Common Stock outstanding immediately following the occurrence of such event.

(o) The Company agrees that, after the earlier of the Distribution Date or the Stock Acquisition Date, it will not, except as permitted by Sections 23, 24 or 27 hereof, take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or eliminate the benefits intended to be afforded by the Rights.

Section 12. Certificate of Adjusted Purchase Price or Number of Shares. Whenever an adjustment is made as provided in Section 11 or 13 hereof, the Company shall promptly (a) prepare a certificate setting forth such adjustment, and a brief statement of the facts accounting for such adjustment, (b) file with the Rights Agent and with each transfer agent for the Common Stock and the Preferred Stock a copy of such certificate and (c) mail a brief summary thereof to each holder of a Right Certificate in accordance with Section 25 hereof (if so required under Section 25 hereof). The Rights Agent shall be fully protected in relying on any such certificate and on any adjustment therein contained and shall not be deemed to have knowledge of any such adjustment unless and until it shall have received such certificate.

Section 13. Consolidation, Merger or Sale or Transfer of Assets or Earnings Power.

(a) In the event, directly or indirectly, at any time after the Flip-In Event (i) the Company shall merge with and into any other Person, (ii) any Person shall consolidate with the Company, or any Person shall merge with and into the Company and the Company shall be the continuing or surviving corporation of such merger and, in connection with such merger, all or part of the Common Stock shall be changed into or exchanged for stock or other securities of any other Person (or of the Company) or cash or any other property, or (iii) the Company shall sell or otherwise transfer (or one or more of its Subsidiaries shall sell or otherwise transfer), in one or more transactions, assets or earning power aggregating 50% or more of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to any other Person (other than the Company or one or more wholly owned Subsidiaries of the Company), then upon the first occurrence of such event, proper provision shall be made so that: (A) each holder of a Right (other than Rights which have become void pursuant to Section 11(a)(ii) hereof) shall thereafter have the right to receive, upon the exercise thereof at the Purchase Price (as theretofore

adjusted in accordance with Section 11(a)(ii) hereof), in accordance with the terms of this Agreement and in lieu of shares of Preferred Stock or Common Stock of the Company, such number of validly authorized and issued, fully paid, non-assessable and freely tradable shares of Common Stock of the Principal Party (as such term is hereinafter defined), not subject to any liens, encumbrances, rights of first refusal or other adverse claims, as shall equal the result obtained by dividing the Purchase Price (as theretofore adjusted in accordance with Section 11(a)(ii) hereof) by 50% of the current per share market price of the Common Stock of such Principal Party (determined pursuant to Section 11(d) hereof) on the date of consummation of such consolidation, merger, sale or transfer; provided, however, that the Purchase Price (as theretofore adjusted in accordance with Section 11(a)(ii) hereof) and the number of shares of Common Stock of such Principal Party so receivable upon exercise of a Right shall be subject to further adjustment as appropriate in accordance with Section 11(f) hereof to reflect any events occurring in respect of the Common Stock of such Principal Party after the occurrence of such consolidation, merger, sale or transfer; (B) such Principal Party shall thereafter be liable for, and shall assume, by virtue of such consolidation, merger, sale or transfer, all the obligations and duties of the Company pursuant to this Rights Agreement; (C) the term "Company" shall thereafter be deemed to refer to such Principal Party; and (D) such Principal Party shall take such steps (including, but not limited to, the reservation of a sufficient number of its shares of Common Stock in accordance with Section 9 hereof) in connection with such consummation of any such transaction as may be necessary to assure that the provisions hereof shall thereafter be applicable, as nearly as reasonably may be, in relation to the shares of its Common Stock thereafter deliverable upon the exercise of the Rights; provided that, upon the subsequent occurrence of any consolidation, merger, sale or transfer of assets or other extraordinary transaction in respect of such Principal Party, each holder of a Right shall thereupon be entitled to receive, upon exercise of a Right and payment of the Purchase Price as provided in this Section 13(a), such cash, shares, rights, warrants and other property which such holder would have been entitled to receive had such holder, at the time of such transaction, owned the Common Stock of the Principal Party receivable upon the exercise of a Right pursuant to this Section 13(a), and such Principal Party shall take such steps (including, but not limited to, reservation of shares of stock) as may be necessary to permit the subsequent exercise of the Rights in accordance with the terms hereof for such cash, shares, rights, warrants and other property.

(b) "Principal Party" shall mean (i) in the case of any transaction described in (i) or (ii) of the first sentence of Section 13(a) hereof: (A) the Person that is the issuer of the securities into which the shares of Common Stock are converted in such merger or consolidation, or, if there is more than one such issuer, the issuer the shares of Common Stock of which have the greatest aggregate market value of shares outstanding, or (B) if no securities are so issued, (x) the Person that is the other party to the merger, if such Person survives said merger, or, if there is more than one such Person, the Person the shares of Common Stock of which have the greatest aggregate market value of shares outstanding or (y) if the Person that is the other party to the merger does not survive the merger, the Person that does survive the merger (including the Company if it survives) or (z) the Person resulting from the consolidation; and (ii) in the case of any transaction described in (iii) of the first sentence in Section 13(a) hereof, the Person that is the party receiving the greatest portion of the assets or earning power transferred pursuant to such transaction or transactions, or, if each Person that is a party to such transaction or transactions receives the same portion of the assets or earning power so transferred or if the Person receiving the greatest portion of the assets or earning power cannot be determined, whichever of such Persons as is the issuer of Common Stock having the greatest aggregate market value of shares outstanding; provided, however, that in any such case described in the foregoing clause (b)(i) or (b)(ii), if the Common Stock of such Person is not at such time or has not been continuously over the preceding 12-month period registered under Section 12 of the Exchange Act, then (1) if such Person is a direct or indirect Subsidiary of another Person the Common Stock of which is and has been so registered, the term "Principal Party" shall refer to such other Person, or (2) if such Person is a Subsidiary, directly or indirectly, of more than one Person, the Common Stock of all of which is and has been so registered, the term "Principal Party" shall refer to whichever of such Persons is the issuer of Common Stock having the greatest aggregate market value of shares outstanding, or (3) if such Person is owned, directly or indirectly, by

a joint venture formed by two or more Persons that are not owned, directly or indirectly, by the same Person, the rules set forth in clauses (1) and (2) above shall apply to each of the owners having an interest in the venture as if the Person owned by the joint venture was a Subsidiary of both or all of such joint venturers, and the Principal Party in each such case shall bear the obligations set forth in this Section 13 in the same ratio as its interest in such Person bears to the total of such interests.

(c) The Company shall not consummate any consolidation, merger, sale or transfer referred to in Section 13(a) hereof unless prior thereto the Company and the Principal Party involved therein shall have executed and delivered to the Rights Agent an agreement confirming that the requirements of Sections 13(a) and (b) hereof shall promptly be performed in accordance with their terms and that such consolidation, merger, sale or transfer of assets shall not result in a default by the Principal Party under this Agreement as the same shall have been assumed by the Principal Party pursuant to Sections 13(a) and (b) hereof and providing that, as soon as practicable after executing such agreement pursuant to this Section 13, the Principal Party will:

(i) prepare and file a registration statement under the Securities Act, if necessary, with respect to the Rights and the securities purchasable upon exercise of the Rights on an appropriate form, use its best efforts to cause such registration statement to become effective as soon as practicable after such filing and use its best efforts to cause such registration statement to remain effective (with a prospectus at all times meeting the requirements of the Securities Act) until the Expiration Date and similarly comply with applicable state securities laws;

(ii) use its best efforts, if the Common Stock of the Principal Party shall be listed or admitted to trading on the New York Stock Exchange or on another national securities exchange, to list or admit to trading (or continue the listing of) the Rights and the securities purchasable upon exercise of the Rights on the New York Stock Exchange or such securities exchange, or, if the Common Stock of the Principal Party shall not be listed or admitted to trading on the New York Stock Exchange or a national securities exchange, to cause the Rights and the securities receivable upon exercise of the Rights to be authorized for quotation on NASDAQ or on such other system then in use;

(iii) deliver to holders of the Rights historical financial statements for the Principal Party which comply in all respects with the requirements for registration on Form 10 (or any successor form) under the Exchange Act; and

(iv) obtain waivers of any rights of first refusal or preemptive rights in respect of the Common Stock of the Principal Party subject to purchase upon exercise of outstanding Rights.

(d) In case the Principal Party has provision in any of its authorized securities or in its certificate of incorporation or by-laws or other instrument governing its corporate affairs, which provision would have the effect of (i) causing such Principal Party to issue (other than to holders of Rights pursuant to this Section 13), in connection with, or as a consequence of, the consummation of a transaction referred to in this Section 13, shares of Common Stock of such Principal Party at less than the then current market price per share thereof (determined pursuant to Section 11(d) hereof) or securities exercisable for, or convertible into, Common Stock of such Principal Party at less than such then current market price, or (ii) providing for any special payment, tax or similar provision in connection with the issuance of the Common Stock of such Principal Party pursuant to the provisions of Section 13, then, in such event, the Company hereby agrees with each holder of Rights that it shall not consummate any such transaction unless prior thereto the Company and such Principal Party shall have executed and delivered to the Rights Agent a supplemental agreement providing that the provision in question of such Principal Party shall have been canceled, waived or amended, or that the

authorized securities shall be redeemed, so that the applicable provision will have no effect in connection with, or as a consequence of, the consummation of the proposed transaction.

(e) The Company covenants and agrees that it shall not, at any time after the Flip-In Event, enter into any transaction of the type described in clauses (i) through (iii) of Section 13(a) hereof if (i) at the time of or immediately after such consolidation, merger, sale, transfer or other transaction there are any rights, warrants or other instruments or securities outstanding or agreements in effect which would substantially diminish or otherwise eliminate the benefits intended to be afforded by the Rights, (ii) prior to, simultaneously with or immediately after such consolidation, merger, sale, transfer or other transaction, the stockholders of the Person who constitutes, or would constitute, the Principal Party for purposes of Section 13(a) hereof shall have received a distribution of Rights previously owned by such Person or any of its Affiliates or Associates or (iii) the form or nature of organization of the Principal Party would preclude or limit the exercisability of the Rights.

#### Section 14. Fractional Rights and Fractional Shares.

(a) The Company shall not be required to issue fractions of Rights or to distribute Right Certificates which evidence fractional Rights (except prior to the Distribution Date in accordance with Section 11(n) hereof). In lieu of such fractional Rights, there shall be paid to the registered holders of the Right Certificates with regard to which such fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the current market value of a whole Right. For the purposes of this Section 14(a), the current market value of a whole Right shall be the closing price of the Rights for the Trading Day immediately prior to the date on which such fractional Rights would have been otherwise issuable. The closing price for any day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Rights are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Rights are listed or admitted to trading or, if the Rights are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by NASDAQ or such other system then in use or, if on any such date the Rights are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Rights selected by the Board of Directors of the Company. If on any such date no such market maker is making a market in the Rights, the fair value of the Rights on such date as determined in good faith by the Board of Directors of the Company shall be used.

(b) The Company shall not be required to issue fractions of Preferred Stock (other than fractions which are integral multiples of one one-thousandth of a share of Preferred Stock) upon exercise of the Rights or to distribute certificates which evidence fractional shares of Preferred Stock (other than fractions which are integral multiples of one one-thousandth of a share of Preferred Stock). Interests in fractions of Preferred Stock in integral multiples of one one-thousandth of a share of Preferred Stock may, at the election of the Company, be evidenced by depositary receipts, pursuant to an appropriate agreement between the Company and a depositary selected by it; provided, that such agreement shall provide that the holders of such depositary receipts shall have all the rights, privileges and preferences to which they are entitled as beneficial owners of the Preferred Stock represented by such depositary receipts. In lieu of fractional shares of Preferred Stock that are

not integral multiples of one one-thousandth of a share of Preferred Stock, the Company shall pay to the registered holders of Right Certificates at the time such Rights are exercised as herein provided an amount in cash equal to the same fraction of the current per share market price of one share of Preferred Stock (as determined pursuant to Section 11(d) hereof) for the Trading Day immediately prior to the date of such exercise.

(c) The holder of a Right by the acceptance of the Right expressly waives his right to receive any fractional Rights or any fractional shares upon exercise of a Right (except as provided above).

Section 15. Rights of Action. All rights of action in respect of this Agreement, excepting the rights of action given to the Rights Agent under Section 18 hereof, are vested in the respective registered holders of the Right Certificates (and, prior to the Distribution Date, the registered holders of the Common Stock); and any registered holder of any Right Certificate (or, prior to the Distribution Date, of the Common Stock), without the consent of the Rights Agent or of the holder of any other Right Certificate (or, prior to the Distribution Date, of the Common Stock), on his own behalf and for his own benefit, may enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce, or otherwise act in respect of, his right to exercise the Rights evidenced by such Right Certificate (or, prior to the Distribution Date, such Common Stock) in the manner provided therein and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of, the obligations of any Person subject to this Agreement.

Section 16. Agreement of Right Holders. Every holder of a Right, by accepting the same, consents and agrees with the Company and the Rights Agent and with every other holder of a Right that:

(a) prior to the Distribution Date, the Rights will be transferable only in connection with the transfer of the Common Stock;

(b) after the Distribution Date, the Right Certificates are transferable only on the registry books of the Rights Agent if surrendered at the office or agency of the Rights Agent designated for such purpose, duly endorsed or accompanied by a proper instrument of transfer; and

(c) the Company and the Rights Agent may deem and treat the Person in whose name the Right Certificate (or, prior to the Distribution Date, the Common Stock certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on the Right Certificates or the Common Stock certificate made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary.

Section 17. Right Certificate Holder Not Deemed a Stockholder. No holder, as such, of any Right Certificate shall be entitled to vote, receive dividends or be deemed for any purpose the holder of the Preferred Stock or any other securities of the Company which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Right Certificate be construed to confer upon the holder of any Right Certificate, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in this Agreement), or to receive dividends or

subscription rights, or otherwise, until the Rights evidenced by such Right Certificate shall have been exercised in accordance with the provisions hereof.

Section 18. Concerning the Rights Agent.

(a) The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability or expense, incurred without negligence, bad faith or willful misconduct on the part of the Rights Agent, for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of liability arising therefrom, directly or indirectly.

(b) The Rights Agent shall be protected and shall incur no liability for, or in respect of any action taken, suffered or omitted by it in connection with, its administration of this Agreement in reliance upon any Right Certificate or certificate for the Preferred Stock or Common Stock or for other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons, or otherwise upon the advice of counsel as set forth in Section 20 hereof.

Section 19. Merger or Consolidation or Change of Name of Rights Agent.

(a) Any corporation into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent shall be a party, or any corporation succeeding to the stock transfer or corporate trust powers of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto; provided, that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 21 hereof. In case at the time such successor Rights Agent shall succeed to the agency created by this Agreement, any of the Right Certificates shall have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Right Certificates so countersigned; and in case at that time any of the Right Certificates shall not have been countersigned, any successor Rights Agent may countersign such Right Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

(b) In case at any time the name of the Rights Agent shall be changed and at such time any of the Right Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Right Certificates so countersigned; and in case at that time any of the Right Certificates shall not have been countersigned, the Rights Agent may countersign such Right Certificates either in its prior name or in its changed name and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

Section 20. Duties of Rights Agent. The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Company and the holders of Right Certificates, by their acceptance thereof, shall be bound:

(a) The Rights Agent may consult with legal counsel (who may be legal counsel for the Company), and the opinion of such counsel shall be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion.

(b) Whenever in the performance of its duties under this Agreement the Rights Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by the Chief Executive Officer and the Secretary of the Company and delivered to the Rights Agent; and such certificate shall be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

(c) The Rights Agent shall be liable hereunder to the Company and any other Person only for its own negligence, bad faith or willful misconduct.

(d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the Right Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Rights Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due execution hereof by the Rights Agent) or in respect of the validity or execution of any Right Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Right Certificate; nor shall it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Section 11(a)(ii) hereof) or any adjustment in the terms of the Rights provided for in Sections 3, 11, 13, 23 and 24, or the ascertaining of the existence of facts that would require any such change or adjustment (except with respect to the exercise of Rights evidenced by Right Certificates after receipt of a certificate furnished pursuant to Section 12, describing such change or adjustment); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any shares of Preferred Stock or other securities to be issued pursuant to this Agreement or any Right Certificate or as to whether any shares of Preferred Stock or other securities will, when issued, be validly authorized and issued fully paid and nonassessable.

(f) The Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.

(g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any person reasonably believed by the Rights Agent to be one of the Chief Executive Officer or the Secretary of the Company, and to apply to such officers for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with instructions of any such officer or for any delay in acting while waiting for those instructions. Any application by the Rights Agent for written instructions from the Company may, at the option of the Rights Agent, set forth in writing any action proposed to be taken or omitted by the Rights Agent under this Agreement and the date on and/or after which such action shall be taken or such omission shall be effective. The Rights Agent shall not be liable for any

action taken by, or omission of, the Rights Agent in accordance with a proposal included in any such application on or after the date specified in such application (which date shall not be less than five Business Days after the date any officer of the Company actually receives such application unless any such officer shall have consented in writing to an earlier date) unless, prior to taking any such action (or the effective date in the case of an omission), the Rights Agent shall have received written instructions in response to such application specifying the action to be taken or omitted.

(h) The Rights Agent and any stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in any of the Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other legal entity.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

(j) If, with respect to any Rights Certificate surrendered to the Rights Agent for exercise or transfer, the certificate contained in the form of assignment or the form of election to purchase set forth on the reverse thereof, as the case may be, has not been completed to certify the holder is not an Acquiring Person (or an Affiliate or Associate thereof), the Rights Agent shall not take any further action with respect to such requested exercise of transfer without first consulting with the Company.

Section 21. Change of Rights Agent. The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Agreement upon 30 days' notice in writing mailed to the Company and to each transfer agent of the Common Stock or Preferred Stock by registered or certified mail, and, following the Distribution Date, to the holders of the Right Certificates by first-class mail. The Company may remove the Rights Agent or any successor Rights Agent upon 30 days' notice in writing, mailed to the Rights Agent or successor Rights Agent, as the case may be, and to each transfer agent of the Common Stock or Preferred Stock by registered or certified mail, and, following the Distribution Date, to the holders of the Right Certificates by first-class mail. If the Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Rights Agent. If the Company shall fail to make such appointment within a period of 30 days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of a Right Certificate (who shall, with such notice, submit his Right Certificate for inspection by the Company), then the registered holder of any Right Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be a corporation organized and doing business under the laws of the United States or the laws of any state of the United States or the District of Columbia, in good standing, having an office in the State of Nebraska, which is authorized under such laws to exercise corporate trust or stock transfer powers and is subject to supervision or examination by federal or state authority and which has at the time of its appointment as Rights Agent a combined capital and surplus of at least \$50 million. After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights

Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment the Company shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Stock or Preferred Stock, and, following the Distribution Date, mail a notice thereof in writing to the registered holders of the Right Certificates. Failure to give any notice provided for in this Section 21, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

Section 22. Issuance of New Right Certificates. Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Company may, at its option, issue new Right Certificates evidencing Rights in such forms as may be approved by its Board of Directors to reflect any adjustment or change in the Purchase Price and the number or kind or class of shares or other securities or property purchasable under the Right Certificates made in accordance with the provisions of this Agreement. In addition, in connection with the issuance or sale of Common Stock following the Distribution Date and prior to the Expiration Date, the Company may with respect to shares of Common Stock so issued or sold pursuant to (i) the exercise of stock options, (ii) under any employee plan or arrangement, (iii) upon the exercise, conversion or exchange of securities, notes or debentures issued by the Company or (iv) a contractual obligation of the Company, in each case existing prior to the Distribution Date, issue Rights Certificates representing the appropriate number of Rights in connection with such issuance or sale.

#### Section 23. Redemption.

(a) The Board of Directors of the Company may, at any time prior to the Flip-In Event, redeem all but not less than all the then outstanding Rights at a redemption price of \$.01 per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (the redemption price being hereinafter referred to as the "Redemption Price"). The redemption of the Rights may be made effective at such time, on such basis and with such conditions as the Board of Directors in its sole discretion may establish. The Redemption Price shall be payable, at the option of the Company, in cash, shares of Common Stock, or such other form of consideration as the Board of Directors shall determine.

(b) Immediately upon the action of the Board of Directors ordering the redemption of the Rights pursuant to paragraph (a) of this Section 23 (or at such later time as the Board of Directors may establish for the effectiveness of such redemption), and without any further action and without any notice, the right to exercise the Rights will terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price. The Company shall promptly give public notice of any such redemption; provided, however, that the failure to give, or any defect in, any such notice shall not affect the validity of such redemption. Within 10 days after such action of the Board of Directors ordering the redemption of the Rights (or such later time as the Board of Directors may establish for the effectiveness of such redemption), the Company shall mail a notice of redemption to all the holders of the then outstanding Rights at their last addresses as they appear upon the registry books of the Rights Agent or, prior to the Distribution Date, on the registry books of the transfer agent for the Common Stock. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption shall state the method by which the payment of the Redemption Price will be made.

#### Section 24. Exchange.

(a) The Board of Directors of the Company may, at its option at any time after the Flip-In Event, exchange all or part of the then outstanding and

exercisable Rights (which shall not include Rights that have become void pursuant to the provisions of Section 11(a) (ii) hereof) for Common Stock at an exchange ratio of one share of Common Stock per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such amount per Right being hereinafter referred to as the "Exchange Ratio"). Notwithstanding the foregoing, the Board of Directors shall not be empowered to effect such exchange at any time after an Acquiring Person shall have become the Beneficial Owner of shares of Common Stock aggregating 50% or more of the shares of Common Stock then outstanding. From and after the occurrence of an event specified in Section 13(a) hereof, any Rights that theretofore have not been exchanged pursuant to this Section 24(a) shall thereafter be exercisable only in accordance with Section 13 and may not be exchanged pursuant to this Section 24(a). The exchange of the Rights by the Board of Directors may be made effective at such time, on such basis and with such conditions as the Board of Directors in its sole discretion may establish.

(b) Immediately upon the effectiveness of the action of the Board of Directors of the Company ordering the exchange of any Rights pursuant to paragraph (a) of this Section 24 and without any further action and without any notice, the right to exercise such Rights shall terminate and the only right thereafter of a holder of such Rights shall be to receive that number of shares of Common Stock equal to the number of such Rights held by such holder multiplied by the Exchange Ratio. The Company shall promptly give public notice of any such exchange; provided, however, that the failure to give, or any defect in, such notice shall not affect the validity of such exchange. The Company shall promptly mail a notice of any such exchange to all of the holders of the Rights so exchanged at their last addresses as they appear upon the registry books of the Rights Agent. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of exchange will state the method by which the exchange of the shares of Common Stock for Rights will be effected and, in the event of any partial exchange, the number of Rights which will be exchanged. Any partial exchange shall be effected pro rata based on the number of Rights (other than Rights which have become void pursuant to the provisions of Section 11(a) (ii) hereof) held by each holder of Rights.

(c) The Company may at its option substitute, and, in the event that there shall not be sufficient shares of Common Stock issued but not outstanding or authorized but unissued to permit an exchange of Rights for Common Stock as contemplated in accordance with this Section 24, the Company shall substitute to the extent of such insufficiency, for each share of Common Stock that would otherwise be issuable upon exchange of a Right, a number of shares of Preferred Stock or fraction thereof (or equivalent preferred shares, as such term is defined in Section 11(b)) such that the current per share market price (determined pursuant to Section 11(d) hereof) of one share of Preferred Stock (or equivalent preferred share) multiplied by such number or fraction is equal to the current per share market price of one share of Common Stock (determined pursuant to Section 11(d) hereof) as of the date of the Flip-In Event.

(d) The Company shall not, in connection with any exchange pursuant to this Section 24, be required to issue fractions of shares of Common Stock or to distribute certificates which evidence fractional shares of Common Stock. In lieu of such fractional shares of Common Stock, the Company shall pay to the registered holders of the Right Certificates with regard to which such fractional shares of Common Stock would otherwise be issuable an amount in cash equal to the same fraction of the current per share market price of a whole share of Common Stock (as determined pursuant to Section 11(d) hereof) for the Trading Day immediately prior to the date of exchange pursuant to this Section 24.

Section 25. Notice of Certain Events.

(a) In case the Company shall at any time after the earlier of the Distribution Date or the Stock Acquisition Date propose (i) to pay any dividend payable in stock of any class to the holders of its Preferred Stock or to make any other distribution to the holders of its Preferred Stock (other than a regular quarterly cash dividend), (ii) to offer to the holders of its Preferred Stock rights or warrants to subscribe for or to purchase any additional shares of Preferred Stock or shares of stock of any class or any other securities, rights or options, (iii) to effect any reclassification of its Preferred Stock (other than a reclassification involving only the subdivision or combination of outstanding Preferred Stock), (iv) to effect the liquidation, dissolution or winding up of the Company, or (v) to declare or pay any dividend on the Common Stock payable in Common Stock or to effect a subdivision, combination or consolidation of the Common Stock (by reclassification or otherwise than by payment of dividends in Common Stock), then, in each such case, the Company shall give to each holder of a Right Certificate, in accordance with Section 26 hereof, a notice of such proposed action, which shall specify the record date for the purposes of such stock dividend, or distribution of rights or warrants, or the date on which such liquidation, dissolution or winding up is to take place and the date of participation therein by the holders of the Common Stock and/or Preferred Stock, if any such date is to be fixed, and such notice shall be so given in the case of any action covered by clause (i) or (ii) above at least 10 days prior to the record date for determining holders of the Preferred Stock for purposes of such action, and in the case of any such other action, at least 10 days prior to the date of the taking of such proposed action or the date of participation therein by the holders of the Common Stock and/or Preferred Stock, whichever shall be the earlier.

(b) In case any event described in Section 11(a)(ii) or Section 13 shall occur then the Company shall as soon as practicable thereafter give to each holder of a Right Certificate (or if occurring prior to the Distribution Date, the holders of the Common Stock) in accordance with Section 26 hereof, a notice of the occurrence of such event, which notice shall describe such event and the consequences of such event to holders of Rights under Section 11(a)(ii) and Section 13 hereof.

Section 26. Notices. Notices or demands authorized by this Agreement to be given or made by the Rights Agent or by the holder of any Right Certificate to or on the Company shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

Valmont Industries, Inc.  
Valley, Nebraska 68064  
Attention: Secretary

Subject to the provisions of Section 21 hereof, any notice or demand authorized by this Agreement to be given or made by the Company or by the holder of any Right Certificate to or on the Rights Agent shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Company) as follows:

First National Bank of Omaha  
First National Center  
16 & Dodge Streets  
Omaha, Nebraska 68102

Notices or demands authorized by this Agreement to be given or made by the Company or the Rights Agent to the holder of any Right Certificate shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as shown on the registry books of the Company.

Section 27. Supplements and Amendments. Except as provided in the penultimate sentence of this Section 27, for so long as the Rights are then redeemable, the Company may in its sole and absolute discretion, and the Rights Agent shall if the Company so directs, supplement or amend any provision of this Agreement in any respect without the approval of any holders of the Rights. At any time when the Rights are no longer redeemable, except as provided in the penultimate sentence of this Section 27, the Company may, and the Rights Agent shall, if the Company so directs, supplement or amend this Agreement without the approval of any holders of Rights Certificates in order to (i) cure any ambiguity, (ii) correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions herein, (iii) shorten or lengthen any time period hereunder, or (iv) change or supplement the provisions hereunder in any manner which the Company may deem necessary or desirable; provided that no such supplement or amendment shall adversely affect the interests of the holders of Rights as such (other than an Acquiring Person or an Affiliate or Associate of an Acquiring Person), and no such amendment may cause the Rights again to become redeemable or cause the Agreement again to become amendable other than in accordance with this sentence. Notwithstanding anything contained in this Agreement to the contrary, no supplement or amendment shall be made which changes the Redemption Price. Upon the delivery of a certificate from an appropriate officer of the Company which states that the proposed supplement or amendment is in compliance with the terms of this Section 27, the Rights Agent shall execute such supplement or amendment.

Section 28. Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 29. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any Person other than the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, the Common Stock) any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, the Common Stock).

Section 30. Determinations and Actions by the Board of Directors. The Board of Directors of the Company shall have the exclusive power and authority to administer this Agreement and to exercise the rights and powers specifically granted to the Board of Directors of the Company or to the Company, or as may be necessary or advisable in the administration of this Agreement, including, without limitation, the right and power to (i) interpret the provisions of this Agreement and (ii) make all determinations deemed necessary or advisable for the administration of this Agreement (including, without limitation, a determination to redeem or not redeem the Rights or to amend this Agreement). All such actions, calculations, interpretations and determinations (including, for purposes of clause (y) below, all omissions with respect to the foregoing) that are done or made by the Board of Directors of the Company in good faith, shall (x) be final, conclusive and binding on the Company, the Rights Agent, the holders of the Rights, as such, and all other parties, and (y) not subject the Board of Directors to any liability to the holders of the Rights.

Section 31. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 32. Governing Law. This Agreement and each Right Certificate issued hereunder shall be deemed to be a contract made under the laws of the

State of Delaware and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts to be made and performed entirely within such State.

Section 33. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

Section 34. Descriptive Headings. Descriptive headings of the several Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and attested, all as of the day and year first above written.

VALMONT INDUSTRIES, INC.

By: /s/ Mogens C. Bay  
Name: Mogens C. Bay  
Title: President

FIRST NATIONAL BANK OF OMAHA,  
as Rights Agent

By: /s/ John E. Lenihan  
Name: John E. Lenihan  
Title: Corporate Trust Officer

Exhibit A  
FORM OF  
CERTIFICATE OF DESIGNATION

of

SERIES A JUNIOR PARTICIPATING PREFERRED STOCK  
of

VALMONT INDUSTRIES, INC.

Pursuant to Section 151 of the General Corporation Law  
of the State of Delaware

Valmont Industries, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware, in accordance with the provisions of Section 103 thereof, DOES HEREBY CERTIFY:

That pursuant to the authority vested in the Board of Directors in accordance with the provisions of the Certificate of Incorporation of the said Corporation, the said Board of Directors on December 19, 1995 adopted the following resolution creating a series of 50,000 shares of Preferred Stock designated as "Series A Junior Participating Preferred Stock":

RESOLVED, that pursuant to the authority vested in the Board of Directors of this Corporation in accordance with the provisions of the Certificate of Incorporation, a series of Preferred Stock, par value \$1.00 per share, of the Corporation be and hereby is created, and that the designation and number of shares thereof and the voting and other powers, preferences and relative, participating, optional or other rights of the shares of such series and the qualifications, limitations and restrictions thereof are as follows:

Series A Junior Participating Preferred Stock

1. Designation and Amount. There shall be a series of Preferred Stock that shall be designated as "Series A Junior Participating Preferred Stock," and the number of shares constituting such series shall be 50,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, however, that no decrease shall reduce the number of shares of Series A Junior Participating Preferred Stock to less than the number of shares then issued and outstanding plus the number of shares issuable upon exercise of outstanding rights, options or warrants or upon conversion of outstanding securities issued by the Corporation.

2. Dividends and Distribution.

(A) Subject to the prior and superior rights of the holders of any shares of any series of Preferred Stock ranking prior and superior to the shares of Series A Junior Participating Preferred Stock with respect to dividends, the holders of shares of Series A Junior Participating Preferred Stock, in preference to the holders of shares of any class or series of stock of the Corporation ranking junior to the Series A Junior Participating Preferred Stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of January, April, July and October in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Junior Participating Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$1.00 or (b) the Adjustment Number (as defined below) times the aggregate per share amount of all cash dividends, and

the Adjustment Number times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock, par value \$1.00 per share, of the Corporation (the "Common Stock") since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Junior Participating Preferred Stock. The "Adjustment Number" shall initially be 1000. In the event the Corporation shall at any time after December 19, 1995 (the "Rights Declaration Date") (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Junior Participating Preferred Stock as provided in paragraph (A) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock). (C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Junior Participating Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Junior Participating Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Junior Participating Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 60 days prior to the date fixed for the payment thereof.

3. Voting Rights. The holders of shares of Series A Junior Participating Preferred Stock shall have the following voting rights: (A) Each share of Series A Junior Participating Preferred Stock shall entitle the holder thereof to a number of votes equal to the Adjustment Number on all matters submitted to a vote of the stockholders of the Corporation.

(B) Except as required by law and by Section 10 hereof, holders of Series A Junior Participating Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

#### 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Junior Participating Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Junior Participating Preferred Stock outstanding shall have been paid in full, the

Corporation shall not (i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock, (ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock, except dividends paid ratably on the Series A Junior Participating Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled; or (iii) purchase or otherwise acquire for consideration any shares of Series A Junior Participating Preferred Stock, or any shares of stock ranking on a parity with the Series A Junior Participating Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of Series A Junior Participating Preferred Stock, or to such holders and holders of any such shares ranking on a parity therewith, upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

5. Reacquired Shares. Any shares of Series A Junior Participating Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired promptly after the acquisition thereof. All such shares shall upon their retirement become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to any conditions and restrictions on issuance set forth herein.

6. Liquidation, Dissolution or Winding Up.

(A) Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Series A Junior Participating Preferred Stock shall have received an amount per share (the "Series A liquidation Preference") equal to the greater of (i) \$100 plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, or (ii) the Adjustment Number times the per share amount of all cash and other property to be distributed in respect of the Common Stock upon such liquidation, dissolution or winding up of the Corporation.

(B) In the event, however, that there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other series of Preferred Stock, if any, that rank on a parity with the Series A Junior Participating Preferred Stock, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences.

(C) Neither the merger or consolidation of the Corporation into or with another corporation nor the merger or consolidation of any other corporation into or with the Corporation shall be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of this Section 6.

7. Consolidation, Merger, Etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series A Junior Participating Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share equal to the Adjustment Number times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged.

8. No Redemption. Shares of Series A Junior Participating Preferred Stock shall not be subject to redemption by the Company.

9. Ranking. The Series A Junior Participating Preferred Stock shall rank junior to all other series of the Corporation's Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise, and shall rank senior to the Common Stock as to such matters.

10. Amendment. At any time that any shares of Series A Junior Participating Preferred Stock are outstanding, the Certificate of Incorporation of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Junior Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of two-thirds of the outstanding shares of Series A Junior Participating Preferred Stock, voting separately as a class.

11. Fractional Shares. Series A Junior Participating Preferred Stock may be issued in fractions of a share that shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Junior Participating Preferred Stock.

IN WITNESS WHEREOF, the undersigned has executed this Certificate this 19th day of December, 1995.

VALMONT INDUSTRIES, INC.

By: /s/ Mogens C. Bay

Name: Mogens C. Bay  
Title: President

EXHIBIT B  
Form of Right Certificate

Certificate No. R-\_\_\_\_\_

NOT EXERCISABLE AFTER DECEMBER 19, 2005 OR EARLIER IF REDEMPTION OR EXCHANGE OCCURS. THE RIGHTS ARE SUBJECT TO REDEMPTION AT \$.01 PER RIGHT AND TO EXCHANGE ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. UNDER CERTAIN CIRCUMSTANCES, AS SET FORTH IN THE RIGHTS AGREEMENT, RIGHTS OWNED BY OR TRANSFERRED TO ANY PERSON WHO IS OR BECOMES AN ACQUIRING PERSON (AS DEFINED IN THE RIGHTS AGREEMENT) AND CERTAIN TRANSFERREES THEREOF WILL BECOME NULL AND VOID AND WILL NO LONGER BE TRANSFERABLE.

Right Certificate

VALMONT INDUSTRIES, INC.

This certifies that \_\_\_\_\_ or registered assigns, is the registered owner of the number of Rights set forth above, each of which entitles the owner thereof, subject to the terms, provisions and conditions of the Rights Agreement, dated as of December 19, 1995, as the same may be amended from time to time (the "Rights Agreement"), between Valmont Industries, Inc., a Delaware corporation (the "Company"), and First National Bank of Omaha, as Rights Agent (the "Rights Agent"), to purchase from the Company at any time after the Distribution Date (as such term is defined in the Rights Agreement) and prior to 5:00 P.M., Omaha, Nebraska time, on December 19, 2005 at the office or agency of the Rights Agent designated for such purpose, or of its successor as Rights Agent, one one-thousandth of a fully paid non-assessable share of Series A Junior Participating Preferred Stock, par value \$1.00 per share (the "Preferred Stock"), of the Company, at a purchase price of \$100.00 per one one-thousandth of a share of Preferred Stock (the "Purchase Price"), upon presentation and surrender of this Right Certificate with the Form of Election to Purchase duly executed. The number of Rights evidenced by this Rights Certificate (and the number of one one-thousandths of a share of Preferred Stock which may be purchased upon exercise hereof) set forth above, and the Purchase Price set forth above, are the number and Purchase Price as of December 19, 1995, based on the Preferred Stock as constituted at such date. As provided in the Rights Agreement, the Purchase Price, the number of one one-thousandths of a share of Preferred Stock (or other securities or property) which may be purchased upon the exercise of the Rights and the number of Rights evidenced by this Right Certificate are subject to modification and adjustment upon the happening of certain events.

This Right Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities hereunder of the Rights Agent, the Company and the holders of the Right Certificates. Copies of the Rights Agreement are on file at the principal executive offices of the Company and the above-mentioned office or agency of the Rights Agent. The Company will mail to the holder of this Right Certificate a copy of the Rights Agreement without charge after receipt of a written request therefor.

This Right Certificate, with or without other Right Certificates, upon surrender at the office or agency of the Rights Agent designated for such purpose, may be exchanged for another Right Certificate or Right Certificates of like tenor and date evidencing Rights entitling the holder to purchase a like aggregate number of shares of Preferred Stock as the Rights evidenced by the Right Certificate or Right Certificates surrendered shall have entitled

such holder to purchase. If this Right Certificate shall be exercised in part, the holder shall be entitled to receive upon surrender hereof another Right Certificate or Right Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Certificate (i) may be redeemed by the Company at a redemption price of \$.01 per Right or (ii) may be exchanged in whole or in part for shares of the Company's Common Stock, par value \$1.00 per share, or shares of Preferred Stock.

No fractional shares of Preferred Stock will be issued upon the exercise of any Right or Rights evidenced hereby (other than fractions which are integral multiples of one one-thousandth of a share of Preferred Stock, which may, at the election of the Company, be evidenced by depository receipts), but in lieu thereof a cash payment will be made, as provided in the Rights Agreement.

No holder of this Right Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of the Preferred Stock or of any other securities of the Company which may at any time be issuable on the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in the Rights Agreement) or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by this Right Certificate shall have been exercised as provided in the Rights Agreement.

This Right Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Company and its corporate seal. Dated as of \_\_\_\_\_, 199\_.

VALMONT INDUSTRIES, INC.

ATTEST:

By: \_\_\_\_\_

[Title]

-----  
[Title]

Countersigned:

FIRST NATIONAL BANK OF OMAHA, as Rights Agent

By \_\_\_\_\_

[Title]

Form of Reverse Side of Right Certificate  
FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Right Certificate)  
FOR VALUE RECEIVED \_\_\_\_\_ hereby sells,  
a s s i g n s a n d t r a n s f e r s u n t o

-----  
-----  
(Please print name and address of transferee)  
-----

Rights represented by this Right Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint \_\_\_\_\_ Attorney, to transfer said Rights on the books of the within-named Company, with full power of substitution.

Dated: \_\_\_\_\_

-----  
Signature

Signature Guaranteed:

Signatures must be guaranteed by a bank, trust company, broker, dealer or other eligible institution participating in a recognized signature guarantee medallion program.

.....  
(To be completed)

The undersigned hereby certifies that the Rights evidenced by this Right Certificate are not beneficially owned by, were not acquired by the undersigned from, and are not being assigned to an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement).

-----  
Signature

Form of Reverse Side of Right Certificate - continued  
FORM OF ELECTION TO PURCHASE

(To be executed if holder desires to exercise  
Rights represented by the Rights Certificate)

To Valmont Industries, Inc.:

The undersigned hereby irrevocably elects to exercise \_\_\_\_\_ Rights  
represented by this Right Certificate to purchase the shares of Preferred Stock  
(or other securities or property) issuable upon the exercise of such Rights and  
requests that certificates for such shares of Preferred Stock (or such other  
securities) be issued in the name of:

-----  
(Please print name and address)  
-----

If such number of Rights shall not be all the Rights evidenced by this Right  
Certificate, a new Right Certificate for the balance remaining of such Rights  
shall be registered in the name of and delivered to: Please insert social  
security or other identifying number

-----  
(Please print name and address)  
-----

Dated: \_\_\_\_\_

-----  
Signature

(Signature must conform to holder specified on Right Certificate)

Signature Guaranteed:

Signature must be guaranteed by a bank, trust company, broker, dealer or  
other eligible institution participating in a recognized signature guarantee  
medallion program.

-----  
(To be completed)

The undersigned certifies that the Rights evidenced by this Right Certificate are not beneficially owned by, and were not acquired by the undersigned from, an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement).

-----  
Signature

-----  
NOTICE

The signature in the Form of Assignment or Form of Election to Purchase, as the case may be, must conform to the name as written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever.

In the event the certification set forth above in the Form of Assignment or the Form of Election to Purchase, as the case may be, is not completed, such Assignment or Election to Purchase will not be honored.

EXHIBIT C

UNDER CERTAIN CIRCUMSTANCES, AS SET FORTH IN THE RIGHTS AGREEMENT, RIGHTS OWNED BY OR TRANSFERRED TO ANY PERSON WHO IS OR BECOMES AN ACQUIRING PERSON (AS DEFINED IN THE RIGHTS AGREEMENT) AND CERTAIN TRANSFEREES THEREOF WILL BECOME NULL AND VOID AND WILL NO LONGER BE TRANSFERABLE.

SUMMARY OF RIGHTS TO PURCHASE  
SHARES OF PREFERRED STOCK OF  
VALMONT INDUSTRIES, INC.

On December 19, 1995, the Board of Directors of Valmont Industries, Inc. (the "Company") declared a dividend of one preferred share purchase right (a "Right") for each outstanding share of common stock, par value \$1.00 per share, of the Company (the "Common Stock"). The dividend is payable on January 8, 1996 (the "Record Date") to the stockholders of record on that date. Each Right entitles the registered holder to purchase from the Company one one-thousandth of a share of Series A Junior Participating Preferred Stock, par value \$1.00 per share, (the "Preferred Stock") of the Company at a price of \$100.00 per one one-thousandth of a share of Preferred Stock (the "Purchase Price"), subject to adjustment. The description and terms of the Rights are set forth in a Rights Agreement dated as of December 19, 1995, as the same may be amended from time to time (the "Rights Agreement"), between the Company and First National Bank of Omaha, as Rights Agent (the "Rights Agent").

Until the earlier to occur of (i) 10 days following a public announcement that a person or group of affiliated or associated persons (an "Acquiring Person") has acquired beneficial ownership of 15% or more of the outstanding shares of Common Stock or (ii) 10 business days (or such later date as may be determined by action of the Board of Directors prior to such time as any person or group of affiliated persons becomes an Acquiring Person) following the commencement of, or announcement of an intention to make, a tender offer or exchange offer the consummation of which would result in the beneficial ownership by a person or group of 15% or more of the outstanding shares of Common Stock (the earlier of such dates being called the "Distribution Date"), the Rights will be evidenced, with respect to any of the Common Stock certificates outstanding as of the Record Date, by such Common Stock certificate together with a copy of this Summary of Rights. An "Acquiring Person" shall not include the Company, its employee benefit plans, or, subject to certain conditions, Robert B. Daugherty and his related persons and entities.

The Rights Agreement provides that, until the Distribution Date (or earlier redemption or expiration of the Rights), the Rights will be transferred with and only with the Common Stock. Until the Distribution Date (or earlier redemption or expiration of the Rights), new Common Stock certificates issued after the Record Date upon transfer or new issuances of Common Stock will contain a notation incorporating the Rights Agreement by reference. Until the Distribution Date (or earlier redemption or expiration of the Rights), the surrender for transfer of any certificates for shares of Common Stock outstanding as of the Record Date, even without such notation or a copy of this Summary of Rights, will also constitute the transfer of the Rights associated

with the shares of Common Stock represented by such certificate. As soon as practicable following the Distribution Date, separate certificates evidencing the Rights ("Right Certificates") will be mailed to holders of record of the Common Stock as of the close of business on the Distribution Date and such separate Right Certificates alone will evidence the Rights.

The Rights are not exercisable until the Distribution Date. The Rights will expire on December 19, 2005 (the "Final Expiration Date"), unless the Final Expiration Date is extended or unless the Rights are earlier redeemed or exchanged by the Company, in each case as described below.

The Purchase Price payable, and the number of shares of Preferred Stock or other securities or property issuable, upon exercise of the Rights is subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Preferred Stock, (ii) upon the grant to holders of the Preferred Stock of certain rights or warrants to subscribe for or purchase Preferred Stock at a price, or securities convertible into Preferred Stock with a conversion price, less than the then-current market price of the Preferred Stock or (iii) upon the distribution to holders of the Preferred Stock of evidences of indebtedness or assets (excluding regular periodic cash dividends or dividends payable in Preferred Stock) or of subscription rights or warrants (other than those referred to above).

The number of outstanding Rights is subject to adjustment in the event of a stock dividend on the Common Stock payable in shares of Common Stock or subdivisions, consolidations or combinations of the Common Stock occurring, in any such case, prior to the Distribution Date.

Shares of Preferred Stock purchasable upon exercise of the Rights will not be redeemable. Each share of Preferred Stock will be entitled, when, as and if declared, to a minimum preferential quarterly dividend payment of \$1.00 per share but will be entitled to an aggregate dividend of 1000 times the dividend declared per share of Common Stock. In the event of liquidation, the holders of the Preferred Stock will be entitled to a minimum preferential liquidation payment of \$100 per share (plus any accrued but unpaid dividends) but will be entitled to an aggregate payment of 1000 times the payment made per share of Common Stock. Each share of Preferred Stock will have 1000 votes, voting together with the Common Stock. Finally, in the event of any merger, consolidation or other transaction in which shares of Common Stock are converted or exchanged, each share of Preferred Stock will be entitled to receive 1000 times the amount received per share of Common Stock. These rights are protected by customary antidilution provisions.

Because of the nature of the Preferred Stock's dividend, liquidation and voting rights, the value of the one one-thousandth interest in a share of Preferred Stock purchasable upon exercise of each Right should approximate the value of one share of Common Stock.

In the event that any person or group of affiliated or associated persons becomes an Acquiring Person, each holder of a Right, other than Rights beneficially owned by the Acquiring Person (which will thereupon become void), will thereafter have the right to receive upon exercise of a Right at the then-current exercise price of the Right, that number of shares of Common Stock having a market value of two times the exercise price of the Right.

In the event that, after a person or group has become an Acquiring Person, the Company is acquired in a merger or other business combination transaction or 50% or more of its consolidated assets or earning power are sold, proper provisions will be made so that each holder of a Right (other than Rights beneficially owned by an Acquiring Person which will have become void) will thereafter have the right to receive, upon the exercise thereof at the then-current exercise price of the Right, that number of shares of common stock

of the person with whom the Company has engaged in the foregoing transaction (or its parent) that at the time of such transaction has a market value of two times the exercise price of the Right.

At any time after any person or group becomes an Acquiring Person and prior to the earlier of one of the events described in the previous paragraph or the acquisition by such person or group of 50% or more of the outstanding shares of Common Stock, the Board of Directors of the Company may exchange the Rights (other than Rights owned by such person or group which will have become void), in whole or in part, for shares of Common Stock or Preferred Stock (or a series of the Company's preferred stock having equivalent rights, preferences and privileges), at an exchange ratio of one share of Common Stock, or a fractional share of Preferred Stock (or other preferred stock) equivalent in value thereto, per Right.

With certain exceptions, no adjustment in the Purchase Price will be required until cumulative adjustments require an adjustment of at least 1% in such Purchase Price. No fractional shares of Preferred Stock will be issued (other than fractions which are integral multiples of one one-thousandth of a share of Preferred Stock, which may, at the election of the Company, be evidenced by depositary receipts), and in lieu thereof an adjustment in cash will be made based on the market price of the Preferred Stock on the last trading day prior to the date of exercise.

At any time prior to the time an Acquiring Person becomes such, the Board of Directors of the Company may redeem the Rights in whole, but not in part, at a price of \$.01 per Right (the "Redemption Price"). The redemption of the Rights may be made effective at such time, on such basis and with such conditions as the Board of Directors in its sole discretion may establish. Immediately upon any redemption of the Rights, the right to exercise the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price.

For so long as the Rights are then redeemable, the Company may, except with respect to the redemption price, amend the Rights in any manner. After the Rights are no longer redeemable, the Company may, except with respect to the redemption price, amend the Rights in any manner that does not adversely affect the interests of holders of the Rights.

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends.

A copy of the Rights Agreement has been filed with the Securities and Exchange Commission as an Exhibit to a Registration Statement on Form 8-A dated December \_\_, 1995. A copy of the Rights Agreement is available free of charge from the Company. This summary description of the Rights does not purport to be complete and is qualified in its entirety by reference to the Rights Agreement, as the same may be amended from time to time, which is hereby incorporated herein by reference.

CERTIFICATE OF ADJUSTMENT

This is to certify pursuant to Section 12 of the Rights Agreement, dated as of December 19, 1995, as amended (the "Rights Agreement"), between Valmont Industries, Inc., A Delaware corporation (the "Company") and First National Bank of Omaha, as Rights Agent, that:

I. Statement of Facts.

At its April 28, 1997 meeting, the Company's Board of Directors declared a two-for-one split of the shares of common stock of the Company (the "Common Stock"), which was effected in the form of a stock dividend on May 30, 1997.

II. Adjustments Pursuant to the Rights Agreement.

Pursuant to the provisions of the Sections 11(n) of the Rights Agreement, effective as of May 30, 1997, the Right associated with each share of Common Stock is hereby adjusted so that one-half Right shall be associated with each share of Common Stock outstanding immediately after the Distribution.

Effective the 30th day of May, 1997.

VALMONT INDUSTRIES, INC,

By: /s/ Terry J. McClain

-----

Name: Terry J. McClain  
Title: Senior Vice President and  
Chief Financial Officer

VALMONT INDUSTRIES, INC.

PRIVATE SHELF AGREEMENT

\$100,000,000

Private Shelf Facility

Dated as of September 10, 1999

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(not part of agreement)

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EXHIBITS AND SCHEDULES

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Purchaser Schedule  
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VALMONT INDUSTRIES, INC.  
6000 VALMONT PLAZA  
OMAHA, NEBRASKA 68154

As of September 10, 1999

The Prudential Insurance Company  
of America ("PRUDENTIAL")

Each Prudential Affiliate (as hereinafter  
defined) which becomes bound by certain  
provisions of this Agreement as hereinafter  
provided (together with Prudential, the "PURCHASERS")

c/o Prudential Capital Group  
Two Prudential Plaza  
Suite 5600  
Chicago, Illinois 60601

Ladies and Gentlemen:

The undersigned, Valmont Industries, Inc., a Delaware corporation  
(herein called the "COMPANY"), hereby agrees with you as set forth below.  
Reference is made to paragraph 10 hereof for definitions of capitalized terms  
used herein and not otherwise defined herein.

1. AUTHORIZATION OF ISSUE OF NOTES.

1A. INTENTIONALLY OMITTED

1B. AUTHORIZATION OF ISSUE OF SHELF NOTES. The Company will  
authorize the issue of its senior promissory notes (the "SHELF NOTES") in the  
aggregate principal amount of \$100,000,000, to be dated the date of issue  
thereof, to mature, in the case of each Shelf Note so issued, no more than 15  
years after the date of original issuance thereof, to have an average life, in  
the case of each Shelf Note so issued, of no more than 12 years after the date  
of original issuance thereof, to bear interest on the unpaid balance thereof  
from the date thereof at the rate per annum, and to have such other particular  
terms, as shall be set forth, in the case of each Shelf Note so issued, in the  
Confirmation of Acceptance with respect to such Shelf Note delivered pursuant to  
paragraph 2B(5), and to be substantially in the form of EXHIBIT A attached  
hereto. The terms "SHELF NOTE" and "SHELF NOTES" as used herein shall include  
each Shelf Note delivered pursuant to any

provision of this Agreement and each Shelf Note delivered in substitution or exchange for any such Shelf Note pursuant to any such provision. The terms "NOTE" and "NOTES" as used herein shall include each Shelf Note delivered pursuant to any provision of this Agreement and each Note delivered in substitution or exchange for any such Note pursuant to any such provision. Notes which have (i) the same final maturity, (ii) the same principal prepayment dates, (iii) the same principal prepayment amounts (as a percentage of the original principal amount of each Note), (iv) the same interest rate, (v) the same interest payment periods and (vi) the same date of issuance (which, in the case of a Note issued in exchange for another Note, shall be deemed for these purposes the date on which such Note's ultimate predecessor Note was issued), are herein called a "SERIES" of Notes.

2. PURCHASE AND SALE OF NOTES.

2A. INTENTIONALLY OMITTED.

2B. PURCHASE AND SALE OF SHELF NOTES.

2B(1). FACILITY. Prudential is willing to consider, in its sole discretion and within limits which may be authorized for purchase by Prudential from time to time, the purchase of Shelf Notes pursuant to this Agreement. The willingness of Prudential to consider such purchase of Shelf Notes is herein called the "FACILITY". At any time, the aggregate principal amount of Shelf Notes stated in paragraph 1B, MINUS the aggregate principal amount of Shelf Notes purchased and sold pursuant to this Agreement prior to such time, MINUS the aggregate principal amount of Accepted Notes (as hereinafter defined) which have not yet been purchased and sold hereunder prior to such time, MINUS any additional aggregate principal amount outstanding owing by the Company to Prudential, is herein called the "AVAILABLE FACILITY AMOUNT" at such time. NOTWITHSTANDING THE WILLINGNESS OF PRUDENTIAL TO CONSIDER PURCHASES OF SHELF NOTES, THIS AGREEMENT IS ENTERED INTO ON THE EXPRESS UNDERSTANDING THAT NEITHER PRUDENTIAL NOR ANY PRUDENTIAL AFFILIATE SHALL BE OBLIGATED TO MAKE OR ACCEPT OFFERS TO PURCHASE SHELF NOTES, OR TO QUOTE RATES, SPREADS OR OTHER TERMS WITH RESPECT TO SPECIFIC PURCHASES OF SHELF NOTES, AND THE FACILITY SHALL IN NO WAY BE CONSTRUED AS A COMMITMENT BY PRUDENTIAL OR ANY PRUDENTIAL AFFILIATE.

2B(2). ISSUANCE PERIOD. Shelf Notes may be issued and sold pursuant to this Agreement until the earlier of (i) the third anniversary of the date of this Agreement (or if such anniversary date is not a Business Day, the Business Day next preceding such anniversary) and (ii) the thirtieth day after Prudential shall have given to the Company, or the Company shall have given to Prudential, a written notice stating that it elects to terminate the issuance and sale of Shelf Notes pursuant to this Agreement (or if such thirtieth day is not a Business Day, the Business Day next preceding such thirtieth day). The period during which Shelf Notes may be issued and sold pursuant to this Agreement is herein called the "ISSUANCE PERIOD".

2B(3). REQUEST FOR PURCHASE. The Company may from time to time during the Issuance Period make requests for purchases of Shelf Notes (each such request being herein called a "REQUEST FOR PURCHASE"). Each Request for Purchase shall be made to Prudential by telecopier or overnight delivery service, and shall (i) specify the aggregate principal amount of Shelf Notes covered thereby, which shall not be less than \$5,000,000 and not be greater than the Available Facility Amount at the time such Request for Purchase is made, (ii) specify the principal amounts, final maturities, principal prepayment dates and amounts and interest payment periods (quarterly or semi-annual in arrears) of the Shelf Notes covered thereby, (iii) certify that the proceeds of such Shelf Notes shall be used for general corporate purposes permitted by this Agreement, (iv) specify the proposed day for the closing of the purchase and sale of such Shelf Notes, which shall be a Business Day during the Issuance Period not less than 10 days and not more than 25 days after the making of such Request for Purchase, (v) certify that the representations and warranties contained in paragraph 8 are true on and as of the date of such Request for Purchase and that there exists on the date of such Request for Purchase no Event of Default or Default, (vi) specify whether the fee to be due pursuant to paragraph 2B(8) (ii) should be included in the rate quotes Prudential may provide pursuant to paragraph 2B(4) or will be paid separately by the Company on the Closing Day for such purchase and sale, and (vii) be substantially in the form of EXHIBIT B attached hereto. Each Request for Purchase shall be in writing and shall be deemed made when received by Prudential.

2B(4). RATE QUOTES. Not later than five Business Days after the Company shall have given Prudential a Request for Purchase pursuant to paragraph 2B(3), Prudential may, but shall be under no obligation to, provide to the Company by telephone or telecopier, in each case between 9:30 A.M. and 1:30 P.M. New York City local time (or such later time as Prudential may elect) interest rate quotes for the several principal amounts, maturities, principal prepayment schedules, and interest payment periods of Shelf Notes specified in such Request for Purchase. Each quote shall represent the interest rate per annum payable on the outstanding principal balance of such Shelf Notes at which Prudential or a Prudential Affiliate would be willing to purchase such Shelf Notes at 100% of the principal amount thereof.

2B(5). ACCEPTANCE. Within the Acceptance Window, the Company may, subject to paragraph 2B(6), elect to accept such interest rate quotes as to not less than \$5,000,000 aggregate principal amount of the Shelf Notes specified in the related Request for Purchase. Such election shall be made by an Authorized Officer of the Company notifying Prudential by telephone or telecopier within the Acceptance Window that the Company elects to accept such interest rate quotes, specifying the Shelf Notes (each such Shelf Note being herein called an "ACCEPTED NOTE") as to which such acceptance (herein called an "ACCEPTANCE") relates. The day the Company notifies Prudential of an Acceptance with respect to any Accepted Notes is herein called the "ACCEPTANCE DAY" for such Accepted Notes. Any interest rate quotes as to which Prudential does not receive an Acceptance within the Acceptance Window shall expire, and no purchase or sale of Shelf Notes hereunder shall be made based on such expired interest rate quotes. Subject to paragraph 2B(6) and the other terms and conditions hereof, the Company agrees to sell to Prudential or a Prudential Affiliate, and Prudential agrees to purchase, or to cause the purchase by a Prudential

Affiliate of, the Accepted Notes at 100% of the principal amount of such Notes. As soon as practicable following the Acceptance Day, the Company, Prudential and each Prudential Affiliate which is to purchase any such Accepted Notes will execute a confirmation of such Acceptance substantially in the form of EXHIBIT C attached hereto (herein called a "CONFIRMATION OF ACCEPTANCE"). If the Company should fail to execute and return to Prudential within three Business Days following receipt thereof a Confirmation of Acceptance with respect to any Accepted Notes, Prudential may at its election at any time prior to its receipt thereof cancel the closing with respect to such Accepted Notes by so notifying the Company in writing.

2B(6). MARKET DISRUPTION. Notwithstanding the provisions of paragraph 2B(5), if Prudential shall have provided interest rate quotes pursuant to paragraph 2B(4) and thereafter prior to the time an Acceptance with respect to such quotes shall have been notified to Prudential in accordance with paragraph 2B(5) the domestic market for U.S. Treasury securities or derivatives shall have closed or there shall have occurred a general suspension, material limitation, or significant disruption of trading in securities generally on the New York Stock Exchange or in the domestic market for U.S. Treasury securities or derivatives, then such interest rate quotes shall expire, and no purchase or sale of Shelf Notes hereunder shall be made based on such expired interest rate quotes. If the Company thereafter notifies Prudential of the Acceptance of any such interest rate quotes, such Acceptance shall be ineffective for all purposes of this Agreement, and Prudential shall promptly notify the Company that the provisions of this paragraph 2B(6) are applicable with respect to such Acceptance.

2B(7). FACILITY CLOSINGS. Not later than 11:30 A.M. (New York City local time) on the Closing Day for any Accepted Notes, the Company will deliver to each Purchaser listed in the Confirmation of Acceptance relating thereto at the offices of the Prudential Capital Group, Two Prudential Plaza, Suite 5600, Chicago, Illinois 60601, Attention: Law Department, the Accepted Notes to be purchased by such Purchaser in the form of one or more Notes in authorized denominations as such Purchaser may request for each Series of Accepted Notes to be purchased on the Closing Day, dated the Closing Day and registered in such Purchaser's name (or in the name of its nominee), against payment of the purchase price thereof by transfer of immediately available funds for credit to the Company's account specified in the Request for Purchase of such Notes. If the Company fails to tender to any Purchaser the Accepted Notes to be purchased by such Purchaser on the scheduled Closing Day for such Accepted Notes as provided above in this paragraph 2B(7), or any of the conditions specified in paragraph 3 shall not have been fulfilled by the time required on such scheduled Closing Day, the Company shall, prior to 1:00 P.M., New York City local time, on such scheduled Closing Day notify Prudential (which notification shall be deemed received by each Purchaser) in writing whether (i) such closing is to be rescheduled (such rescheduled date to be a Business Day during the Issuance Period not less than one Business Day and not more than 10 Business Days after such scheduled Closing Day (the "RESCHEDULED CLOSING DAY")) and certify to Prudential (which certification shall be for the benefit of each Purchaser) that the Company reasonably believes that it will be able to comply with the conditions set forth in paragraph 3 on such Rescheduled Closing Day and that the Company will pay the Delayed Delivery Fee in accordance with paragraph 2B(8)(iii) or (ii) such closing is to be canceled. In the event that the Company shall fail to give such notice referred to in the preceding sentence, Prudential (on behalf of each Purchaser) may at its election, at any time after 1:00 P.M., New York City local time, on such scheduled Closing Day, notify the Company in writing that such closing is

to be canceled. Notwithstanding anything to the contrary appearing in this Agreement, the Company may not elect to reschedule a closing with respect to any given Accepted Notes on more than one occasion, unless Prudential shall have otherwise consented in writing

2B(8). FEES.

2B(8)(i). STRUCTURING FEE. At the time of the execution and delivery of this Agreement by the Company and Prudential, the Company will pay to Prudential in immediately available funds a fee (herein called the "STRUCTURING FEE") in the amount of \$50,000.

2B(8)(ii).ISSUANCE FEE. The Company will pay to Prudential in immediately available funds a fee (herein called the "ISSUANCE FEE") on each Closing Day in an amount equal to 0.10% of the aggregate principal amount of Notes sold on such Closing Day, unless the Company shall have requested pursuant to the applicable Request for Purchase that such fee be included in the rate quotes Prudential may provide pursuant to paragraph 2B(4).

2B(8)(iii).DELAYED DELIVERY FEE. If the closing of the purchase and sale of any Accepted Note is delayed for any reason beyond the original Closing Day for such Accepted Note, the Company will pay to Prudential (a) on the Cancellation Date or actual closing date of such purchase and sale and (b) if earlier, the next Business Day following 90 days after the Acceptance Day for such Accepted Note and on each Business Day following 90 days after the prior payment hereunder, a fee (herein called the "DELAYED DELIVERY FEE") calculated as follows:

$$(BEY - MMY) \times DTS/360 \times PA$$

where "BEY" means Bond Equivalent Yield, I.E., the bond equivalent yield per annum of such Accepted Note; "MMY" means Money Market Yield, I.E., the yield per annum on a commercial paper investment of the highest quality selected by Prudential on the date Prudential receives notice of the delay in the closing for such Accepted Note having a maturity date or dates the same as, or closest to, the Rescheduled Closing Day or Rescheduled Closing Days (a new alternative investment being selected by Prudential each time such closing is delayed); "DTS" means Days to Settlement, I.E., the number of actual days elapsed from and including the original Closing Day with respect to such Accepted Note (in the case of the first such payment with respect to such Accepted Note) or from and including the date of the next preceding payment (in the case of any subsequent delayed delivery fee payment with respect to such Accepted Note) to but excluding the date of such payment; and "PA" means Principal Amount, I.E., the principal amount of the Accepted Note for which such calculation is being made. In no case shall the Delayed Delivery Fee be less than zero. Nothing contained herein shall obligate any Purchaser to purchase any Accepted Note on any day other than the Closing Day for such Accepted Note, as the same may be rescheduled from time to time in compliance with paragraph 2B(7).

2B(8)(iv).CANCELLATION FEE. If the Company at any time notifies Prudential in writing that the Company is canceling the closing of the purchase and sale of any Accepted Note, or if Prudential notifies the Company in writing under the circumstances set forth in the last sentence of

paragraph 2B(5) or the penultimate sentence of paragraph 2B(7) that the closing of the purchase and sale of such Accepted Note is to be canceled, or if the closing of the purchase and sale of such Accepted Note is not consummated on or prior to the last day of the Issuance Period (the date of any such notification, or the last day of the Issuance Period, as the case may be, being herein called the "CANCELLATION DATE"), the Company will pay to Prudential in immediately available funds an amount (the "CANCELLATION FEE") calculated as follows:

$$PI \times PA$$

where "PI" means Price Increase, I.E., the quotient (expressed in decimals) obtained by dividing (a) the excess of the ask price (as determined by Prudential) of the Hedge Treasury Note(s) on the Cancellation Date over the bid price (as determined by Prudential) of the Hedge Treasury Notes(s) on the Acceptance Day for such Accepted Note by (b) such bid price; and "PA" has the meaning ascribed to it in paragraph 2B(8)(iii). The foregoing bid and ask prices shall be as reported by Telerate Systems, Inc. (or, if such data for any reason ceases to be available through Telerate Systems, Inc., any publicly available source of similar market data). Each price shall be based on a U.S. Treasury security having a par value of \$100.00 and shall be rounded to the second decimal place. In no case shall the Cancellation Fee be less than zero.

3. CONDITIONS OF CLOSING. The obligation of any Purchaser to purchase and pay for any Notes is subject to the satisfaction, on or before the Closing Day for such Notes, of the following conditions:

3A. CERTAIN DOCUMENTS. Such Purchaser shall have received the following, each dated the date of the applicable Closing Day:

(i) The Note(s) to be purchased by such Purchaser;

(ii) A favorable opinion of McGrath, North, Mullin & Kratz, special counsel to the Company (or such other counsel designated by the Company and acceptable to the Purchaser(s)) satisfactory to such Purchaser and substantially in the form of EXHIBIT D attached hereto and as to such other matters as such Purchaser may reasonably request. The Company hereby directs each such counsel to deliver such opinion, agrees that the issuance and sale of any Notes will constitute a reconfirmation of such direction, and understands and agrees that each Purchaser receiving such an opinion will and is hereby authorized to rely on such opinion;

(iii) a Secretary's Certificate signed by the Secretary or an Assistant Secretary and one other officer of the Company certifying, among other things, (A) as to the names, titles and true signatures of the officers of the Company authorized to sign this Agreement, the Notes and the other documents to be delivered in connection with this Agreement, (B) that attached as Exhibit A thereto is a true, accurate and complete copy of the Certificate of Incorporation of

the Company, certified by the Secretary of State of Delaware as of a date not more than ten Business Days from the Closing Day, (C) that attached as Exhibit B thereto is a true, accurate and complete copy of the Company's Bylaws which were duly adopted and are presently in effect and have been in effect immediately prior to and at all times since the adoption of the resolutions referred to in clause (D) below, (D) that attached as Exhibit C thereto is a true, accurate and complete copy of the resolutions of the Company's Board of Directors (authorizing the issuance and sale of the Notes and the execution, delivery and performance of this Agreement) duly adopted by written action or at a meeting of the Company's Board of Directors, and such resolutions have not been rescinded, amended or modified and (E) that attached as Exhibit D thereto is a good standing certificate for the Company from the Secretary of State of Delaware;

(iv) an Officer's Certificate pursuant to paragraph 3C hereof;

(v) with respect to the first Closing Day only, certified copies of Requests for Information or Copies (Form UCC-11) or equivalent reports listing all effective financing statements which name the Company or any Subsidiary (under its present name and previous names used in the last seven years) as debtor and which are filed in the office of the Secretary of State of Delaware together with copies of such financing statements;

(vi) with respect to the first Closing Day only, a duly completed response to the Year 2000 Due Diligence Questionnaire supplied by the Securities Valuation Office of the National Association of Insurance Commissioners; and

(vii) additional documents or certificates with respect to legal matters or corporate or other proceedings related to the transactions contemplated hereby as may be reasonably requested by such Purchaser.

3B. OPINION OF PURCHASER'S SPECIAL COUNSEL. Such Purchaser shall have received from Marianne Grabowski, Assistant General Counsel of Prudential or such other counsel who is acting as special counsel for it in connection with this transaction, a favorable opinion satisfactory to such Purchaser as to such matters incident to the matters herein contemplated as it may reasonably request.

3C. REPRESENTATIONS AND WARRANTIES; NO DEFAULT. The representations and warranties contained in paragraph 8 shall be true on and as of such Closing Day, except to the extent of changes caused by the transactions herein contemplated; there shall exist on such Closing Day no Event of Default or Default; and the Company shall have delivered to such Purchaser an Officer's Certificate, dated such Closing Day, to both such effects.

3D. PURCHASE PERMITTED BY APPLICABLE LAWS. The purchase of and payment for the Notes to be purchased by such Purchaser on the terms and conditions herein provided (including the use of the proceeds of such Notes by the Company) shall not violate any applicable law or governmental regulation (including, without limitation, Section 5 of the Securities Act or Regulation U, T or X of the Board of Governors of the Federal Reserve System) and shall not subject such Purchaser to any tax, penalty, liability or other onerous condition under or pursuant to any applicable law or governmental regulation, and such Purchaser shall have received such certificates or other evidence as it may request to establish compliance with this condition.

3E. PAYMENT OF FEES. The Company shall have paid to Prudential any fees due it pursuant to or in connection with this Agreement, including any Structuring Fee due pursuant to paragraph 2B(8)(i), any Issuance Fee due pursuant to paragraph 2B(8)(ii) and any Delayed Delivery Fee due pursuant to paragraph 2B(8)(iii).

4. PREPAYMENTS. Any Shelf Notes shall be subject to required prepayment as and to the extent provided in paragraphs 4A and 4B, respectively. Any Shelf Notes shall also be subject to prepayment under the circumstances set forth in paragraph 4C. Any prepayment made by the Company pursuant to any other provision of this paragraph 4 shall not reduce or otherwise affect its obligation to make any required prepayment as specified in paragraph 4A or 4B.

4A. INTENTIONALLY OMITTED.

4B. REQUIRED PREPAYMENTS OF SHELF NOTES. Each Series of Shelf Notes shall be subject to required prepayments, if any, set forth in the Notes of such Series.

4C. OPTIONAL PREPAYMENT WITH YIELD-MAINTENANCE AMOUNT. The Notes of each Series shall be subject to prepayment, in whole at any time or from time to time in part (in integral multiples of \$500,000 and in a minimum amount of \$1,000,000), at the option of the Company, at 100% of the principal amount so prepaid plus interest thereon to the prepayment date and the Yield-Maintenance Amount, if any, with respect to each such Note. Any partial prepayment of a Series of the Notes pursuant to this paragraph 4C shall be applied in satisfaction of required payments of principal in inverse order of their scheduled due dates.

4D. NOTICE OF OPTIONAL PREPAYMENT. The Company shall give the holder of each Note of a Series to be prepaid pursuant to paragraph 4C irrevocable written notice of such prepayment not less than 10 Business Days prior to the prepayment date, specifying such prepayment date, the aggregate principal amount of the Notes of such Series to be prepaid on such date, the principal amount of the Notes of such Series held by such holder to be prepaid on that date and that such prepayment is to be made pursuant to paragraph 4C. Notice of prepayment having been given as aforesaid, the principal amount of the Notes specified in such notice, together with interest thereon to the prepayment date and together with the Yield-Maintenance Amount, if any, herein provided, shall become due and payable on such prepayment date. The Company shall, on

or before the day on which it gives written notice of any prepayment pursuant to paragraph 4C, give telephonic notice of the principal amount of the Notes to be prepaid and the prepayment date to each Significant Holder which shall have designated a recipient for such notices in the Purchaser Schedule attached hereto or the applicable Confirmation of Acceptance or by notice in writing to the Company.

4E. APPLICATION OF PREPAYMENTS. In the case of each prepayment of less than the entire unpaid principal amount of all outstanding Notes of any Series pursuant to paragraphs 4A, 4B or 4C, the amount to be prepaid shall be applied pro rata to all outstanding Notes of such Series (including, for the purpose of this paragraph 4E only, all Notes prepaid or otherwise retired or purchased or otherwise acquired by the Company or any of its Subsidiaries or Affiliates other than by prepayment pursuant to paragraph 4A, 4B or 4C) according to the respective unpaid principal amounts thereof.

4F. NO ACQUISITION OF NOTES. The Company shall not, and shall not permit any of its Subsidiaries or Affiliates to, prepay or otherwise retire in whole or in part prior to their stated final maturity (other than by prepayment pursuant to paragraphs 4A, 4B or 4C, or upon acceleration of such final maturity pursuant to paragraph 7A), or purchase or otherwise acquire, directly or indirectly, Notes held by any holder. Any notes so prepaid or otherwise retired or purchased or otherwise acquired by the Company or any of its Subsidiaries or Affiliates shall not be deemed to be outstanding for any purpose under this Agreement, except as provided in paragraph 4E.

5. AFFIRMATIVE COVENANTS. During the Issuance Period and so long thereafter as any Note is outstanding and unpaid, the Company covenants as follows:

5A. FINANCIAL STATEMENTS; NOTICE OF DEFAULTS. The Company covenants that it will deliver to each Significant Holder in triplicate:

(i) as soon as practicable and in any event within 45 days after the end of each quarterly period (other than the last quarterly period) in each fiscal year consolidated statements of income, and cash flows and a consolidated statement of shareholders' equity of the Company and its Subsidiaries for the period from the beginning of the current fiscal year to the end of such quarterly period, and a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarterly period, setting forth in each case in comparative form figures for the corresponding period in the preceding fiscal year, all in reasonable detail and certified by an authorized financial officer of the Company, subject to changes resulting from year-end adjustments; PROVIDED, HOWEVER, that delivery pursuant to clause (iii) below of copies of the Quarterly Report on Form 10-Q of the Company for such quarterly period filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this clause (i);

(ii) as soon as practicable and in any event within 90 days after the end of each fiscal year, consolidated statements of income and cash flows and a consolidated statement of shareholders' equity of the Company and its Subsidiaries for such year, and a consolidated balance sheet of the Company and its Subsidiaries as at the end of such year, setting forth in each case in comparative form corresponding consolidated figures from the preceding annual audit, all in reasonable detail and satisfactory in form to the Required Holder(s) and, reported on by independent public accountants of recognized national standing selected by the Company whose report shall be without limitation as to scope of the audit and satisfactory in substance to the Required Holder(s) PROVIDED, HOWEVER, that delivery pursuant to clause (iii) below of copies of the Annual Report on Form 10-K of the Company for such fiscal year filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this clause (ii);

(iii) promptly upon transmission thereof, copies of all such financial statements, proxy statements, notices and reports as it shall send to its public stockholders and copies of all registration statements (without exhibits) and all reports which it files with the Securities and Exchange Commission (or any governmental body or agency succeeding to the functions of the Securities and Exchange Commission); and

(iv) with reasonable promptness, such other information as such holder (which is not a Competitor) may reasonably request.

Together with each delivery of financial statements required by clauses (i) and (ii) above, the Company will deliver to each Significant Holder an Officer's Certificate demonstrating (with computations in reasonable detail) compliance by the Company and its Subsidiaries with the provisions of paragraph 6 and stating that there exists no Event of Default or Default, or, if any Event of Default or Default exists, specifying the nature and period of existence thereof and what action the Company proposes to take with respect thereto.

The Company also covenants that immediately after any Responsible Officer obtains knowledge of an Event of Default or Default, it will deliver to each Significant Holder an Officer's Certificate specifying the nature and period of existence thereof and what action the Company proposes to take with respect thereto.

5B. INFORMATION REQUIRED BY RULE 144A. The Company covenants that it will, upon the request of the holder of any Note, provide such holder, and any qualified institutional buyer designated by such holder, such financial and other information as such holder may reasonably determine to be necessary in order to permit compliance with the information requirements of Rule 144A under the Securities Act in connection with the resale of Notes, except at such times as the Company is subject to and in compliance with the reporting requirements of section 13 or 15(d) of the Exchange Act. For the purpose of this paragraph 5B,

the term "QUALIFIED INSTITUTIONAL BUYER" shall have the meaning specified in Rule 144A under the Securities Act.

5C. INSPECTION OF PROPERTY. The Company covenants that it will permit any Person (which is not a Competitor) designated by any Significant Holder in writing, at such Significant Holder's expense, if no Default or Event of Default then exists (and at the Company's expense, if a Default or Event of Default then exists) to visit and inspect any of the properties of the Company and its Subsidiaries, to examine the corporate books and financial records of the Company and its Subsidiaries and make copies thereof or extracts therefrom and to discuss the affairs, finances and accounts of any of such corporations with the principal officers of the Company and, during the continuance of an Event of Default, its independent public accountants, all at such reasonable times and as often as such Significant Holder may reasonably request.

5D. COVENANT TO SECURE NOTES EQUALLY. The Company covenants that, if it or any Subsidiary shall create or assume any Lien upon any of its property or assets, whether now owned or hereafter acquired, other than Liens permitted by the provisions of paragraph 6C(1) (unless prior written consent to the creation or assumption thereof shall have been obtained pursuant to paragraph 11C), it will make or cause to be made effective provision whereby the Notes will be secured by such Lien equally and ratably with any and all other Debt thereby secured so long as any such other Debt shall be so secured.

5E. COMPLIANCE WITH LAWS. The Company covenants that it shall, and shall cause each Subsidiary to, comply with all applicable laws, rules, regulations, decrees and orders of all federal, state, local or foreign courts or governmental agencies, authorities, instrumentalities or regulatory bodies the noncompliance with which could be reasonably expected to result in a material adverse effect on the business, assets, operations or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole.

5F. MAINTENANCE OF INSURANCE. The Company covenants that it and each Subsidiary will maintain, with financially sound and reputable insurers, insurance in such amounts and against such liabilities and hazards as customarily is maintained by the other companies operating similar businesses.

6. NEGATIVE COVENANTS. During the Issuance Period and so long thereafter as any Note or other amount due hereunder is outstanding and unpaid, the Company covenants as follows:

6A(1). COVERAGE RATIO. The Company will not permit the ratio (expressed as a percentage) of EBITDA to Fixed Charges for any rolling four consecutive fiscal quarter period to be less than (x) 185% at any time on or prior to June 30, 2000; and (y) 200% at any time thereafter.

6A(2). LEVERAGE RATIO. The Company will not permit the ratio (expressed as a percentage) of Consolidated Funded Debt to Consolidated Gross Worth to exceed 50% at any time.

6A(3). TOTAL DEBT RATIO. The Company will not permit the ratio (expressed as a percentage) of Total Debt to EBITDA to exceed 225% at any time. For purposes of this paragraph EBITDA shall be determined as of the end of the most recently ended fiscal quarter for the four consecutive fiscal quarter period then ended.

6B. MINIMUM CONSOLIDATED NET WORTH. The Company will not permit at any time Consolidated Net Worth to fall below \$150,000,000 plus fifty percent (50%) of annual Consolidated Net Income (less 0% in the event of a loss) applied at the end of each fiscal year commencing with the fiscal year ending on December 31, 1999.

6C. LIEN, DEBT AND OTHER RESTRICTIONS. The Company will not and will not permit any Subsidiary to:

6C(1). LIENS. Create, assume or suffer to exist any Lien upon any of its properties or assets, whether now owned or hereafter acquired (whether or not provision is made for the equal and ratable securing of the Notes in accordance with the provisions of paragraph 5D), EXCEPT:

(i) Liens for taxes, assessments or other governmental charges not yet due or which are being actively contested in good faith by appropriate proceedings,

(ii) Liens incidental to the conduct of its business or the ownership of its property and assets which were not incurred in connection with the borrowing of money or the obtaining of an advance or credit, and which do not in the aggregate materially detract from the value of its property or assets or materially impair the use thereof in the operation of its business,

(iii) Liens on property or assets of a Subsidiary to secure obligations of such Subsidiary to the Company or to a Wholly-Owned Subsidiary,

(iv) Liens in existence on the date hereof and identified on Schedule 6C(1) hereto, and

(v) other Liens provided however that Priority Debt at no time exceeds 25% of Consolidated Net Worth;

6C(2). DEBT. Create, incur, assume or suffer to exist any Debt,  
EXCEPT:

(i) Debt of any Subsidiary owing to the Company or a Wholly-Owned Subsidiary, and

(ii) other Debt of the Company or Subsidiaries, so long as Priority Debt at no time exceeds 25% of Consolidated Net Worth;

6C(3). INTENTIONALLY OMITTED.

6C(4). MERGER AND CONSOLIDATION. Merge or consolidate with or into any other Person, EXCEPT that:

(i) any Subsidiary may merge or consolidate with or into the Company, PROVIDED that the Company is the continuing or surviving corporation,

(ii) any Subsidiary may merge or consolidate with or into any other Subsidiary (so long as any dilution of the Company's ownership interest in such Subsidiary resulting from such merger if treated as a sale of assets would be permitted by clause (iii) or (iv) of paragraph 6(5)) or Person which will constitute a Subsidiary after giving effect to such merger,

(iii) to the extent permitted by paragraph 6C(5), any Subsidiary may merge with any other Person (other than the Company) with such other Person being the continuing or surviving corporation, and

(iv) the Company may merge with any other solvent corporation, so long as the Company shall be the continuing or surviving corporation,

PROVIDED that no Default or Event of Default exists or would exist immediately after giving effect to any such merger;

6C(5). TRANSFER OF ASSETS. Transfer any of its assets EXCEPT that:

(i) the Company and Subsidiaries may sell inventory and equipment in the ordinary course of business,

(ii) any Subsidiary may Transfer assets to the Company or (so long as permitted by clause (iii) or (iv) of this paragraph to the extent dilution of the Company's ownership interest in such Transferred assets will result from such Transfer) any other Subsidiary,

(iii) the Company or any Subsidiary may otherwise Transfer assets, PROVIDED that after giving effect thereto the assets so transferred pursuant to this clause (iii) for the prior four fiscal quarter period (x) shall not have

contributed more than 10% of Consolidated Net Income (before extraordinary gains or losses) and (y) shall not have constituted more than 10% of Consolidated total assets, and

(iv) the Company or any Subsidiary may Transfer assets other than as set forth in the preceding clauses (i) through (iii) of this paragraph 6C(5), if the net proceeds from such Transfer are either (x) reinvested in productive assets utilized in existing business operations within 120 days of the Transfer and/or (y) dedicated to make an offer to make an optional prepayment of the Notes in accordance with paragraph 4C and the Company provides each holder of the Notes with an Officer's Certificate at least seven Business Days prior to such asset Transfer showing the intended means of compliance with this paragraph in reasonable detail.

6C(6). SALE OR DISCOUNT OF RECEIVABLES. Sell with recourse, or discount or otherwise sell for less than the face value thereof, or subject to a Lien, any of its notes or accounts receivable other than receivables which are doubtful in accordance with generally accepted accounting principles;

6C(7). RELATED PARTY TRANSACTIONS. Directly or indirectly, purchase, acquire or lease any property from, or sell, transfer or lease any property to, or otherwise deal with, in the ordinary course of business or otherwise, any Related Party; PROVIDED that the foregoing shall not prohibit transactions which are engaged in the ordinary course of business and are on terms demonstrably no less favorable to the Company or a Subsidiary (as the case may be) than would be available in an "arm's-length" transaction.

7. EVENTS OF DEFAULT.

7A. ACCELERATION. If any of the following events shall occur and be continuing for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or otherwise):

(i) the Company defaults in the payment of any principal of, or Yield- Maintenance Amount payable with respect to, any Note when the same shall become due, either by the terms thereof or otherwise as herein provided; or

(ii) the Company defaults in the payment of any interest on any Note for more than 10 days after the date due; or

(iii) the Company or any Subsidiary defaults (whether as primary obligor or as guarantor or other surety) in any payment of principal of or interest on any other obligation for money borrowed (or any Capitalized Lease Obligation, any obligation under a conditional sale or other title retention

agreement, any obligation issued or assumed as full or partial payment for property whether or not secured by a purchase money mortgage or any obligation under notes payable or drafts accepted representing extensions of credit) beyond any period of grace provided with respect thereto, or the Company or any Subsidiary fails to perform or observe any other agreement, term or condition contained in any agreement under which any such obligation is created (or if any other event thereunder or under any such agreement shall occur and be continuing) and the effect of such failure or other event is to cause, or to permit the holder or holders of such obligation (or a trustee on behalf of such holder or holders) to cause, such obligation to become due (or to be repurchased by the Company or any Subsidiary) prior to any stated maturity, PROVIDED that the aggregate amount of all obligations as to which such a payment default shall occur and be continuing or such a failure or other event causing or permitting acceleration (or resale to the Company or any Subsidiary) shall occur and be continuing exceeds \$5,000,000; or

(iv) any representation or warranty made by the Company herein or by the Company or any of its officers in any writing furnished in connection with or pursuant to this Agreement shall be false in any material respect on the date as of which made; or

(v) the Company fails to perform or observe any agreement contained in paragraph 6; or

(vi) the Company fails to perform or observe any other agreement, term or condition contained herein and such failure shall not be remedied within 30 days after any Responsible Officer obtains actual knowledge thereof; or

(vii) the Company or any Material Subsidiary makes an assignment for the benefit of creditors; or

(viii) any decree or order for relief in respect of the Company or any Material Subsidiary is entered under any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law, whether now or hereafter in effect (herein called the "BANKRUPTCY LAW"), of any jurisdiction; or

(ix) the Company or any Material Subsidiary petitions or applies to any tribunal for, or consents to, the appointment of, or taking possession by, a trustee, receiver, custodian, liquidator or similar official of the Company or any Material Subsidiary, or of any substantial part of the assets of the Company or any Material Subsidiary, or commences a voluntary case under the Bankruptcy Law of the United States or any proceedings (other than

proceedings for the voluntary liquidation and dissolution of a Subsidiary) relating to the Company or any Material Subsidiary under the Bankruptcy Law of any other jurisdiction; or

(x) any such petition or application is filed, or any such proceedings are commenced, against the Company or any Material Subsidiary and the Company or such Material Subsidiary by any act indicates its approval thereof, consent thereto or acquiescence therein, or an order, judgment or decree is entered appointing any such trustee, receiver, custodian, liquidator or similar official, or approving the petition in any such proceedings, and such order, judgment or decree remains unstayed and in effect for more than 30 days; or

(xi) any order, judgment or decree is entered in any proceedings against the Company decreeing the dissolution of the Company and such order, judgment or decree remains unstayed and in effect for more than 60 days: or

(xii) any order, judgment or decree is entered in any proceedings against the Company or any Subsidiary decreeing a split-up of the Company or such Subsidiary which requires the divestiture of assets representing a substantial part, or the divestiture of the stock of a Subsidiary whose assets represent a substantial part, of the consolidated assets of the Company and its Subsidiaries (determined in accordance with generally accepted accounting principles) or which requires the divestiture of assets, or stock of a Subsidiary, which shall have contributed a substantial part of the consolidated net income of the Company and its Subsidiaries (determined in accordance with generally accepted accounting principles) for any of the three fiscal years then most recently ended, and such order, judgment or decree remains unstayed and in effect for more than 60 days; or

(xiii) one or more final judgments in an aggregate amount in excess of \$5,000,000 is rendered against the Company or any Subsidiary and, within 60 days after entry thereof, any such judgment is not discharged or execution thereof stayed pending appeal, or within 60 days after the expiration of any such stay, such judgment is not discharged; or

(xiv) the Company or any ERISA Affiliate, in its capacity as an employer under a Multiemployer Plan, makes a complete or partial withdrawal from such Multiemployer Plan resulting in the incurrence by such withdrawing employer of a withdrawal liability in an amount exceeding \$5,000,000;

then (a) if such event is an Event of Default specified in clause (i) or (ii) of this paragraph 7A, any holder of any Note may at its option during the continuance of such Event of Default, by notice in writing to the Company, declare all of the Notes held by such holder to be, and all of

the Notes held by such holder shall thereupon be and become, immediately due and payable at par together with interest accrued thereon, without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Company, (b) if such event is an Event of Default specified in clause (viii), (ix) or (x) of this paragraph 7A with respect to the Company, all of the Notes at the time outstanding shall automatically become immediately due and payable together with interest accrued thereon and together with the Yield-Maintenance Amount, if any, with respect to each Note, without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Company, and (c) with respect to any event constituting an Event of Default, the Required Holder(s) of the Notes of any Series may at its or their option during the continuance of such Event of Default, by notice in writing to the Company, declare all of the Notes of such Series to be, and all of the Notes of such Series shall thereupon be and become, immediately due and payable together with interest accrued thereon and together with the Yield-Maintenance Amount, if any, with respect to each Note of such Series, without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Company.

7B. RESCISSION OF ACCELERATION. At any time after any or all of the Notes of any Series shall have been declared immediately due and payable pursuant to paragraph 7A, the Required Holder(s) of the Notes of such Series may, by notice in writing to the Company, rescind and annul such declaration and its consequences if (i) the Company shall have paid all overdue interest on the Notes of such Series, the principal of and Yield-Maintenance Amount, if any, payable with respect to any Notes of such Series which have become due otherwise than by reason of such declaration, and interest on such overdue interest and overdue principal and Yield-Maintenance Amount at the rate specified in the Notes of such Series, (ii) the Company shall not have paid any amounts which have become due solely by reason of such declaration, (iii) all Events of Default and Defaults, other than non-payment of amounts which have become due solely by reason of such declaration, shall have been cured or waived pursuant to paragraph 11C, and (iv) no judgment or decree shall have been entered for the payment of any amounts due pursuant to the Notes of such Series or this Agreement. No such rescission or annulment shall extend to or affect any subsequent Event of Default or Default or impair any right arising therefrom.

7C. NOTICE OF ACCELERATION OR RESCISSION. Whenever any Note shall be declared immediately due and payable pursuant to paragraph 7A or any such declaration shall be rescinded and annulled pursuant to paragraph 7B, the Company shall forthwith give written notice thereof to the holder of each Note of each Series at the time outstanding.

7D. OTHER REMEDIES. If any Event of Default or Default shall occur and be continuing, the holder of any Note may proceed to protect and enforce its rights under this Agreement and such Note by exercising such remedies as are available to such holder in respect thereof under applicable law, either by suit in equity or by action at law, or both, whether for specific performance of any covenant or other agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement. No remedy conferred in this Agreement upon the holder of any Note is intended to be exclusive of any other remedy, and each and every

such remedy shall be cumulative and shall be in addition to every other remedy conferred herein or now or hereafter existing at law or in equity or by statute or otherwise.

8. REPRESENTATIONS, COVENANTS AND WARRANTIES. The Company represents, covenants and warrants as follows (all references to "Subsidiary" and "Subsidiaries" in this paragraph 8 shall be deemed omitted if the Company has no Subsidiaries at the time the representations herein are made or repeated):

8A. ORGANIZATION; SUBSIDIARY PREFERRED STOCK. The Company is a corporation duly organized and existing in good standing under the laws of the State of Delaware, each Subsidiary is duly organized and existing in good standing under the laws of the jurisdiction in which it is incorporated, and the Company has and each Subsidiary has the corporate power to own its respective property and to carry on its respective business as now being conducted. No subsidiary has outstanding any shares of stock of a class which has priority over any other class as to dividends or in liquidation.

8B. FINANCIAL STATEMENTS. The Company has furnished each Purchaser of any Note with the following financial statements, identified by a principal financial officer of the Company: (i) a consolidated balance sheet of the Company and its Subsidiaries as at December 31 in each of the three fiscal years of the Company most recently completed prior to the date as of which this representation is made or repeated to such Purchaser (other than fiscal years completed within 90 days prior to such date for which audited financial statements have not been released) and consolidated statements of income and cash flows and a consolidated statement of shareholders' equity of the Company and its Subsidiaries for each such year, all reported on by Deloitte and Touche L.L.P. and (ii) consolidated balance sheet of the Company and its Subsidiaries as at the end of the quarterly period (if any) most recently completed prior to such date and after the end of such fiscal year (other than quarterly periods completed within 60 days prior to such date for which financial statements have not been released) and the comparable quarterly period in the preceding fiscal year and consolidated statements of income and cash flows and a consolidated statement of shareholders' equity for the periods from the beginning of the fiscal years in which such quarterly periods are included to the end of such quarterly periods, prepared by the Company. Such financial statements (including any related schedules and/or notes) (subject, as to interim statements, to changes resulting from audits and year-end adjustments), have been prepared in all material respects in accordance with generally accepted accounting principles consistently followed throughout the periods involved. The balance sheets fairly present in all material respects the consolidated condition of the Company and its Subsidiaries as at the dates thereof, and the statements of income, stockholders' equity and cash flows fairly present in all material respects the consolidated results of the operations of the Company and its Subsidiaries and their cash flows for the periods indicated in accordance with generally accepted accounting principles. There has been no material adverse change in the business, property or assets, condition (financial or otherwise), operations of the Company and its Subsidiaries taken as a whole since the end of the most recent fiscal year for which such audited financial statements have been furnished.

8C. ACTIONS PENDING. There is no action, suit, investigation or proceeding pending or, to the knowledge of the Company, threatened against the Company or any of its Subsidiaries, or any properties or rights of the Company or any of its Subsidiaries, by or before any court, arbitrator or administrative or governmental body which could be reasonably expected to result in any material adverse change in the business, property or assets, condition (financial or otherwise) or operations of the Company and its Subsidiaries taken as a whole.

8D. OUTSTANDING DEBT. Neither the Company nor any of its Subsidiaries has outstanding any Debt except as permitted by paragraph 6C(2). There exists no default under the provisions of any instrument evidencing such Debt or of any agreement relating thereto.

8E. TITLE TO PROPERTIES. The Company has and each of its Subsidiaries has good and indefeasible title to its respective real properties (other than properties which it leases) and good title to all of its other respective properties and assets, including the properties and assets reflected in the most recent audited balance sheet referred to in paragraph 8B (other than properties and assets disposed of in the ordinary course of business), subject to no Lien of any kind except Liens permitted by paragraph 6C(1). All leases necessary in any material respect for the conduct of the respective businesses of the Company and its Subsidiaries are valid and subsisting and are in full force and effect.

8F. TAXES. The Company has and each of its Subsidiaries has filed all federal, state and other income tax returns which, to the best knowledge of the officers of the Company and its Subsidiaries, are required to be filed, and each has paid all taxes as shown on such returns and on all assessments received by it to the extent that such taxes have become due, except such taxes as are being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with generally accepted accounting principles.

8G. CONFLICTING AGREEMENTS AND OTHER MATTERS. Neither the Company nor any of its Subsidiaries is a party to any contract or agreement or subject to any charter or other corporate restriction which materially and adversely affects the consolidated business, property or assets, condition (financial or otherwise) or operations of the Company and its Subsidiaries taken as a whole. Neither the execution nor delivery of this Agreement or the Notes, nor the offering, issuance and sale of the Notes, nor fulfillment of nor compliance with the terms and provisions hereof and of the Notes will conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of, or result in the creation of any Lien upon any of the properties or assets of the Company or any of its Subsidiaries pursuant to, the charter or by-laws of the Company or any of its Subsidiaries, any award of any arbitrator or any agreement (including any agreement with stockholders), instrument, order, judgment, decree, statute, law, rule or regulation to which the Company or any of its Subsidiaries is subject. Neither the Company nor any of its Subsidiaries is a party to, or otherwise subject to any provision contained in, any instrument evidencing Indebtedness of the Company or such Subsidiary, any agreement relating thereto or any other contract or agreement (including its charter) which limits the amount of, or otherwise imposes restrictions

on the incurring of, Debt of the Company of the type to be evidenced by the Notes except as set forth in the agreements listed in SCHEDULE 8G attached hereto (as such Schedule 8G may have been modified from time to time by written supplements thereto delivered by the Company and accepted in writing by Prudential).

8H. OFFERING OF NOTES. Neither the Company nor any agent acting on its behalf has, directly or indirectly, offered the Notes or any similar security of the Company for sale to, or solicited any offers to buy the Notes or any similar security of the Company from, or otherwise approached or negotiated with respect thereto with, any Person other than institutional investors, and neither the Company nor any agent acting on its behalf has taken or will take any action which would subject the issuance or sale of the Notes to the provisions of Section 5 of the Securities Act or to the provisions of any securities or Blue Sky law of any applicable jurisdiction.

8I. USE OF PROCEEDS. The Company is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying "margin stock" (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System), and the aggregate market value of all "margin stock" owned by the Company and its Subsidiaries does not exceed 25% of the aggregate value of the assets thereof, as determined by any reasonable method. Neither the Company nor any agent acting on its behalf has taken or will take any action which might cause this Agreement or the Notes to violate Regulation U, Regulation T or any other regulation of the Board of Governors of the Federal Reserve System or to violate the Exchange Act, in each case as in effect now or as the same may hereafter be in effect.

8J. ERISA. No material accumulated funding deficiency (as defined in section 302 of ERISA and section 412 of the Code), whether or not waived, exists with respect to any Plan (other than a Multiemployer Plan). No liability to the PBGC has been or is expected by the Company or any ERISA Affiliate to be incurred with respect to any Plan (other than a Multiemployer Plan) by the Company, any Subsidiary or any ERISA Affiliate which is or would be materially adverse to the business, property or assets, condition (financial or otherwise) or operations of the Company and its Subsidiaries taken as a whole. Neither the Company, any Subsidiary nor any ERISA Affiliate has incurred or presently expects to incur any withdrawal liability under Title IV of ERISA with respect to any Multiemployer Plan which is or would be materially adverse to the business, property or assets, condition (financial or otherwise) or operations of the Company and its Subsidiaries taken as a whole. The execution and delivery of this Agreement and the issuance and sale of the Notes will be exempt from or will not involve any transaction which is subject to the prohibitions of section 406 of ERISA and will not involve any transaction in connection with which a penalty could be imposed under section 502(i) of ERISA or a tax could be imposed pursuant to section 4975 of the Code. The representation by the Company in the next preceding sentence is made in reliance upon and subject to the accuracy of the representation of each Purchaser in paragraph 9B as to the source of funds to be used by it to purchase any Notes.

8K. GOVERNMENTAL CONSENT. Neither the nature of the Company or of any Subsidiary, nor any of their respective businesses or properties, nor any relationship between the Company or any Subsidiary and any other Person, nor any circumstance in connection with the offering, issuance, sale or delivery of the Notes is such as to require any authorization, consent, approval, exemption or any action by or notice to or filing with any court or administrative or governmental body (other than routine filings after the Closing Day for any Notes with the Securities and Exchange Commission and/or state Blue Sky authorities) in connection with the execution and delivery of this Agreement, the offering, issuance, sale or delivery of the Notes or fulfillment of or compliance with the terms and provisions hereof or of the Notes.

8L. ENVIRONMENTAL COMPLIANCE. The Company and its Subsidiaries and all of their respective properties and facilities have complied at all times and in all respects with all foreign, federal, state, local and regional statutes, laws, ordinances and judicial or administrative orders, judgments, rulings and regulations relating to protection of the environment EXCEPT, in any such case, where failure to comply would not result in a material adverse effect on the business, condition (financial or otherwise) or operations of the Company and its Subsidiaries taken as a whole.

8M. REGULATORY STATUS. Neither the Company nor any Subsidiary is (i) an "Investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, (ii) a "holding company" or a "subsidiary company" or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company", within the meaning of the Public Utility Act of 1935, as amended, or (iii) a "public utility" within the meaning of the Federal Power Act, as amended.

8N. SECTION 144A. The Notes are not of the same class as securities, if any, of the Company listed on a national securities exchange registered under Section 6 of the Exchange Act or quoted in a U.S. automated inter-dealer quotation system.

8O. ABSENCE OF FINANCING STATEMENTS, ETC. Except with respect to Liens permitted by paragraph 6C(1) hereof, there is no financing statement, security agreement, chattel mortgage, real estate mortgage or other document filed or recorded with any filing records, registry or other public office, that purports to cover, affect or give notice of any present or possible future Lien on, or security interest in, any assets or property of the Company or any of its Subsidiaries or any rights relating thereto.

8P. DISCLOSURE. Neither this Agreement nor any other document, certificate or statement furnished to any Purchaser by or on behalf of the Company in connection herewith contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading in light of the circumstances in which made. There is no fact peculiar to the Company or any of its Subsidiaries which materially adversely affects or in the future could be reasonably expected to (so far as the Company can now reasonably foresee) materially adversely affect the business,

property or assets, condition (financial or otherwise) or operations of the Company and its Subsidiaries taken as a whole which has not been set forth in this Agreement.

8Q. YEAR 2000. The Company has reviewed the areas within its business and operations which could be adversely affected by the "Year 2000 Problem" (that is, the risk that computer applications, as well as embedded microchips in non-computing devices, used by the Company may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any after December 31, 1999). The Company has developed or is developing programs to address its "Year 2000 Problem" on a timely basis. Based on such review and program, the Company reasonably believes based on current information that its "Year 2000 Problem" will not result in a material adverse effect on the business, property, assets, prospects, financial condition or operations of the Company and its Subsidiaries taken as a whole.

8R. HOSTILE TENDER OFFERS. None of the proceeds of the sale of any Notes will be used to finance a Hostile Tender Offer.

9. REPRESENTATIONS OF THE PURCHASERS.

Each Purchaser represents as follows:

9A. NATURE OF PURCHASE. Such Purchaser is not acquiring the Notes purchased by it hereunder with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act, provided that the disposition of such Purchaser's property shall at all times be and remain within its control.

9B. SOURCE OF FUNDS. The source of the funds being used by such Purchaser to pay the purchase price of the Notes being purchased by such Purchaser hereunder constitutes assets allocated to: (i) the "insurance company general account" of such Purchaser (as such term is defined under Section V of the United States Department of Labor's Prohibited Transaction Class Exemption ("PTCE") 95-60), and as of the date of the purchase of the Notes such Purchaser satisfies all of the applicable requirements for relief under Sections I and IV of PTCE 95-60, (ii) a separate account maintained by such Purchaser in which no employee benefit plan, other than employee benefit plans identified on a list which has been furnished by such Purchaser to the Company, participates to the extent of 10% or more or (iii) an investment fund, the assets of which do not include any assets of any employee benefit plan. For the purpose of this paragraph 9B, the terms "SEPARATE ACCOUNT" and "EMPLOYEE BENEFIT PLAN" shall have the respective meanings specified in section 3 of ERISA.

10. DEFINITIONS; ACCOUNTING MATTERS. For the purpose of this Agreement, the terms defined in paragraphs 10A and 10B (or within the text of any other paragraph) shall have the respective meanings specified therein and all accounting matters shall be subject to determination as provided in paragraph 10C.

"CALLED PRINCIPAL" shall mean, with respect to any Note, the principal of such Note that is to be prepaid pursuant to paragraph 4C or is declared to be immediately due and payable pursuant to paragraph 7A, as the context requires.

"DISCOUNTED VALUE" shall mean, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (as converted to reflect the periodic basis on which interest on such Note is payable, if payable other than on a semi-annual basis) equal to the Reinvestment Yield with respect to such Called Principal.

"REINVESTMENT YIELD" shall mean, with respect to the Called Principal of any Note, the yield to maturity implied by (i) 0.50% over the yields reported, as of 10:00 A.M. (New York City local time) on the Business Day next preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page 678" on the Telerate Service (or such other display as may replace page 678 on the Telerate Service) for actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or if such yields shall not be reported as of such time or the yields reported as of such time shall not be ascertainable, (ii) the Treasury Constant Maturity Series yields reported, for the latest day for which such yields shall have been so reported as of the Business Day next preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield shall be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between yields reported for various maturities.

"REMAINING AVERAGE LIFE" shall mean, with respect to the Called Principal of any Note, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) each Remaining Scheduled Payment of such Called Principal (but not of interest thereon) by (b) the number of years (calculated to the nearest one-twelfth year) which will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"REMAINING SCHEDULED PAYMENTS" shall mean, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due on or after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date.

"SETTLEMENT DATE" shall mean, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to paragraph 4C or is declared to be immediately due and payable pursuant to paragraph 7A, as the context requires.

"YIELD-MAINTENANCE AMOUNT" shall mean, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Called Principal of such Note over the sum of (i) such Called Principal plus (ii) interest accrued thereon as of (including interest due on) the Settlement Date with respect to such Called Principal. The Yield-Maintenance Amount shall in no event be less than zero.

10B. OTHER TERMS.

"ACCEPTANCE" shall have the meaning specified in paragraph 2B(5).

"ACCEPTANCE DAY" shall have the meaning specified in paragraph 2B(5).

"ACCEPTANCE WINDOW" shall mean, with respect to any interest rate quote made by Prudential pursuant to paragraph 2B(4), the time period designated by Prudential during which the Company may elect to accept such interest rate quote as to not less than \$5,000,000 in aggregate principal amount of Shelf Notes specified in the related Request for Purchase.

"ACCEPTED NOTE" shall have the meaning specified in paragraph 2B(5).

"AFFILIATE" shall mean (i) any Person directly or indirectly controlling, controlled by, or under direct or indirect common control with such Person (except, with respect to the Company, a Subsidiary) and (ii) in the case of Prudential or any "Affiliate" of Prudential, any investment fund or vehicle for which Prudential or any Affiliate acts as investment advisor or portfolio manager. A Person shall be deemed to control a corporation if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities, by contract or otherwise.

"AUTHORIZED OFFICER" shall mean (i) in the case of the Company, its chief executive officer, its chief financial officer, any vice president of the Company designated as an "Authorized Officer" of the Company in the Information Schedule attached hereto or any vice president of the Company designated as an "Authorized Officer" of the Company for the purpose of this Agreement in an Officer's Certificate executed by the Company's chief executive officer or chief financial officer and delivered to Prudential, and (ii) in the case of Prudential, any officer of Prudential designated as its "Authorized Officer" in the Information Schedule or any officer of Prudential designated as its "Authorized Officer" for the purpose of this Agreement in a certificate executed by one of its Authorized Officers. Any action taken under this Agreement on behalf of the Company by any individual who on or after the date of this

Agreement shall have been an Authorized Officer of the Company and whom Prudential in good faith believes to be an Authorized Officer of the Company at the time of such action shall be binding on the Company even though such individual shall have ceased to be an Authorized Officer of the Company, and any action taken under this Agreement on behalf of Prudential by any individual who on or after the date of this Agreement shall have been an Authorized Officer of Prudential and whom the Company in good faith believes to be an Authorized Officer of Prudential at the time of such action shall be binding on Prudential even though such individual shall have ceased to be an Authorized Officer of Prudential.

"AVAILABLE FACILITY AMOUNT" shall have the meaning specified in paragraph 2B(1).

"BANKRUPTCY LAW" shall have the meaning specified in clause (viii) of paragraph 7A.

"BUSINESS DAY" shall mean any day other than (i) a Saturday or a Sunday, (ii) a day on which commercial banks in New York City are required or authorized to be closed and (iii) for purposes of paragraph 2B(3) hereof only, a day on which The Prudential Insurance Company of America is not open for business.

"CANCELLATION DATE" shall have the meaning specified in paragraph 2B(8) (iv).

"CANCELLATION FEE" shall have the meaning specified in paragraph 2B(8) (iv).

"CAPITAL STOCK" shall mean as to any Person, all shares, interests, partnership interests, limited liability company interests, participations and other rights in, or other equivalents of, such Person's equity, and any rights, warrants, or options exchangeable for, or convertible into, such shares, interests, participations, rights or other equivalents.

"CAPITALIZED LEASE OBLIGATION" shall mean any rental obligation which, under generally accepted accounting principles, is or will be required to be capitalized on the books of the Company or any Subsidiary, taken at the amount thereof accounted for as indebtedness (net of interest expenses) in accordance with such principles.

"CLOSING DAY" shall mean, with respect to any Accepted Note, the Business Day specified for the closing of the purchase and sale of such Accepted Note in the Request for Purchase of such Accepted Note, PROVIDED that (i) if the Company and the Purchaser which is obligated to purchase such Accepted Note agree on an earlier Business Day for such closing, the "CLOSING DAY" for such Accepted Note shall be such earlier Business Day, and (ii) if the closing of the purchase and sale of such Accepted Note is rescheduled pursuant to paragraph 2B(7), the Closing Day for such Accepted Note, for all purposes of this Agreement except references to

"original Closing Day" in paragraph 2B(8)(iii), shall mean the Rescheduled Closing Day with respect to such Accepted Note.

"CODE" shall mean the Internal Revenue Code of 1986, as amended.

"COMPETITOR" shall mean and include any Person (other than Prudential or any Prudential Affiliate) engaged in any material respect in the fabricated structural metal, coating (galvanizing, painting or other commercially applied metal finishes) or irrigation industries in which the Company is engaged. Each holder and each Transferee may in good faith conclusively rely on a certificate of a proposed purchaser of the Note(s) addressed and delivered to the Company and such holder or Transferee to the effect that such proposed purchaser of the Note(s) is not a Competitor, provided that the Company has not, by written notice to such holder or Transferee delivered within five Business Days after the Company's receipt of such certificate, objected to such reliance on the grounds that the Company in good faith reasonably believes such proposed purchaser of the Note(s) is a Competitor.

"CONFIDENTIAL INFORMATION" shall mean any non-public or proprietary information delivered or made available by or on behalf of the Company or any Subsidiary to a Purchaser or a Transferee (as the case may be), including without limitation any non-public information obtained pursuant to paragraph 5A or 5C, in connection with or pursuant to this Agreement which is proprietary in nature, but in no event shall include information (i) which was publicly known or otherwise known to such Purchaser or Transferee (as the case may be) at the time of disclosure (except pursuant to disclosure in connection with this Agreement), (ii) which subsequently becomes publicly known through no act or omission by such Purchaser or Transferee (as the case may be), or (iii) which otherwise becomes known to such Purchaser or Transferee, other than through disclosure by the Company or from a Person obligated not to disclose under this Agreement.

"CONFIRMATION OF ACCEPTANCE" shall have the meaning specified in paragraph 2B(5).

"CONSOLIDATED" shall mean the consolidation of the accounts of the Company and its Subsidiaries in accordance with generally accepted accounting principles including principles of consolidation.

"CONSOLIDATED FUNDED DEBT" shall mean, as of any time of determination thereof, the Funded Debt of the Company and its Subsidiaries determined on a Consolidated basis in accordance with generally accepted accounting principles.

"CONSOLIDATED NET INCOME" shall mean, with respect to any period, the net income of the Company and its Subsidiaries determined on a consolidated basis in accordance with generally accepted accounting principles.

"CONSOLIDATED NET WORTH" shall mean, as of any time of determination thereof, the sum of (i) the par value (or value stated on the books of the Company) of the capital

stock of all classes of the Company including paid-in-capital, plus (or minus in the case of a surplus deficit) (ii) the amount of the consolidated surplus, whether capital or earned, of the Company and its Subsidiaries after subtracting therefrom the aggregate of treasury stock and any other contra-equity accounts including, without limitation, minority interests; all determined in accordance with generally accepted accounting principles.

"CONSOLIDATED GROSS WORTH" shall mean, as of any time of determination thereof, the sum of Consolidated Net Worth and Consolidated Funded Debt.

"CURRENT DEBT" shall mean, with respect to any Person, all Indebtedness of such Person for borrowed money which by its terms or by the terms of any instrument or agreement relating thereto matures on demand or within one year from the date of the creation thereof and is not directly or indirectly renewable or extendible at the option of the debtor to a date more than one year from the date of the creation thereof, provided that Indebtedness for borrowed money outstanding under a revolving credit or similar agreement which obligates the lender or lenders to extend credit over a period of more than one year shall constitute Funded Debt and not Current Debt, even though such Indebtedness by its terms matures on demand or within one year from the date of the creation thereof.

"DEBT" shall mean Current Debt and Funded Debt.

"DELAYED DELIVERY FEE" shall have the meaning specified in paragraph 2B(8) (iii).

"EBITDA" for any period shall mean Consolidated Net Income plus, to the extent deducted in determining Consolidated Net Income for such period, without duplication, (i) interest expense, (ii) depreciation expense, (iii) amortization expense, and (iv) income tax expense.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"ERISA AFFILIATE" shall mean any corporation which is a member of the same controlled group of corporations as the Company within the meaning of section 414(b) of the Code, or any trade or business which is under common control with the Company within the meaning of section 414(c) of the Code.

"EVENT OF DEFAULT" shall mean any of the events specified in paragraph 7A, provided that there has been satisfied any requirement in connection with such event for the giving of notice, or the lapse of time, or the happening of any further condition, event or act, and "DEFAULT" shall mean any of such events, whether or not any such requirement has been satisfied.

"EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended.

"FACILITY" shall have the meaning specified in paragraph 2B(1).

"FIXED CHARGES" shall mean the sum, for the relevant period, of (a) consolidated interest expense of the Company and the Subsidiaries (including, without limitation, imputed interest expense on Capitalized Leases), PLUS (b) mandatory payment of the principal (or principal component, in the instance of Capitalized Leases) of the Company's and the Subsidiaries' consolidated interest-bearing debt (which term shall INCLUDE, without limitation, the Notes, any seller note, any discount note, and the principal component of Capitalized Leases, but shall EXCLUDE trade payables incurred in the ordinary course of business), PLUS (c) any Restricted Payments distributed in the form of cash or debt.

"FUNDED DEBT" shall mean with respect to any Person, all Indebtedness of such Person which by its terms or by the terms of any instrument or agreement relating thereto matures, or which is otherwise payable or unpaid, more than one year from, or is directly or indirectly renewable or extendible at the option of the debtor to a date more than one year (including an option of the debtor under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of more than one year) from, the date of the creation thereof, including all Indebtedness to any Person, to the extent such Indebtedness has not been reduced to zero for a period of sixty consecutive days (such period to be selected by the Company) for the four consecutive fiscal quarter period ended as of the date on which Funded Debt is to be determined.

"GUARANTEE" shall mean, with respect to any Person, any direct or indirect liability, contingent or otherwise, of such Person with respect to any indebtedness, lease, dividend or other obligation of another, including, without limitation, any such obligation directly or indirectly guaranteed, endorsed (otherwise than for collection or deposit in the ordinary course of business) or discounted or sold with recourse by such Person, or in respect of which such Person is otherwise directly or indirectly liable, including, without limitation, any such obligation in effect guaranteed by such Person through any agreement (contingent or otherwise) to purchase, repurchase or otherwise acquire such obligation or any security therefor, or to provide funds for the payment or discharge of such obligation (whether in the form of loans, advances, stock purchases, capital contributions or otherwise), or to maintain the solvency or any balance sheet or other financial condition of the obligor of such obligation, or to make payment for any products, materials or supplies or for any transportation or service, regardless of the non-delivery or non-furnishing thereof, in any such case if the purpose or intent of such agreement is to provide assurance that such obligation will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such obligation will be protected against loss in respect thereof. The amount of any Guarantee shall be equal to the outstanding principal amount of the obligation guaranteed or such lesser amount to which the maximum exposure of the guarantor shall have been specifically limited.

"HEDGE TREASURY NOTE(S)" shall mean, with respect to any Accepted Note, the United States Treasury Note or Notes whose duration (as determined by Prudential) most closely matches the duration of such Accepted Note.

"HOSTILE TENDER OFFER" shall mean, with respect to the use of proceeds of any Note, any offer to purchase, or any purchase of, shares of capital stock of any corporation or equity interests in any other entity, or securities convertible into or representing the beneficial ownership of, or rights to acquire, any such shares or equity interests, if such shares, equity interests, securities or rights are of a class which is publicly traded on any securities exchange or in any over-the-counter market, other than purchases of such shares, equity interests, securities or rights representing less than 5% of the equity interests or beneficial ownership of such corporation or other entity for portfolio investment purposes, and such offer or purchase has not been duly approved by the board of directors of such corporation or the equivalent governing body of such other entity prior to the date on which the Company makes the Request for Purchase of such Note.

"INCLUDING" shall mean, unless the context clearly requires otherwise, "including without limitation".

"INDEBTEDNESS" shall mean, with respect to any Person, without duplication, (i) all items (excluding trade payables and accrued expenses incurred in the ordinary course of business, contingency reserves, reserves for deferred income taxes, employee retirement-related benefits, insurance and claims, and other non-borrowing long-term reserves, and other reserves to the extent that such reserves do not constitute an obligation) which in accordance with generally accepted accounting principles would be included in determining total liabilities as shown on the liability side of a balance sheet of such Person as of the date on which Indebtedness is to be determined (including Capitalized Lease Obligations), (ii) all indebtedness secured by any Lien on any property or asset owned or held by such Person subject thereto, whether or not the indebtedness secured thereby shall have been assumed, and (iii) all indebtedness of others with respect to which such Person has become liable by way of Guarantee.

"INSTITUTIONAL INVESTOR" shall mean Prudential, Prudential Affiliates, any insurance company, bank, finance company, mutual fund, registered money or asset manager, savings and loan association, credit union, registered investment advisor, pension fund, investment company, licensed broker or dealer, "qualified institutional buyer" (as such term is defined under Rule 144A promulgated under the Securities Act, or any successor law, rule or regulation).

"ISSUANCE PERIOD" shall have the meaning specified in paragraph 2B(2).

"LIEN" shall mean any mortgage, pledge, security interest, encumbrance, lien (statutory or otherwise) or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, any lease in the nature thereof,

and the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction) or any other type of preferential arrangement for the purpose, or having the effect, of protecting a creditor against loss or securing the payment or performance of an obligation.

"MATERIAL SUBSIDIARY" shall mean any Subsidiary or group of Subsidiaries (i) whose assets constitute ten percent (10%) or more of the consolidated net assets the Company and its Subsidiaries or (ii) which has contributed more than ten percent (10%) of Consolidated Net Income for the most recently ended fiscal year.

"MULTIEMPLOYER PLAN" shall mean any Plan which is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA.

"NOTES" shall have the meaning specified in paragraph 1B.

"OFFICER'S CERTIFICATE" shall mean a certificate signed in the name of the Company by an Authorized Officer of the Company.

"PERSON" shall mean and include an individual, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, a limited liability company, and a government or any department or agency thereof.

"PLAN" shall mean any employee pension benefit plan (as such term is defined in section 3 of ERISA) which is or has been established or maintained, or to which contributions are or have been made, by the Company or any ERISA Affiliate.

"PRIORITY DEBT" shall mean the sum of (i) Debt of the Company which is secured by a Lien and (ii) Debt of any Subsidiary (including, but not limited to, any Debt of a Subsidiary which consists of a Guarantee of Debt of the Company), excluding however Debt of Subsidiaries owing to the Company or any Wholly-Owned Subsidiary.

"PRUDENTIAL" shall mean The Prudential Insurance Company of America.

"PRUDENTIAL AFFILIATE" shall mean any Affiliate of Prudential.

"PURCHASERS" shall mean Prudential and/or the Prudential Affiliate(s), which are purchasing such Accepted Notes.

"RELATED PARTY" shall mean (i) any Significant Stockholder, (ii) all persons to whom any Significant Stockholder is related by blood, adoption or marriage and (iii) all Affiliates of the foregoing Persons.

"REQUEST FOR PURCHASE" shall have the meaning specified in paragraph 2B(3).

"REQUIRED HOLDER(S)" shall mean the holder or holders of at least 51% of the aggregate principal amount of the Notes or of a Series of Notes, as the context may require, from time to time outstanding.

"RESCHEDULED CLOSING DAY" shall have the meaning specified in paragraph 2B(7).

"RESPONSIBLE OFFICER" shall mean the chief executive officer, chief operating officer, chief financial officer or chief accounting officer of the Company, general counsel of the Company or any other officer of the Company involved principally in its financial administration or its controllership function.

"RESTRICTED PAYMENTS" shall mean (i) any dividend on any shares of the capital stock of the Company or any Subsidiary (other than dividends payable solely in shares of capital stock) or any other distribution, direct or indirect, on account of shares of capital stock of the Company or any Subsidiary (other than distributions of capital stock of the Company), (ii) any redemption, purchase, retirement, sinking fund, or similar payment, or other acquisition, direct or indirect, of any shares of the capital stock of the Company or any Subsidiary, and (iii) in the event that the stock of the Company ceases to be publicly held, any loans, advances or any other payments of any character made by the Company or any Subsidiary to any holder of any shares of capital stock of the Company or any Subsidiary.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended.

"SERIES" shall have the meaning specified in paragraph 1B.

"SHELF NOTES" shall have the meaning specified in paragraph 1B.

"SIGNIFICANT HOLDER" shall mean (i) Prudential, so long as Prudential or any Prudential Affiliate shall hold (or be committed under this Agreement to purchase) any Note, and (ii) any other holder of at least 10% of the aggregate principal amount of the Notes from time to time outstanding.

"SIGNIFICANT STOCKHOLDER" shall mean and include any Person who owns, beneficially or of record, directly or indirectly, at any time during any year with respect to which a computation is being made, either individually or together with all persons to whom such Person is related by blood, adoption or marriage, 5% or more of the Voting Stock of the Company.

"STRUCTURING FEE" shall have the meaning specified in paragraph 2B(8) (i).

"SUBSIDIARY" shall mean, as to any Person, any corporation, association or other business entity in which such Person or one or more of its Subsidiaries or such Person and

one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such entity, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such Person or one or more if its Subsidiaries or such Person and one or more of its Subsidiaries (unless such partnership can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"TOTAL DEBT" shall mean, as of any time of determination thereof, all Debt of the Company and its Subsidiaries, determined on a Consolidated basis in accordance with generally accepted accounting principles.

"TRANSFER" shall mean, with respect to any item, the sale, exchange, conveyance, lease, transfer or other disposition of such item.

"TRANSFeree" shall mean any direct or indirect transferee of all or any part of any Note purchased by any Purchaser under this Agreement.

"VOTING STOCK" shall mean, with respect to any corporation, any shares of stock of such corporation whose holders are entitled under ordinary circumstances to vote for the election of directors of such corporation (irrespective of whether at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

"WHOLLY-OWNED SUBSIDIARY" shall mean any Subsidiary all of the stock of every class of which is, at the time as of which any determination is being made, owned by the Company either directly or through a wholly-owned Subsidiary.

10C. ACCOUNTING PRINCIPLES, TERMS AND DETERMINATIONS. All references in this Agreement to "generally accepted accounting principles" shall be deemed to refer to generally accepted accounting principles in effect in the United States at the time of application thereof. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all determinations with respect to accounting matters hereunder shall be made, and all unaudited financial statements and certificates and reports as to financial matters required to be furnished hereunder shall be prepared, in accordance with generally accepted accounting principles applied on a basis consistent with the most recent audited financial statements delivered pursuant to clause (ii) of paragraph 5A or, if no such statements have been so delivered, the most recent audited financial statements referred to in clause (i) of paragraph 8B. Any reference herein to any specific law, statute, rule or regulation shall refer to such law, statute, rule or regulation as the same may be modified, amended or replaced from time to time.

11. MISCELLANEOUS.

11A. NOTE PAYMENTS. The Company agrees that, so long as any Purchaser shall hold any Note, it will make payments of principal of, interest on, and any Yield-Maintenance Amount payable with respect to, such Note, which comply with the terms of this Agreement, by wire transfer of immediately available funds for credit (not later than 12:00 noon, New York City local time, on the date due) to (i) the account or accounts of such Purchaser specified in the Purchaser Schedule attached hereto in the case of any Series A Note, (ii) the account or accounts of such Purchaser specified in the Confirmation of Acceptance with respect to such Note in the case of any Shelf Note or (iii) such other account or accounts in the United States as such Purchaser may from time to time designate in writing, notwithstanding any contrary provision herein or in any Note with respect to the place of payment. Each Purchaser agrees that, before disposing of any Note, it will make a notation thereon (or on a schedule attached thereto) of all principal payments previously made thereon and of the date to which interest thereon has been paid. The Company agrees to afford the benefits of this paragraph 11A to any Transferee which shall have made the same agreement as the Purchasers have made in this paragraph 11A.

11B. EXPENSES. The Company agrees, whether or not the transactions contemplated hereby shall be consummated, to pay, and save Prudential, each Purchaser and any Transferee harmless against liability for the payment of, all out-of-pocket expenses arising in connection with such transactions, including (i) all document production and duplication charges and the fees and expenses of any special counsel engaged by the Purchasers or any Transferee in connection with this Agreement, the transactions contemplated hereby and any subsequent proposed modification of, or proposed consent under, this Agreement, whether or not such proposed modification shall be effected or proposed consent granted, excluding, however, for purposes of this clause (i) expenses incurred by Prudential, any Purchaser or any Transferee in connection with a transfer of the Notes, and (ii) the costs and expenses, including attorneys' fees, incurred by any Purchaser or any Transferee in enforcing (or determining whether or how to enforce) any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the transactions contemplated hereby or by reason of any Purchaser's or any Transferee's having acquired any Note, including without limitation costs and expenses incurred in any bankruptcy case. The obligations of the Company under this paragraph 11B shall survive the transfer of any Note or portion thereof or interest therein by any Purchaser or any Transferee and the payment of any Note.

11C. CONSENT TO AMENDMENTS. This Agreement may be amended, and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, if the Company shall obtain the written consent to such amendment, action or omission to act, of the Required Holder(s) of the Notes of each Series except that, (i) with the written consent of the holders of all Notes of a particular Series, and if an Event of Default shall have occurred and be continuing, of the holders of all Notes of all Series, at the time outstanding (and such written consents), the Notes of such Series may be amended or the provisions thereof waived to change the maturity thereof, to change or affect the principal thereof, or to change or affect the rate or time of payment of interest on or any Yield-Maintenance Amount payable with respect to the Notes of such Series, (ii) without the written consent of the holder or holders of all

Notes at the time outstanding, no amendment to or waiver of the provisions of this Agreement shall change or affect the provisions of paragraph 7A or this paragraph 11C insofar as such provisions relate to proportions of the principal amount of the Notes of any Series, or the rights of any individual holder of Notes, required with respect to any declaration of Notes to be due and payable or with respect to any consent, amendment, waiver or declaration, (iii) with the written consent of Prudential (and without the consent of any other holder of the Notes) the provisions of paragraph 2B may be amended or waived (except insofar as any such amendment or waiver would affect any rights or obligations with respect to the purchase and sale of Notes which shall have become Accepted Notes prior to such amendment or waiver), and (iv) with the written consent of all of the Purchasers which shall have become obligated to purchase Accepted Notes of any Series (and not without the written consent of all such Purchasers), any of the provisions of paragraphs 2B and 3 may be amended or waived insofar as such amendment or waiver would affect only rights or obligations with respect to the purchase and sale of the Accepted Notes of such Series or the terms and provisions of such Accepted Notes. Each holder of any Note at the time or thereafter outstanding shall be bound by any consent authorized by this paragraph 11C, whether or not such Note shall have been marked to indicate such consent, but any Notes issued thereafter may bear a notation referring to any such consent. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein and in the Notes, the term "THIS AGREEMENT" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

11D. FORM, REGISTRATION, TRANSFER AND EXCHANGE OF NOTES; LOST NOTES. The Notes are issuable as registered notes without coupons in denominations of at least \$1,000,000, except as may be necessary to reflect any principal amount not evenly divisible by \$1,000,000. The Company shall keep at its principal office a register in which the Company shall provide for the registration of Notes and of transfers of Notes. Upon surrender for registration of transfer of any Note at the principal office of the Company, the Company shall, at its expense, execute and deliver one or more new Notes of like tenor and of a like aggregate principal amount, registered in the name of such transferee or transferees. At the option of the holder of any Note, such Note may be exchanged for other Notes of like tenor and of any authorized denominations, of a like aggregate principal amount, upon surrender of the Note to be exchanged at the principal office of the Company. Whenever any Notes are so surrendered for exchange, the Company shall, at its expense, execute and deliver the Notes which the holder making the exchange is entitled to receive. Each prepayment of principal payable on each prepayment date upon each new Note issued upon any such transfer or exchange shall be in the same proportion to the unpaid principal amount of such new Note as the prepayment of principal payable on such date on the Note surrendered for registration of transfer or exchange bore to the unpaid principal amount of such Note. No reference need be made in any such new Note to any prepayment or prepayments of principal previously due and paid upon the Note surrendered for registration of transfer or exchange. Every Note surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer duly executed, by the holder of such Note or such holder's attorney duly authorized in writing. Any Note or Notes issued in exchange for any Note or upon transfer thereof shall carry the rights to unpaid interest and

interest to accrue which were carried by the Note so exchanged or transferred, so that neither gain nor loss of interest shall result from any such transfer or exchange. Upon receipt of written notice from the holder of any Note of the loss, theft, destruction or mutilation of such Note and, in the case of any such loss, theft or destruction, upon receipt of such holder's unsecured indemnity agreement, or in the case of any such mutilation upon surrender and cancellation of such Note, the Company will make and deliver a new Note, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Note.

11E. PERSONS DEEMED OWNERS; PARTICIPATIONS. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name any Note is registered as the owner and holder of such Note for the purpose of receiving payment of principal of and interest on, and any Yield-Maintenance Amount payable with respect to, such Note and for all other purposes whatsoever, whether or not such Note shall be overdue, and the Company shall not be affected by notice to the contrary. Subject to the preceding sentence, the holder of any Note may from time to time grant participations in all or any part of such Note to any Person on such terms and conditions as may be determined by such holder in its sole and absolute discretion; provided that holders of participations shall not be deemed holders of the Notes.

11F. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT. All representations and warranties contained herein or made in writing by or on behalf of the Company in connection herewith shall survive the execution and delivery of this Agreement and the Notes, the transfer by any Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any Transferee, regardless of any investigation made at any time by or on behalf of any Purchaser or any Transferee. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings relating to such subject matter.

11G. SUCCESSORS AND ASSIGNS. All covenants and other agreements in this Agreement contained by or on behalf of any of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of the parties hereto (including, without limitation, any Transferee) whether so expressed or not.

11H. INDEPENDENCE OF COVENANTS. All covenants hereunder shall be given independent effect so that if a particular action or condition is prohibited by any one of such covenants, the fact that it would be permitted by an exception to, or otherwise be in compliance within the limitations of, another covenant shall not avoid (i) the occurrence of a Default or Event of Default if such action is taken or such condition exists or (ii) in any way prejudice an attempt by the holder of any Note to prohibit through equitable action or otherwise the taking of any action by the Company or any Subsidiary which would result in a Default or Event of Default.

11I. NOTICES. All written communications provided for hereunder (other than communications provided for under paragraph 2) shall be sent by first class mail or nationwide

overnight delivery service (with charges prepaid) and (i) if to any Purchaser, addressed as specified for such communications in the Purchaser Schedule attached to the applicable Confirmation of Acceptance or at such other address as any such Purchaser shall have specified to the Company in writing, (ii) if to any other holder of any Note, addressed to it at such address as it shall have specified in writing to the Company or, if any such holder shall not have so specified an address, then addressed to such holder in care of the last holder of such Note which shall have so specified an address to the Company and (iii) if to the Company, addressed to it at 6000 Valmont Plaza, Omaha, Nebraska 68154, Attention: Chief Financial Officer, PROVIDED, HOWEVER, that any such communication to the Company may also, at the option of the Person sending such communication, be delivered by any other means either to the Company at its address specified above or to any Authorized Officer of the Company. Any communication pursuant to paragraph 2 shall be made by the method specified for such communication in paragraph 2, and shall be effective to create any rights or obligations under this Agreement only if, in the case of a telephone communication, an Authorized Officer of the party conveying the information and of the party receiving the information are parties to the telephone call, and in the case of a telecopier communication, the communication is signed by an Authorized Officer of the party conveying the information, addressed to the attention of an Authorized Officer of the party receiving the information, and in fact received at the telecopier terminal the number of which is listed for the party receiving the communication in the Information Schedule or at such other telecopier terminal as the party receiving the information shall have specified in writing to the party sending such information.

11J. PAYMENTS DUE ON NON-BUSINESS DAYS. Anything in this Agreement or the Notes to the contrary notwithstanding, any payment of principal of or interest on, or Yield-Maintenance Amount payable with respect to, any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day. If the date for any payment is extended to the next succeeding Business Day by reason of the preceding sentence, the period of such extension shall not be included in the computation of the interest payable on such Business Day.

11K. SEVERABILITY. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11L. DESCRIPTIVE HEADINGS. The descriptive headings of the several paragraphs of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

11M. SATISFACTION REQUIREMENT. If any agreement, certificate or other writing, or any action taken or to be taken, is by the terms of this Agreement required to be satisfactory to any Purchaser, to any holder of Notes or to the Required Holder(s), the determination of such satisfaction shall be made by such Purchaser, such holder or the Required Holder(s), as the case

may be, in the sole and exclusive judgment (exercised in good faith) of the Person or Persons making such determination.

11N. GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE INTERNAL LAW OF THE STATE OF ILLINOIS.

11O. SEVERALTY OF OBLIGATIONS. The sales of Notes to the Purchasers are to be several sales, and the obligations of Prudential and the Purchasers under this Agreement are several obligations. No failure by Prudential or any Purchaser to perform its obligations under this Agreement shall relieve any other Purchaser or the Company of any of its obligations hereunder, and neither Prudential nor any Purchaser shall be responsible for the obligations of, or any action taken or omitted by, any other such Person hereunder.

11P. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

11Q. CONFIDENTIALITY PROVISIONS. Each Purchaser (and each Transferee by its acceptance of an interest in any Note) agrees, so long as no Event of Default has occurred and continued for a period of one hundred eighty days under paragraphs 7A(i), (ii), (viii), (ix) or (x), that it will use its best efforts to hold in confidence and not disclose any Confidential Information without the prior written consent of the Company which consent shall not be unreasonably denied; provided, however, that nothing contained herein shall prevent the holder of any Note from delivering copies of any financial statements and other documents delivered to such holder, and disclosing any other information disclosed to such holder, by the Company or any Subsidiary in connection with or pursuant to this Agreement to (i) such holder's directors, officers, employees, agents and professional consultants, (ii) any other holder of any Note, (iii) any Institutional Investor to which such holder offers to sell such Note or any part thereof, (iv) any Institutional Investor to which such holder sells or offers to sell a participation in all or any part of such Note, (v) any Institutional Investor from which such holder offers to purchase any security of the Company, (vi) any federal or state regulatory authority having jurisdiction over such holder, (vii) the National Association of Insurance Commissioners or any similar organization or any nationally recognized rating agency or (viii) any other Person which is not a Competitor to which such delivery or disclosure may be reasonably necessary or appropriate (a) in compliance with any law, rule, regulation or order applicable to such holder, (b) in response to any subpoena or other legal process or investigative demand, (c) in connection with any litigation in connection with this Agreement to which such holder is a party or (d) in order to protect such holder's investment and enforce the rights of such holder under this Agreement; and provided further that after notice to the Company the holders of the Notes shall be free to correct any false or misleading information which may become public concerning their relationship to the Company or any of its Subsidiaries. For purposes of this Agreement, each Purchaser and each Transferee may in good faith conclusively rely on a certificate of a proposed purchaser of the Note(s) addressed and delivered to the Company and such Purchaser or Transferee to the

effect that such proposed purchaser of the Note(s) is not a Competitor, provided that the Company has not, by written notice to such Purchaser or Transferee delivered within five Business Days after the Company's receipt of such certificate, objected to such reliance on the grounds that the Company in good faith reasonably believes such proposed purchaser of the Note(s) is a Competitor.

11R. TRANSFER RESTRICTIONS. Notwithstanding anything to the contrary contained herein, so long as no Event of Default under paragraphs 7A(i), (ii), (viii), (ix) or (x) has occurred and continued for a period of one hundred eighty days each Purchaser and Transferee hereby agrees that it will not transfer or sell any participation in any Note to a Competitor or any other Person which is not an Institutional Investor.

11S. BINDING AGREEMENT. When this Agreement is executed and delivered by the Company and Prudential, it shall become a binding agreement between the Company and Prudential. This Agreement shall also inure to and each such Purchaser shall be bound by this Agreement to the extent provided in such Confirmation of Acceptance.

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11T. AMENDMENT OF EXISTING AGREEMENT. The covenants set forth in paragraphs 5 and 6 of the agreement dated as of February 1, 1994 (the "Existing Agreement") between the Company and Prudential shall be deemed amended in their entirety so as to read as set forth in paragraphs 5 and 6 of this Agreement, and defined terms and cross references used in paragraphs 5 and 6 of the Existing Agreement, as amended hereby, shall be deemed to have the meanings ascribed thereto in, and to refer to paragraphs in, this Agreement. Notwithstanding the above amendment, any reference to a "Note" or "Notes" in the Existing Agreement, as amended hereby, shall mean a "Note" or the "Notes" issued under the Existing Agreement. No termination of this Agreement in whole or in part or any modification hereof, shall affect the continued applicability of such paragraph as incorporated into the Existing Agreement.

Very truly yours,

VALMONT INDUSTRIES, INC.

By: /s/ Terry McClain  
-----

Name: Terry McClain  
Title: Sr. VP & CFO

The foregoing Agreement is hereby accepted as of the date first above written.

THE PRUDENTIAL INSURANCE  
COMPANY OF AMERICA

By: /s/ P. Scott Von Fischer  
-----

Vice President

## SECTION 1

## NAME AND PURPOSE

1.1 Name. The name of the plan shall be the Valmont 1996 Stock Plan (the "Plan").

1.2. Purpose of Plan. The purpose of the Plan is to foster and promote the long-term financial success of the Company and increase stockholder value by (a) motivating superior performance by means of stock incentives, (b) encouraging and providing for the acquisition of an ownership interest in the Company by Employees and (c) enabling the Company to attract and retain the services of a management team responsible for the long-term financial success of the Company.

## SECTION 2

## DEFINITIONS

2.1 Definitions. Whenever used herein, the following terms shall have the respective meanings set forth below:

- (a) "Act" means the Securities Exchange Act of 1934, as amended.
- (b) "Award" means any Option, Stock Appreciation Right, Restricted Stock, Stock Bonus, or any combination thereof, including Awards combining two or more types of Awards in a single grant.
- (c) "Board" means the Board of Directors of the Company.
- (d) "Code" means the Internal Revenue Code of 1986, as amended.
- (e) "Committee" means the Compensation Committee of the Board, which shall consist of two or more members, each of whom shall be "disinterested persons" within the meaning of Rule 16b-3 as promulgated under the Act.
- (f) "Company" means Valmont Industries, Inc., a Delaware corporation (and any successor thereto) and its Subsidiaries.

- (g) "Director Award" means an award of Stock and an annual Award of a Nonstatutory Stock Option granted to each Eligible Director pursuant to Section 7.1 without any action by the Board or the Committee.
- (h) "Eligible Director" means a person who is serving as a member of the Board and who is not an Employee.
- (i) "Employee" means any employee of the Company or any of its Subsidiaries.
- (j) "Fair Market Value" means, on any date, the average of the high and low sales prices of the Stock as reported on the National Association of Securities Dealers Automated Quotation system (or on such other recognized market or quotation system on which the trading prices of the Stock are traded or quoted at the relevant time) on such date. In the event that there are no Stock transactions reported on such system (or such other system) on such date, Fair Market Value shall mean the average of the high and low sale prices on the immediately preceding date on which Stock transactions were so reported.
- (k) "Option" means the right to purchase Stock at a stated price for a specified period of time. For purposes of the Plan, an Option may be either (i) an Incentive Stock Option within the meaning of Section 422 of the Code or (ii) a Nonstatutory Stock Option.
- (l) "Participant" means any Employee designated by the Committee to participate in the Plan.
- (m) "Plan" means the Valmont 1996 Stock Plan, as in effect from time to time.
- (n) "Restricted Stock" shall mean a share of Stock granted to a Participant subject to such restrictions as the Committee may determine.
- (o) "Stock" means the Common Stock of the Company, par value \$1.00 per share.
- (p) "Stock Appreciation Right" means the right, subject to such terms and conditions as the Committee may determine, to receive an amount in cash or Stock, as determined by the Committee, equal to the excess of (i) the Fair Market Value, as of the date such Stock Appreciation Right is exercised, of the number shares of Stock covered by the Stock Appreciation Right being exercised over (ii) the aggregate exercise price of such Stock Appreciation Right.

- (q) "Stock Bonus" means the grant of Stock as compensation from the Company, which may be in lieu of cash salary or bonuses otherwise payable to the Participant or in addition to such cash compensation.
- (r) "Subsidiary" means any corporation or partnership in which the Company owns, directly or indirectly, 50% or more of the total combined voting power of all classes of stock of such corporation or of the capital interest or profits interest of such partnership.

2.2 Gender and Number. Except when otherwise indicated by the context, words in the masculine gender used in the Plan shall include the feminine gender, the singular shall include the plural, and the plural shall include the singular.

### SECTION 3

#### ELIGIBILITY AND PARTICIPATION

Except as otherwise provided in Section 7.1, the only persons eligible to participate in the Plan shall be those Employees selected by the Committee as Participants.

### SECTION 4

#### POWERS OF THE COMMITTEE

4.1 Power to Grant. The Committee shall determine the Participants to whom Awards shall be granted, the type or types of Awards to be granted, and the terms and conditions of any and all such Awards. The Committee may establish different terms and conditions for different types of Awards, for different Participants receiving the same type of Awards, and for the same Participant for each Award such Participant may receive, whether or not granted at different times.

4.2 Administration. The Committee shall be responsible for the administration of the Plan. The Committee, by majority action thereof, is authorized to prescribe, amend, and rescind rules and regulations relating to the Plan, to provide for conditions deemed necessary or advisable to protect the interests of the Company, and to make all other determinations necessary or advisable for the administration and interpretation of the Plan in order to carry out its provisions and purposes. Determinations, interpretations, or other actions made or taken by the Committee pursuant to the provisions of the Plan shall be final, binding, and conclusive for all purposes and upon all persons. Notwithstanding anything else contained in the Plan to the contrary, neither the Committee nor the Board shall have any discretion regarding whether an Eligible Director receives a Director Award pursuant to Section 7.1 or regarding the terms of any such Director Award, including, without limitation, the number of shares subject to any such Director Award.

SECTION 5  
STOCK SUBJECT TO PLAN

5.1 Number. Subject to the provisions of Section 5.3, the number of shares of Stock subject to Awards (including Director Awards) under the Plan may not exceed 800,000 shares of Stock. The shares to be delivered under the Plan may consist, in whole or in part, of treasury Stock or authorized but unissued Stock, not reserved for any other purpose. The maximum number of shares of Stock with respect to which Awards may be granted to any one Employee under the Plan is 40% of the aggregate number of shares of Stock available for Awards under Section 5.1.

5.2 Cancelled, Terminated or Forfeited Awards. Any shares of Stock subject to an Award which for any reason are cancelled, terminated or otherwise settled without the issuance of any Stock shall again be available for Awards under the Plan.

5.3 Adjustment in Capitalization. In the event of any Stock dividend or Stock split, recapitalization (including, without limitation, the payment of an extraordinary dividend), merger, consolidation, combination, spin-off, distribution of assets to stockholders, exchange of shares, or other similar corporate change, (i) the aggregate number of shares of Stock available for Awards under Section 5.1 and (ii) the number of shares and exercise price with respect to Options and the number, prices and dollar value of other Awards, may be appropriately adjusted by the Committee, whose determination shall be conclusive. If, pursuant to the preceding sentence, an adjustment is made to the number of shares of Stock authorized for issuance under the Plan, a corresponding adjustment shall be made with respect to Director Awards granted pursuant to Section 7.1.

SECTION 6  
STOCK OPTIONS

6.1 Grant of Options. Options may be granted to Participants at such time or times as shall be determined by the Committee. Options granted under the Plan may be of two types: (i) Incentive Stock Options and (ii) Nonstatutory Stock Options. The Committee shall have complete discretion in determining the number of Options, if any, to be granted to a Participant. Each Option shall be evidenced by an Option agreement that shall specify the type of Option granted, the exercise price, the duration of the Option, the number of shares of Stock to which the Option pertains, the exercisability (if any) of the Option in the event of death, retirement, disability or termination of employment, and such other terms and conditions not inconsistent with the Plan as the Committee shall determine.

6.2 Option Price. Nonstatutory Stock Options and Incentive Stock Options granted pursuant to the Plan shall have an exercise price which is not less than the Fair Market Value on the date the Option is granted.

6.3 Exercise of Options. Options awarded to a Participant under the Plan shall be exercisable at such times and shall be subject to such restrictions and conditions as the Committee may impose, subject to the Committee's right to accelerate the exercisability of such Option in its discretion. Notwithstanding the foregoing, no Option shall be exercisable for more than ten years after the date on which it is granted.

6.4 Payment. The Committee shall establish procedures governing the exercise of Options, which shall require that written notice of exercise be given and that the Option price be paid in full in cash or cash equivalents, including by personal check, at the time of exercise or pursuant to any arrangement that the Committee shall approve. The Committee may, in its discretion, permit a Participant to make payment (i) in Stock already owned by the Participant valued at its Fair Market Value on the date of exercise (if such Stock has been owned by the Participant for at least six months) or (ii) by electing to have the Company retain Stock which would otherwise be issued on exercise of the Option, valued at its Fair Market Value on the date of exercise. As soon as practicable after receipt of a written exercise notice and full payment of the exercise price, the Company shall deliver to the Participant a certificate or certificates representing the acquired shares of Stock.

6.5 Incentive Stock Options. Notwithstanding anything in the Plan to the contrary, no term of this Plan relating to Incentive Stock Options shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be so exercised, so as to disqualify the Plan under Section 422 of the Code, or, without the consent of any Participant affected thereby, to cause any Incentive Stock Option previously granted to fail to qualify for the Federal income tax treatment afforded under Section 421 of the Code. In furtherance of the foregoing, (i) the aggregate Fair Market Value of shares of Stock (determined at the time of grant of each Option) with respect to which Incentive Stock Options are exercisable for the first time by an Employee during any calendar year shall not exceed \$100,000 or such other amount as may be required by the Code, (ii) an Incentive Stock Option may not be exercised more than three months following termination of employment (except as the Committee may otherwise determine in the event of death or disability), and (iii) if the Employee receiving an Incentive Stock Option owns Stock possessing more than 10% of the total combined voting power of all classes of Stock of the Company, the exercise price of the Option shall be at least 110% of Fair Market Value and the Option shall not be exercisable after the expiration of five years from the date of grant.

6.6 Replacement Options. The Committee may grant a replacement option (a "Replacement Option") to any Employee who exercises all or part of an option granted under this Plan using Qualifying Stock (as herein defined) as payment for the purchase price. A Replacement Option shall grant to the Employee the right to purchase, at the Fair Market Value as of the date of said exercise and grant, the number of shares of stock equal to the sum of the number of whole shares (i) used by the Employee in payment of the purchase price for the option which was exercised and (ii) used by the Employee in connection with applicable withholding taxes on such transaction. A Replacement Option may not be exercised for six months following the date of grant, and shall expire on the same date as the option which it replaces. Qualifying Stock is stock which has been owned by the Employee for at least six months prior to the date of exercise and has not been used in a stock-for-stock swap transaction within the preceding six months.

## SECTION 7

### DIRECTOR AWARDS

7.1 Amount of Award. Each Eligible Director shall receive a non-discretionary Award of 1,000 shares of stock each year; such Award shall be made annually on the date of and following completion of the Company's annual stockholders' meeting (commencing with the 1996 annual stockholders' meeting). Each Eligible Director shall be issued a common stock certificate for such number of shares. Termination of the director's services for any reason other than (i) death, (ii) retirement from the Board at mandatory retirement age, or (iii) resignation or failure to stand for re-election, in any such case with the prior approval of the Board, will result in forfeiture of the Stock. If the Stock is forfeited, the director shall return the number of forfeited shares of Stock, or equivalent value, to the Company. The number of shares of Stock awarded to an Eligible Director annually shall be appropriately adjusted in the event of any stock changes as described in Section 5.3. In addition, each Eligible Director shall receive a non-discretionary Award of a Nonqualified Stock Option for 2,000 shares of Stock exercisable at the Fair Market Value of the Company's common stock on the date of grant; such Award shall be made annually on the date of and

following completion of the Company's annual stockholders' meeting (commencing with the 1996 annual stockholders' meeting). The number of nonqualified options awarded to a director shall be appropriately adjusted in the event of any stock changes as described in Section 5.3.

7.2 No Other Awards. An Eligible Director shall not receive any other Award under the Plan.

## SECTION 8

### STOCK APPRECIATION RIGHTS

8.1 SAR's In Tandem with Options. Stock Appreciation Rights may be granted to Participants in tandem with any Option granted under the Plan, either at or after the time of the grant of such Option, subject to such terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine. Each Stock Appreciation Right shall only be exercisable to the extent that the corresponding Option is exercisable, and shall terminate upon termination or exercise of the corresponding Option. Upon the exercise of any Stock Appreciation Right, the corresponding Option shall terminate.

8.2 Other Stock Appreciation Rights. Stock Appreciation Rights may also be granted to Participants separately from any Option, subject to such terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine.

## SECTION 9

### RESTRICTED STOCK

9.1 Grant of Restricted Stock. The Committee may grant Restricted Stock to Participants at such times and in such amounts, and subject to such other terms and conditions not inconsistent with the Plan as it shall determine. Each grant of Restricted Stock shall be subject to such restrictions, which may relate to continued employment with the Company, performance of the Company, or other restrictions, as the Committee may determine. Each grant of Restricted Stock shall be evidenced by a written agreement setting forth the terms of such Award.

9.2 Removal of Restrictions. The Committee may accelerate or waive such restrictions in whole or in part at any time in its discretion.

SECTION 10

STOCK BONUSES

10.1 Grant of Stock Bonuses. The Committee may grant a Stock Bonus to a Participant at such times and in such amounts, and subject to such other terms and conditions not inconsistent with the Plan, as it shall determine.

SECTION 11

AMENDMENT, MODIFICATION, AND TERMINATION OF PLAN

11.1 General. The Board may from time to time amend, modify or terminate any or all of the provisions of the Plan, subject to the provisions of this Section 11.1. The Board may not change the Plan in a manner which would prevent outstanding Incentive Stock Options granted under the Plan from being Incentive Stock Options without the consent of the optionees concerned. Furthermore, the Board may not make any amendment which would (i) materially modify the requirements for participation in the Plan, (ii) increase the number of shares of Stock subject to Awards under the Plan pursuant to Section 5.1, (iii) materially increase the benefits accruing to Participants under the Plan, or (iv) make any other amendments which would cause the Plan not to comply with Rule 16b-3 under the Act, in each case without the approval of the Company's stockholders. No amendment or modification shall affect the rights of any Employee with respect to a previously granted Award, nor shall any amendment or modification affect the rights of any Eligible Director pursuant to a previously granted Director Award.

11.2 Termination of Plan. No further Options shall be granted under the Plan subsequent to December 31, 2005, or such earlier date as may be determined by the Board.

SECTION 12

MISCELLANEOUS PROVISIONS

12.1 Nontransferability of Awards. No Awards granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. All rights with respect to Awards granted to a Participant under the Plan shall be

exercisable during the Participant's lifetime only by such Participant and all rights with respect to any Director Awards granted to an Eligible Director shall be exercisable during the Director's lifetime only by such Eligible Director.

12.2 Beneficiary Designation. Each Participant under the Plan may from time to time name any beneficiary or beneficiaries (who may be named contingent or successively) to whom any benefit under the Plan is to be paid or by whom any right under the Plan is to be exercised in case of his death. Each designation will revoke all prior designations by the same Participant shall be in a form prescribed by the Committee, and will be effective only when filed in writing with the Company. In the absence of any such designation, Awards outstanding at death may be exercised by the Participant's surviving spouse, if any, or otherwise by his estate.

12.3 No Guarantee of Employment or Participation. Nothing in the Plan shall interfere with or limit in any way the right of the Company or any Subsidiary to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of the Company or any Subsidiary. No Employee shall have a right to be selected as a Participant, or, having been so selected, to receive any future Awards.

12.4 Tax Withholding. The Company shall have the power to withhold, or require a Participant or Eligible Director to remit to the Company, an amount sufficient to satisfy federal, state, and local withholding tax requirements on any Award under the Plan, and the Company may defer issuance of Stock until such requirements are satisfied. The Committee may, in its discretion, permit a Participant to elect, subject to such conditions as the Committee shall impose, (i) to have shares of Stock otherwise issuable under the Plan withheld by the Company or (ii) to deliver to the Company previously acquired shares of Stock, in each case having a Fair Market Value sufficient to satisfy all or part of the Participant's estimated total federal, state and local tax obligation associated with the transaction.

12.5 Change of Control. On the date of a Change of Control, all outstanding options and stock appreciation rights shall become immediately exercisable and all restrictions with respect to Restricted Stock shall lapse. "Change of Control" shall mean:

(i) The acquisition (other than from the Company) by any person, entity or "group", within the meaning of Section 13(d)(3) or 14(d)(2) of the Act (excluding any acquisition or holding by (i) the Company or its subsidiaries, (ii) any employee benefit plan of the Company or its subsidiaries which acquires beneficial ownership of voting securities of the Company and (iii) Robert B. Daugherty, his successors and assigns and any tax-exempt entity established by him) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of 50% or more of either the then outstanding shares of common stock or the combined voting power of the Company's then outstanding voting securities entitled to vote generally in the election of directors; or (ii) Individuals who, as of the date hereof, constitute the Board (as of the date hereof the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for the election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board; or (iii) Approval by the stockholders of the Company of a reorganization, merger or consolidation, in each case, with respect to which persons who were the stockholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated company's then outstanding voting securities, or a liquidation or dissolution of the Company or of the sale of all or substantially all of the assets of the Company.

12.6 Company Intent. The Company intends that the Plan comply in all respects with Rule 16b-3 under the Act, and any ambiguities or inconsistencies in the construction of the Plan shall be interpreted to give effect to such intention.

12.7 Requirements of Law. The granting of Awards and the issuance of shares of Stock shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or securities exchanges as may be required.

12.8 Effective Date. The Plan shall be effective upon its adoption by the Board subject to approval by the Company's stockholders at the 1996 annual stockholders' meeting.

12.9 Governing Law. The Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Delaware.

## VALMONT EXECUTIVE INCENTIVE PLAN

1. Purpose. The principal purpose of the Valmont Industries, Inc. Executive Incentive Plan (the "Plan") is to provide incentives to executive officers of Valmont ("Valmont") who have significant responsibility for the success and growth of Valmont and to assist Valmont in attracting, motivating and retaining executive officers on a competitive basis.

2. Administration of the Plan. The Plan shall be administered by the Compensation Committee of the Board of Directors (the "Committee"). The Committee shall have the sole discretion to interpret the Plan; approve a pre-established objective performance measure or measures annually; certify the level to which each performance measure was attained prior to any payment under the Plan; approve the amount of awards made under the Plan; and determine who shall receive any payment under the Plan.

The Committee shall have full power and authority to administer and interpret the Plan and to adopt such rules, regulations and guidelines for the administration of the Plan and for the conduct of its business as the Committee deems necessary or advisable. The Committee's interpretations of the Plan, and all actions taken and determinations made by the Committee pursuant to the powers vested in it hereunder, shall be conclusive and binding on all parties concerned, including Valmont, its stockholders and any person receiving an award under the Plan.

3. Eligibility. Executive officers and other key management personnel of Valmont shall be eligible to receive awards under the Plan. The Committee shall designate the executive officers and other key management personnel who will participate in the Plan each year.

4. Awards. The Committee shall establish annual and/or long-term incentive award targets for participants. If an individual becomes an executive officer during the year, such individual may be granted eligibility for an incentive award for that year upon such individual becoming an executive officer.

The Committee shall also establish annual and/or long-term performance targets which must be achieved in order for an award to be earned under the Plan. Such targets shall be based on earnings, earnings per share, growth in earnings per share, achievement of annual operating profit plans, return on equity performance, or similar financial performance measures as may be

determined by the Committee. The specific performance targets for each participant shall be established in writing by the Committee within ninety days after the commencement of the fiscal year (or within such other time period as may be required by Section 162(m) of the Internal Revenue Code) to which the performance target relates. The performance target shall be established in such a manner that a third party having knowledge of the relevant facts could determine whether the performance goal has been met.

Awards shall be payable following the completion of the applicable fiscal year upon certification by the Committee that Valmont achieved the specified performance target established for the participant. Notwithstanding the attainment by Valmont of the specified performance targets, the Committee has the discretion, for each participant, to reduce some or all of an award that would otherwise be paid. However, in no event may a participant receive an award of more than 400% of such participant's base salary under the Plan in any fiscal year; for this purpose, a participant's base salary shall be the base salary in effect at the time the Committee establishes the performance targets for a fiscal year or period.

5. Miscellaneous Provisions. Valmont shall have the right to deduct from all awards hereunder paid in cash any federal, state, local or foreign taxes required by law to be withheld with respect to such awards. Neither the Plan nor any action taken hereunder shall be construed as giving any employee any right to be retained in the employ of Valmont. The costs and expenses of administering the Plan shall be borne by Valmont and shall not be charged to any award or to any participant receiving an award.

6. Effective Date, Amendments and Termination. The Plan shall become effective on December 19, 1995 subject to approval by the stockholders of Valmont at the 1996 Annual Meeting of Stockholders. The Committee may at any time terminate or from time to time amend the Plan in whole or in part, but no such action shall adversely affect any rights or obligations with respect to any awards theretofore made under the Plan. However, unless the stockholders of Valmont shall have first approved thereof, no amendment of the Plan shall be effective which would increase the maximum amount which can be paid to any one executive officer under the Plan in any fiscal year, which would change the specified performance goals for payment of awards, or which would modify the requirement as to eligibility for participation in the Plan.

1999 annual report

valmont [LOGO]

INFRASTRUCTURE  
IRRIGATION

The lights that brighten your way at night, the electricity you use, the phone call you make, the water that nourishes the food you eat - there's a good chance that Valmont products help produce it, transport it, support it or protect it.

1999 FINANCIAL HIGHLIGHTS

[DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS]

	1999	1998	1997
<b>OPERATING RESULTS</b>			
Net sales	\$ 614.2	\$ 606.3	\$ 622.5
Net earnings	26.4	27.6	37.5
Diluted earnings per share	1.08	1.02	1.33
Dividends per share	0.26000	0.25125	0.21875
<b>FINANCIAL POSITION</b>			
Shareholders' equity	\$ 170.5	\$ 175.9	\$ 207.1
Shareholders' equity per share	7.30	7.12	7.49
Long-term debt as a % of invested capital	33.8%	30.3%	10.4%
<b>OPERATING RATIOS</b>			
Gross profit as a % of net sales	28.1%	25.2%	27.2%
Operating income as a % of net sales	8.2%	7.9%	10.0%
Net earnings as a % of net sales	4.3%	4.6%	6.0%
Return on beginning equity	15.0%	13.3%	21.4%
Return on invested capital	9.8%	10.3%	15.4%
<b>YEAR-END DATA</b>			
Shares outstanding (000)	23,354	24,721	27,641
Approximate number of shareholders	5,500	5,500	5,400
Number of employees	3,948	3,869	3,751

NET SALES		OPERATING INCOME		DILUTED EARNINGS PER SHARE		RETURN ON INVESTED CAPITAL	
1994	\$502	1994	\$31.7	1994	\$.69	1994	10.7%
1995	\$545	1995	\$41.8	1995	\$.90	1995	13.0%
1996	\$645	1996*	\$52.4	1996*	\$1.12	1996*	14.7%
1997	\$623	1997	\$62.0	1997	\$1.33	1997	15.4%
1998	\$606	1998	\$47.8	1998	\$1.02	1998	10.3%
1999	\$614	1999	\$50.2	1999	\$1.08	1999	9.8%

\* Before asset valuation charge

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What a difference a year makes. When I wrote to you in last year's annual report, we had just finished a soft 1998 with weak momentum in two of our major businesses. The agricultural economy in the U.S. had deteriorated sharply and wireless carriers had temporarily curtailed the build-out of their infrastructure.

The year 1999 started slowly and then steadily gained momentum. The year 2000 looks like it is going to be a strong year for your company.

We are particularly pleased with the growing earnings power of our infrastructure businesses. In this segment, we expect to see continued growth as we exploit our strong position in poles, towers and coatings. The world's infrastructure is in constant need of expansion and upgrading, and because our plant network spans the globe, we have the flexibility to serve our customers around the world in a superior fashion.

In the U.S., our lighting and traffic businesses continue to benefit from the federal highway bill funding and strong commercial construction activity. Our wireless communication business, however,

#### VALMONT INDUSTRIES, INC.

Valmont is recognized throughout the world as an industry leader in providing infrastructure support structures and water management equipment for agriculture.

We create shareholder value by managing our businesses well, while leveraging our products, markets and processes in order to drive growth. 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.

continued to be weak in the U.S. as our customer base went through a significant shift. Once predominately a carrier-based market, customers now include vertical real estate companies and build-to-suit companies. But we are happy to report that activity in this business accelerated rapidly toward the end of the year and we are expecting this trend to continue.

COMPOUND ANNUAL GROWTH RATE  
DILUTED EARNINGS PER SHARE

- TARGET - 15%
- ACTUAL - 13%

Target		Actual	
1993	\$0.53	1993	\$0.53
1994	\$0.61	1994	\$0.69
1995	\$0.70	1995	\$0.90
1996	\$0.81	1996	\$1.12
1997	\$0.93	1997	\$1.33
1998	\$1.07	1998	\$1.02
1999	\$1.23	1999	\$1.08

Our coatings business, too, has continued its rapid growth and performs very well financially. During the first quarter of 2000, we acquired another three businesses for this division, which now comprises ten facilities in North America. In addition to galvanizing services, we also added anodizing and expanded our powder coating capability.

The deregulation of the utility industry is now having a dramatic impact on our utility business as utilities are expanding their transmission grids to more efficiently move power across company and geographic boundaries. We expect this growth to continue.

Internationally, our Shanghai, China, plant is making great strides in both volume and profitability. We have experienced significant growth in the wireless communication business there by developing solid relationships with China's wireless carriers.

The U.S. agricultural economy is still weak but has not deteriorated further due, in part, to strong governmental support, which we expect will continue until commodity prices improve. Our international irrigation business had another year of growth in both sales and earnings, partially offsetting the weakness in our

"The underlying drivers  
for our two business  
segments are compelling,  
enduring and global."

home market. We are pleased with our investment in Brazil, which saw another strong year despite a severe devaluation of the Brazilian currency. In South Africa, we started a majority-owned joint venture manufacturing facility with our local distributor of 25 years, and I am happy to report solid results. Africa offers good growth potential in the irrigation market, and we are well positioned to serve development in this region.

A notable milestone for our irrigation business: In January of 2000, we began production in our highly efficient manufacturing facility in McCook, Nebraska. This positions the irrigation business for the inevitable upturn in the agricultural markets.

When we set our financial objectives in 1993, we set the bar high by striving for 15 percent compounded annual growth in earnings per share. At the end of 1999, with our irrigation and wireless businesses in down cycles, we have achieved 13 percent. This supports our confidence that we will meet our goal of 15 percent growth over time.

Thank you! In 1999 we bid farewell to three directors who had a tremendous impact on Valmont's successes: Allen Jacobson, a director for 23 years; Bob Wallace, a director for 15 years; and Lloyd Johnson who served on our Board for 8 years. We will always be grateful for your advice and counsel and wish you well. We welcomed to our board two new directors: Bruce Rohde, Chairman and CEO of ConAgra, Inc. and Charles D. Peebler, Jr., Chairman Emeritus of True North Communications. Thank you for joining us, Bruce and Chuck, we look forward to your guidance.

On another note, I have never been more impressed with the Valmont team--a global family of associates with great passion for our businesses. Our future is in their hands and I thank each and every one of them for what they do for Valmont every day.

Last year, I assured you that I was confident that we are focused on the right businesses: engineered structures and services for infrastructure development and water management for agriculture. One year later, I am further convinced. The underlying drivers for our two business segments are compelling, enduring and global. Thank you for your continued support.

/s/ Mogens C. Bay

Mogens C. Bay  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

UTILITY STRUCTURES Poles and substation structures for electrical transmission and distribution for the utility industry [Picture to right]

COMMERCIAL & DECORATIVE LIGHTING Steel, aluminum and composite poles for commercial, street, highway and decorative lighting [Picture to right]

TRAFFIC Steel and aluminum traffic signage and control structures [Picture to right]

COMMUNICATION POLES Wireless communication pole structures and components [Picture to right]

COMMUNICATION TOWERS Self-supporting and guyed towers and accessories for all types of communication structure applications [Picture to right]

COATINGS High-quality galvanized, anodized and powder coatings [Picture to right]

CENTER PIVOT & LINEAR MOVE IRRIGATION EQUIPMENT Efficient and uniform application of water, fertilizer and chemicals, and tubing for agriculture and industry  
[Picture to left]

WATER RE-USE Environmental consulting for soil and water management and land application of treated wastewater  
[Picture to left]

At Valmont, we manufacture mechanized irrigation equipment and provide water management services to

HELP INCREASE  
FOOD PRODUCTION  
AND CONSERVE WATER.

We provide products to support the signs, signals, lights, communication equipment and other infrastructure components that

IMPROVE SAFETY AND  
QUALITY OF LIFE the world over.

We provide the coating and treatment services that make those products longer lasting and more attractive.

AT A GLANCE

[MAP ILLUSTRATION]

OMAHA, NEBRASKA, USA  
CORPORATE HEADQUARTERS

MCCOOK, NEBRASKA, USA  
irrigation equipment

LINDON, UTAH, USA  
galvanizing, powder coating

TUALATIN, OREGON, USA  
galvanizing

SALEM, OREGON, USA  
wireless communication  
structures, passive repeaters,  
wave guide and antenna  
supporting systems, fasteners

ALBANY, OREGON, USA  
headquarters, cascade earth  
sciences, environmental  
engineering, earth sciences,  
water and soil management

LOS ANGELES, CALIFORNIA, USA  
anodizing and powder coating

LONG BEACH, CALIFORNIA, USA  
galvanizing

GUNNISON, UTAH, USA  
composite poles

WEST POINT, NEBRASKA, USA  
galvanizing

VALLEY, NEBRASKA, USA  
irrigation equipment, steel poles,  
tubing, galvanizing

BRENNHAM, TEXAS, USA  
steel poles

TULSA, OKLAHOMA, USA  
steel poles, rolled and  
welded steel cylinders

TULSA, OKLAHOMA, USA  
galvanizing

ST. JULIE, QUEBEC, CANADA  
steel and aluminum poles

MINNEAPOLIS, MINNESOTA, USA  
aluminum poles

MINNEAPOLIS, MINNESOTA, USA  
anodizing, powder coating and e-coating

CHICAGO, ILLINOIS, USA  
galvanizing

ELKHART, INDIANA, USA  
steel and aluminum poles

UBERABA, BRAZIL  
irrigation equipment,  
communication towers

WHERE WE ARE

Valmont is an INTERNATIONAL MANUFACTURING COMPANY with operations around the world. VALMONT operates 27 manufacturing plants, located on five continents, and SELLS ITS PRODUCTS IN MORE THAN 100 COUNTRIES.

[MAP ILLUSTRATION]

MADRID, SPAIN  
irrigation equipment

CREUZIER-LE-NEUF, FRANCE  
industrial covers and conveyers

CHARMEIL, FRANCE  
steel poles

SIEDLCE, POLAND  
steel poles

GELSENKIRCHEN, GERMANY  
steel poles

MAARHEEZE, THE NETHERLANDS  
steel poles

SHANGHAI, CHINA  
steel poles

RIVE-DE-GIER, FRANCE  
aluminum poles

JOHANNESBURG, SOUTH AFRICA  
irrigation equipment

VALMONT DESIGNS AND MANUFACTURES MECHANIZED IRRIGATION EQUIPMENT TO ENHANCE FOOD PRODUCTION THROUGH EFFICIENT WATER MANAGEMENT, AS WELL AS POLES, TOWERS AND STRUCTURES FOR LIGHTING, UTILITY AND COMMUNICATION APPLICATIONS, AND CUSTOM COATINGS AND OTHER PRODUCTS FOR VARIOUS INDUSTRIAL USES.

INFRASTRUCTURE

[DIAGRAM]

Around the World:  
Solutions for Growth

VALMONT PROVIDES STREET LIGHTING AND TRAFFIC CONTROL POLES; SUBSTATIONS AND POLES FOR TRANSMITTING AND DISTRIBUTING ELECTRICITY; POLES, TOWERS AND ACCESSORIES TO SUPPORT WIRELESS COMMUNICATION ANTENNAS; AND CUSTOM COATING SERVICES.

[PICTURE OF STREET LIGHTING]

AROUND THE WORLD,  
PEOPLE SHARE  
ONE BASIC NEED-

a safe place to live.

AT VALMONT, WE  
MANUFACTURE PRODUCTS

and provide services to support the signs,  
signals, lights, communication equipment  
and other vital infrastructure components

that HELP IMPROVE  
SAFETY AND THE  
QUALITY OF LIFE

in your hometown  
and around the world.

Hot Dip Galvanizing Makes Steel Products Last Longer

ENVIRONMENT  
Light Industrial  
High Salt  
High Humidity  
Heavy Industrial

Service Life in Years ranges from 0 to 80.  
Service Life is defined as the time to 5% rusting of the steel surface.  
Thickness of Zinc Coating ranges from 0.4 to 5.1 (in mils).

MODERN MANUFACTURING, HIGH-QUALITY MATERIALS AND PROTECTIVE COATINGS GIVE  
EXTRA VALUE TO VALMONT INFRASTRUCTURE PRODUCTS.

[PICTURE BELOW]

STAND AT A CROSSROADS OR INTERSECTION IN ANY MODERN METROPOLITAN AREA ON EARTH. NOW LOOK BEYOND THE CROWDS, THE TRAFFIC AND THE OTHER THINGS THAT USUALLY ATTRACT YOUR ATTENTION. YOU'LL BEGIN TO SEE THE PHYSICAL UNDERPINNING OF THE CITY ITSELF. POLES FOR TRANSMITTING AND DISTRIBUTING ELECTRICITY, POLES THAT PROVIDE STREET LIGHTING AND TRAFFIC CONTROL, POLES AND TOWERS TO SUPPORT WIRELESS COMMUNICATION ANTENNAS-IN SHORT, THE ESSENTIAL INFRASTRUCTURE COMPONENTS OF ANY MODERN CITY. ELECTRICITY, PAVED ROADS AND TELEPHONES-THESE ARE CRUCIAL COMPONENTS OF A BETTER LIFE FOR A GROWING WORLD POPULATION. VALMONT'S INFRASTRUCTURE BUSINESS TOUCHES EACH OF THESE CRITICAL AREAS EITHER BY MANUFACTURING THEM IN WHOLE OR IN PART, OR BY PROVIDING PROTECTIVE COATINGS TO THESE AND OTHER PRODUCTS THAT PROLONG THEIR SERVICE LIFE AND VALUE.

#### SUPPORTING POWER LINES

Worldwide population growth translates into increased infrastructure development and an increased demand for additional electric power, distribution systems and substations. Valmont manufactures high-quality transmission and distribution poles and structures as well as substations that are required by utilities in the U.S. and abroad to meet this growing demand for electricity.

As worldwide deregulation of electric utilities proceeds and power grids become further interconnected, the demand for Valmont's utility products should continue to increase. This wave of deregulation and the increased competition it brings should translate into lower electricity prices and increased services for consumers. In order to maintain a competitive edge, utilities and energy providers will need to implement cost-saving measures and more cost-effective business practices.

One way for electric utilities to lower costs is to replace wooden poles with lighter, easier-to-install steel poles that are impervious to termites and wood rot. Steel poles last many years longer than wood poles and result in lower lifetime installed costs. Valmont is currently working with several utilities to replace a full range of wood poles with steel poles-from large transmission structures to smaller distribution poles. In time, as the endurance, ease of installation and other benefits of steel poles are fully realized, we believe this market will continue to grow for Valmont.

#### LIGHTING THE WAY

Another aspect of a growing population worldwide is the need for additional transportation infrastructure. In the U.S., upgrading the nation's transportation infrastructure has become a higher priority. Government funding for roadway and mass transit enhancements, such as the U.S. highway bill, leads to increased demand for the lighting and traffic signal poles manufactured by Valmont.

SPENDING FOR HIGHWAY CONSTRUCTION IS INCREASING

1995	\$37,308
1996	\$39,492
1997	\$44,031
1998	\$44,440
1999	\$51,145

Billions of Dollars

SOURCE: U.S. DEPARTMENT OF COMMERCE. CONSTRUCTION PUT-IN-PLACE. SEASONALLY ADJUSTED ANNUAL RATE IN CURRENT DOLLARS.

VALMONT'S INFRASTRUCTURE PRODUCTS HELP PROVIDE SAFE, WELL-LIT OUTDOOR ENVIRONMENTS AROUND THE WORLD.

[PICTURE OF HIGHWAY LIGHTING]

In Europe, spending on infrastructure is also increasing. Valmont-designed fluted and decorative poles are particularly popular in Europe where both old-world aesthetics and modern designs are important. Additionally, throughout both Europe and North America, sports stadiums and event facilities are being constructed that require specialized, highly engineered lighting structures.

In all geographic regions, safety is a paramount concern. Citizens require well-lit public areas, parking lots, streets and highways that provide for safe and smooth traffic flow. In the area of safety, Valmont continues its research to improve "breakaway" lighting and power pole designs for use near roadways. These poles, which may be designed out of aluminum, steel or fiberglass composite materials, are designed to break upon accidental impact with vehicles, reducing damage and injury.

To meet this growing demand for lighting structures worldwide, Valmont has located pole manufacturing facilities in China, and throughout Europe and North America.

#### ANSWERING THE CALL

Once a novelty, wireless telephones and pagers have become commonplace. Many experts predict that in the near future, the wireless phone will replace the traditional home phone. This trend will be especially evident in developing nations that choose to meet telecommunication demands with more efficient wireless communication systems, bypassing the installation of overland wires. Evidence of this trend is seen in some emerging markets where the ratio of wireless to hard-wired telephone use is much higher than in many developed economies.

As a provider of communication towers, poles and related accessories, Valmont is poised to benefit from growth in the communication industry. Valmont has invested in manufacturing capacity and improved design and customer service processes to provide communication towers and poles quickly and cost effectively. To complement these products, we also manufacture a comprehensive offering of components such as waveguide support systems, antenna supports and rooftop mounting systems. These product offerings, along with Valmont's global manufacturing capabilities, enable our Communication Division to continue its leadership position within the global telecommunication market.

#### MAKING IT LAST

Valmont products are known for being among the most reliable in their industries. Part of that reliability is supplied by our Coatings Division, which specializes in hot-dip galvanizing, anodizing and powder coating. Galvanizing is one of the most efficient and cost-effective ways to protect steel from the elements. The galvanizing process provides a zinc coating that bonds with steel at the molecular level, significantly extending the service life of the treated product - in some cases for more than 70 years. Anodizing is a versatile process that protects aluminum with a durable, attractive finish. Powder coating is an alternative, high-performance painting application, which results in a durable and colorful coating that resists abrasion and corrosion and prolongs product life.

Valmont has been using the hot-dip galvanizing process since the mid 1960s. By leveraging this core strength, the galvanizing business has grown to the point where Valmont is now the leading custom galvanizer in North America, providing custom-finish coatings for products and components manufactured by other companies. The Valley, Nebraska, plant has one of the largest galvanizing tanks in the world. Today, the Coatings Division is one of Valmont's fastest growing business units.

#### PROVIDING VALUE - THE SHAREHOLDERS' PERSPECTIVE

The demand for Valmont infrastructure products and services is driven in the short term by a number of powerful factors. Among these are an increase in U.S. highway and mass transit funding; a significant increase in urban renovation; a need to improve traffic safety; an explosive global increase in wireless communication; a need to improve the electric power grid brought on by deregulation; and an overall cost-saving effort to limit rust and corrosion and extend the service life of basic infrastructure elements.

In the long term, the global demand for Valmont products and services will be driven by the increasing world population, economic development and the significant new construction required to cope with traffic congestion and urban sprawl. The drivers of wireless communications growth - energy deregulation and increased infrastructure funding - should also extend themselves far into the future and provide additional value for our investors.

[PICTURE OF TRANSMISSION POLE]

THIS IS WHAT PARTNERSHIP IS ALL ABOUT...

At about six p.m. on May 3rd, 1999, a huge tornado started moving from the west toward Oklahoma City. By the time it reached the city, the winds were clocked at a staggering 318 miles per hour. When it was all over, 6,000 homes had been destroyed and 43 people were dead.

Power lines were down all over. We needed to get the power back up as quickly as possible to help with recovery efforts, not to mention that three of the lines we lost transport more than 55 percent of the power to our customers in Oklahoma City.

I called Valmont project engineer David Clarke and asked him how fast replacement poles could be manufactured and delivered. David took it from there and within five days, Valmont had 10 poles on site, and the rest arrived soon thereafter. All told, Valmont provided 77 structures, and they also sent personnel to assist us with on-site engineering. We were back up with full service in 37 days - an amazing feat.

Was I surprised at the way Valmont came through for us? Not really, although I was mighty impressed. You see, we have a strategic alliance with Valmont and we've worked with them for many years. They've never missed a delivery for us yet, so I know when they say they will do something, it will be done.

I also know Valmont made some sacrifices to get this job done for us so quickly. True, this is what partnership is all about, but if there ever was a time we needed to count on something, this was it. Valmont came through for us and we appreciate that.

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

Supporting a Growing Population  
MECHANIZED IRRIGATION EQUIPMENT BRINGS

WATER TO DRY FIELDS AND CAN BE USED FOR  
APPLYING FERTILIZER, CHEMICALS, FRESH

WATER AND RECYCLED WASTEWATER.1999 ANNUAL REPORT

The world's

LIMITED AVAILABILITY OF FRESH WATER

presents a dilemma for a  
growing population. How can we

MANAGE THIS PRECIOUS RESOURCE yet increase food production at the same time?

AT VALMONT  
WE HAVE ANSWERS:

through the greater use of efficient irrigation equipment and  
recycling of wastewater.

WE HAVE ONLY BEGUN TO TAP THE VERY LARGE IRRIGATION MARKET.

[PIE CHART] mechanized irrigation = 4.0%

THE VALLEY C:A:M:S-TM- SYSTEM ALLOWS REMOTE, PROGRAMMABLE CONTROL OF WATER AND CHEMICAL APPLICATION TIMING, RATES AND DEPTHS.

[PICTURE BELOW]

COMBINE A GROWING WORLD POPULATION WITH LIMITED WATER RESOURCES AND YOU HAVE ONE OF TODAY'S MOST PRESSING GLOBAL CHALLENGES - MANAGING FRESH WATER RESOURCES. VALMONT IS HELPING TO MEET THIS CHALLENGE WITH TECHNOLOGIES THAT MAKE FARMLAND MORE PRODUCTIVE, CONSERVE FRESH WATER AND REUSE WASTEWATER. MECHANIZED IRRIGATION IS A VITAL PART OF A TOTAL SOLUTION THAT WILL HELP ENSURE THE WATER NEEDS OF A GROWING POPULATION ARE MET TODAY AND IN THE FUTURE.

#### DAY OF SIX BILLION

On October 12, 1999, the world's population reached six billion people. One of the most important resources each one of us needs, along with air and sunlight, is fresh water-not just to drink and use, but to help produce life-sustaining food.

In many parts of the world, however, water is exactly the resource that is most at risk. During the past 50 years, demands on fresh water from rivers, lakes, reservoirs, underground aquifers and other sources have more than quadrupled. At the same time, pollution has seriously degraded the water quality in many of these water sources-effectively decreasing the supply of fresh water.

A recent World Bank report underlines the critical importance of improving global water management. The report stresses that with respect to conserving water, "AFTER DECADES OF WASTE, POLLUTION, AND INABILITY TO PROVIDE BASIC WATER SERVICES TO THE POOR, WE MUST FUNDAMENTALLY CHANGE THE WAY WE THINK ABOUT AND MANAGE WATER...AT STAKE ARE OUR HEALTH, OUR ECONOMIES, AND THE LIFE OF THE PLANET ITSELF."

As the leading manufacturer of efficient mechanized irrigation equipment, Valmont is uniquely positioned as a key player in helping to conserve precious water resources and improve food production for the world's growing population.

#### GROWING POPULATION MEANS GROWING POTENTIAL

Over the next 50 years, experts predict that the current level of food production must double to meet the demands of a growing population and to improve diets. Today, agriculture is responsible for using nearly two-thirds of global fresh water. Since the world's fresh water supply is finite, we must start today to manage water resources more efficiently in order to meet the food demands of tomorrow and help ensure that adequate supplies of water are available for industry as well as personal consumption.

[PIE CHART] USABLE WATER SUPPLY IS LIMITED  
total worldwide water supply  
3% freshwater

[PIE CHART] of this 3% two thirds is trapped in polar ice caps and only  
one-third is usable freshwater

[PIE CHART] today of this one third of usable freshwater, 65% is used by  
agriculture

VALMONT'S ADVANCED IRRIGATION AND WATER MANAGEMENT EQUIPMENT IS DESIGNED TO  
CONSERVE WATER AND INCREASE FOOD PRODUCTION.

[PICTURE BELOW]

The majority of the needed future gains in crop production are expected to come from irrigated land. Because irrigated land can be more than twice as productive as non-irrigated land, the benefits of efficient irrigation equipment are enormous. Valmont's advanced irrigation and water management equipment is designed to both conserve water and increase food production.

#### TOMORROW'S WATER MANAGEMENT TECHNOLOGIES-TODAY

Compared to competing flood irrigation methods, Valmont's mechanized irrigation equipment provides significant savings in water, energy, chemicals, tillage and labor for most producers. Specially designed low-pressure sprays, low-energy irrigation nozzles and better electronic timing and volume controls for water application allow producers to use up to 50 percent less water than traditional flood irrigation methods. Other benefits of mechanized irrigation include higher yields, the elimination of water and chemical runoff, the reduction of soil salinity, and labor savings of up to 75 percent. Replacing flood irrigation equipment is, and will continue to be, a critical solution to water management strategies around the globe and an ongoing sales growth opportunity for Valmont.

#### LEADING BRAND NAME-KNOWN FOR QUALITY

The Valley-Registered Trademark- brand has always been known for reliable products-a reputation proven by the fact that 50 percent of the installed base of mechanized irrigation systems in the world today are Valleys. Valmont is a best-cost producer, providing value at a fair price without sacrificing quality or features. This value-the 'best brand at the best cost'-will cause producers to increasingly choose Valley when they invest in mechanized irrigation.

Further recognition of Valmont's emphasis on quality and reliability came this year when Valmont's Irrigation Division was presented the Edgerton Award of Excellence. The Edgerton Award is modeled after the prestigious Malcolm Baldrige National Quality Award. Companies seeking this honor undergo a comprehensive audit examining their leadership systems, strategic planning processes, systems for assuring and maintaining customer satisfaction, and the company's processes for obtaining and analyzing information. Valmont is the only irrigation equipment manufacturer to earn the award.

#### MORE THAN PIPES AND WATER

Information is becoming an increasingly important asset to growers in this age of precision farming. In this arena, Valmont

ENSURING THAT SUPPLY KEEPS PACE WITH DEMAND

Valmont recently completed construction of a new, highly automated manufacturing facility in McCook, Nebraska, that will allow build-to-order irrigation equipment to be manufactured and shipped quickly and efficiently. The McCook plant features an advanced galvanizing facility and automated, laser-guided material-handling equipment to move components through the facility as they are manufactured.

Valley irrigation equipment will also continue to be manufactured in Valley, Nebraska. With these two manufacturing facilities in the U.S. and our facilities in Brazil, South Africa and Spain, Valmont will be able to manufacture and ship irrigation equipment expediently to customers anywhere in the world.

SUPPLY AND DEMAND

AT ITS NEW IRRIGATION MANUFACTURING FACILITY IN McCOOK, NEBRASKA, VALMONT MEETS DEMAND WITH AUTOMATED MANUFACTURING AND SHIPPING.

[PICTURE BELOW]

has developed electronic irrigation equipment controls to transform Valley mechanized irrigation equipment into technologically advanced farming tools. The Valley Computer Aided Management System (C:A:M:S-TM-), allows producers to program, manage and control irrigation equipment. Processes such as water and chemical application timing, rates and depths can be monitored and adjusted through C:A:M:S-TM- panels at the site, or remotely from a base station in the home or office.

To complement precision farming practices, customized irrigation equipment is specifically designed for certain crops, terrain and soil types. As a leader in innovative technologies for mechanized irrigation equipment, Valmont helps producers to utilize resources more efficiently and move from uniform water and chemical application to precise application-only watering or treating those places in the field that need it, and only when needed. During 1999, Valmont moved closer to that goal with the successful test of Global Positioning Satellite (GPS) technology. GPS allows continual adjustment of speed and alignment to control and position Valley pivots with improved accuracy. In the future, this technology will help producers apply even more precise amounts of water and chemicals to their fields.

Valmont is using information technology to improve customer service as well. A new electronic commerce system allows Valley irrigation dealers to assist customers in the online custom design and ordering of irrigation equipment tailored to each customer's crop needs and field conditions. Called V(2)0-for Valley Virtual Office-this service provides secure intranet access for Valley dealers to order parts, refer to technical and service manuals, and check order status. Eventually, orders placed through V(2)0 will interface directly with Valmont's manufacturing processes, shortening the delivery time to the customer.

#### WASTEWATER MANAGEMENT - A CRITICAL FUTURE ISSUE

Wastewater management is a key component of water conservation worldwide. Research is providing a wealth of information on the use of treated wastewater for irrigation. Valmont is at the forefront of this research and is a leading provider of this technology today.

One example of this leadership is Cascade Earth Sciences (CES), a subsidiary of Valmont. CES is one of the nation's leading wastewater management consulting and design firms. Acquired by

Valmont in 1998, CES brings the experience base for Valmont to provide agricultural, industrial and municipal generators of wastewater with turnkey solutions to wastewater management challenges.

Through CES, Valmont conducts thorough analyses of soil fertility, wastewater nutrient value and crop agronomic characteristics to determine the best solutions for the land application of wastewater on crops. This expertise allowed CES to recently sign a multi-year contract with a large food processor to use partially treated industrial wastewater to irrigate and fertilize nearby farm crops. By using Valley center pivot or linear move irrigation equipment, recycled wastewater can be productively applied with precision and uniformity to cropland, benefiting industry and agriculture.

#### SHORT AND LONG-TERM VALUE - THE SHAREHOLDERS' PERSPECTIVE

The global demand for Valmont irrigation technologies and products is immediate and growing. The ability to meet the world's increasing food needs is constrained by limited amounts of available cropland and fresh water. To meet these needs, it is crucial for farmers to adopt efficient growing and irrigation strategies now and in the future, furthering the market demand for Valmont products.

Of the world's total irrigated acreage, only 4 percent is under mechanized irrigation equipment. For much of the other 96 percent of irrigated acreage, the critical need to conserve and recycle water will drive the replacement of less-efficient flood irrigation methods with precision farming techniques like Valley mechanized irrigation equipment. As a global manufacturer of mechanized irrigation equipment with manufacturing facilities located in the U.S., Brazil, South Africa and Spain, Valmont is uniquely positioned to benefit from this worldwide opportunity.

In the long term, world population growth, improving diets and fresh water shortages will put even more pressure on producers to meet increasing feedgrain demands. Today, Valmont technologies and products are positioned to meet these long-term needs. Tomorrow, Valmont will continue to invest in research to deliver the technological advances that will help provide the solutions to make these scarce natural resources more productive. The convergence of the world's long-term needs to conserve water and land with Valmont's practical water management solutions means value for Valmont shareholders today, tomorrow, and well into the future.

[BROTHERS PICTURED WITH EQUIPMENT]

PIONEERING A NEW WAY OF FARMING

Our family has always been pioneers of a sort--this farm has been in our family since the Homestead Act of 1860. The land here in Hancock, Wisconsin, has never been easy to farm--the soil is sandy and doesn't hold a lot of moisture. Through the 1940s and early 1950s, we used flood irrigation, getting water out of ponds, and our grandfather would hire kids to come in and help move the pipe. Some of that pipe was cast iron and moving it around was a backbreaking, tedious chore.

Grandpa was always ahead of his time, though. In 1957, he drilled one of the first irrigation wells in the county. In 1964, he installed the first mechanized irrigation system in this area. It was a Valley water drive--pioneering technology if we ever saw it, a remarkable piece of equipment. With the pivots, we started concentrating on growing potatoes. A few years later, when we installed electric-drive systems, they were Valleys, too.

Today, we have 1,000 acres of potatoes, 28 irrigation wells, and 42 of our irrigation systems have Valley C:A:M:S-TM- panels on them that we can control with a base station in our office. The canning companies we sell to give us a better price for our crops because we irrigate. They know our product will be more consistent and uniform in size. We have to say that mechanized irrigation has transformed farming in this area of Wisconsin and is responsible for our success. Without it, we wouldn't be here.

INVESTMENT VALUE  
WHY INVEST IN VALMONT?

THE WORLD BANK HAS IDENTIFIED FOUR AREAS AS CRITICAL TO MEETING THE NEEDS OF A GROWING WORLD POPULATION: SAFE WATER, ELECTRICITY, PAVED ROADS AND TELEPHONES. VALMONT SUPPLIES PRODUCTS AND SERVICES IN EACH OF THESE AREAS, AND WE TAKE PRIDE IN HELPING TO MEET THE WORLD'S NEEDS FOR INFRASTRUCTURE PRODUCTS AND WATER CONSERVATION.

SHORT-TERM INFRASTRUCTURE DRIVERS

- 1 RISE IN U.S. GOVERNMENT HIGHWAY FUNDING
- 2 DEMAND FOR COMPLETE WIRELESS COVERAGE
- 3 NEED FOR IMPROVEMENTS IN THE POWER TRANSMISSION GRID
- 4 COST-SAVING BENEFITS OF CORROSION PREVENTION
- 5 INCREASING URBAN RENOVATION PROJECTS  
AND WIDER USE OF DECORATIVE POLES IN  
LANDSCAPE ARCHITECTURE

LONG-TERM INFRASTRUCTURE DRIVERS

- 1 GLOBAL POPULATION GROWTH AND ECONOMIC EXPANSION
- 2 GROWING INFRASTRUCTURE NEEDS OF EMERGING ECONOMIES
- 3 INCREASED GOVERNMENT FUNDING FOR INFRASTRUCTURE
- 4 GROWTH IN WIRELESS COMMUNICATION
- 5 RISE IN ELECTRIC GRID CONSTRUCTION DUE TO INCREASED ENERGY CONSUMPTION,  
DEREGULATION AND COMPETITION
- 6 INCREASED CONSTRUCTION OF TRAFFIC CONTROL SYSTEMS DUE TO URBAN SPRAWL AND  
EMPHASIS ON HIGHWAY SAFETY
- 7 INCREASED LIGHTING NEEDS OF A GLOBAL 24-HOUR SHOPPING/BUSINESS ENVIRONMENT
- 8 COST EFFECTIVENESS OF STEEL VERSUS WOOD POLES SHORT-TERM IRRIGATION DRIVERS

SHORT-TERM IRRIGATION DRIVERS

- 1 REDUCED QUALITY AND AVAILABILITY OF WATER RESOURCES AND GROWING NEED FOR  
CONSERVATION AND REUSE STRATEGIES
- 2 GRAIN SUPPLY, DEMAND AND PRICES
- 3 MECHANIZED IRRIGATION EQUIPMENT BEING USED ON MORE CROPS
- 4 GROWTH OF PRECISION FARMING PRACTICES
- 5 INCREASED USE OF INFORMATION TECHNOLOGY ON FARM EQUIPMENT
- 6 INCREASED FARM SIZE

LONG-TERM IRRIGATION DRIVERS

- 1 HUMAN AND INDUSTRIAL IMPACT ON WATER RESOURCES
- 2 GLOBAL POPULATION GROWTH
- 3 IMPROVED DIETS
- 4 RISING GLOBAL GRAIN DEMAND
- 5 WORLD PEACE AND ECONOMIC EXPANSION
- 6 LOSS OF ARABLE LAND TO URBAN AND INDUSTRIAL SPRAWL

WHY INVEST IN VALMONT? VALMONT OFFERS EXCEPTIONAL SHAREHOLDER VALUE FOR AT LEAST TWO REASONS - GLOBAL GROWTH OPPORTUNITIES AND VALUE-DRIVEN MANAGEMENT PRACTICES.

#### GLOBAL GROWTH OPPORTUNITIES

Currently, 27 percent of Valmont's revenues are derived internationally. Economic opportunities tied to increasing world population drive the global demand for our products, and we see that demand increasing. In addition, our focus on international business opportunities makes sense for Valmont shareholders for the following reasons:

- Several of Valmont's markets have higher growth rates overseas than domestically.
- Many global communities prefer one supplier for all of their locations.
- Many of our competitors are local and based outside the U.S. Our presence in their markets allows us to be more competitive.
- An international presence allows us to allocate global capacity for better utilization of resources.
- An international presence allows Valmont to leverage global procurement, further enhancing cost savings.

#### ACTING ON OPPORTUNITY

Over the last several years, the market for irrigation equipment has grown throughout Southern Africa. During 1999, Valmont formed a company to manufacture irrigation equipment in South Africa in order to meet this growing need. By manufacturing and distributing Valmont products from a local base, we will be able to compete more efficiently, effectively and profitably.

SAFETY IS A BEAUTIFUL THING IN THE CITY OF LIGHT

Every year, millions of tourists visit our city. For them, and for our own citizens, we want to provide an enjoyable, safe experience - and one way we can ensure safety is with ample lighting and traffic controls in our streets. Paris is one of the safest cities in the world - also one of the most beautiful. So, as I see it, my job is to keep the city safe and beautiful at the same time. That is not a small task when you consider that we replace approximately 2,000 poles in our city every year.

We want to make sure the poles maintain the Parisian aesthetic and that, too, has been something of a challenge. You see, in 1937, the famous architect, Robert Mallet Stevens, designed beautiful cast iron fluted poles that were installed at the Palais de Chaillot as part of the International Exhibition. Soon, the fluted poles were placed at the Place de la Concorde, on the Champs Elysees and elsewhere throughout the city.

Valmont Sermeto (the Valmont subsidiary in France) provides us with "Cityquartz," a modern version of the original fluted poles. They are attractive and built with quality - consistent in strength, resistant to corrosion, and of ample diameter to contain and conceal from view the electrical accoutrements that must fit inside them. And because of the company's reputation for reliability, we know we have a source for poles well into the future.

The Cityquartz poles help us meet both of our objectives. Quality of life and beauty - it's what you expect in Paris, the "City of Light."

## VALUE DRIVEN MANAGEMENT

Total Value Impact (TVI) is Valmont's unique formulation of the business philosophy of value-added metrics. It is a powerful tool that aligns shareholder and management interests because it measures our performance, not only by revenues and earnings, but also by achieving solid returns on our investments. Simply put, our business units are "charged" for the capital they employ. We subtract the cost of that capital—the return our shareholders and lenders expect on their investment—from net operating profit after taxes. The remainder is TVI, and the increase in that value from year to year measures how much value we have created for our shareholders.

TVI has put the focus on capital management squarely in the limelight for Valmont managers, encouraging them to enhance long-term TVI growth, thus leading to increased shareholder value. TVI encourages business managers to invest in projects that generate returns in excess of the cost of capital and increase operating income through revenue growth, reducing operating costs and efficiently using the capital invested in their businesses.

The result is a constant, corporation-wide focus on shareholder value. TVI is Valmont's commitment to long-term performance for our shareholders—the people who invest in us.

[PICTURE OF TERRY WINKLER OVER BLUEPRINT]

SEEING THE WRITING ON THE WALL - OR THE FLOOR

In 1967, I left college to work for Valmont temporarily - or so I thought. More than 30 years later, I'm still here. Over the years, Valmont helped me continue my education, which has been instrumental in my career growth.

I've seen a lot of changes at Valmont over the years. Like me, most of the employees in the early days were local guys - very good at their jobs. There was one engineer we called the 'Blacksmith of Valmont.' He carried a soapstone in his pocket and as he walked through the plant, if someone had an idea or an idea came to him, he would take out that soapstone and draw with it on the floor.

One of the ideas he came up with changed the direction of the company. They knew back then that we could be a better company if we made our own tubing. And so a tubing mill was built from his design. It was - and still is - one of the best mills in the industry.

We then started manufacturing pipe for farm and auto equipment, handrails and other structural items. Progress came quickly and today we don't just make tubing, we successfully manufacture many great products.

I think our success has really come from two things: from listening and from recognizing or creating opportunities. I know Valmont has created many opportunities for me throughout the years, and I think our customers can say the same.

FINANCIAL  
OBJECTIVES AND RESULTS

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WE MEASURE OUR PERFORMANCE AGAINST MANY STANDARDS. FINANCIALLY, WE HAVE SELECTED THREE PRINCIPAL FACTORS THAT TELL JUST HOW WELL WE ARE MANAGING THE COMPANY AND THE MONEY INVESTED IN IT. THE GOALS WE HAVE ESTABLISHED FOR EARNINGS GROWTH, RETURN ON INVESTED CAPITAL AND LONG TERM DEBT LEVERAGE ARE APPROPRIATE FOR THE INDUSTRIES IN WHICH WE PARTICIPATE, YET CHALLENGING ENOUGH TO DEMAND THE VERY BEST TALENTS AND PERFORMANCE OF OUR MANAGEMENT TEAM.

OBJECTIVE	OBJECTIVE	OBJECTIVE
Increase trendline earnings per share 15% per year	Achieve a minimum 10% after tax Return on Invested Capital	Maintain Long-Term Debt as a percent of Invested Capital at less than 40%

DILUTED EARNINGS PER SHARE	RETURN ON INVESTED CAPITAL	LONG TERM DEBT AS A PERCENT OF INVESTED CAPITAL
1994 \$ .69	1994 10.7%	1994 21.9%
1995 \$ .90	1995 13.0%	1995 17.1%
1996* \$1.12	1996* 14.7%	1996 12.7%
1997 \$1.33	1997 15.4%	1997 10.4%
1998 \$1.02	1998 10.3%	1998 30.3%
1999 \$1.08	1999 9.8%	1999 33.8%

\* Before asset valuation charge

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION FINANCIAL  
CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis provides information that management believes is relevant to an assessment and understanding of the Company's consolidated results of operations and financial position. During the first quarter of 1999, the Company reorganized its businesses on a worldwide product-line basis. Accordingly, the 1997 and 1998 segment information has been reclassified to conform to the 1999 presentation. This discussion should be read in conjunction with the Consolidated Financial Statements and related Notes.

RESULTS OF OPERATIONS

The net sales and operating income of the Company's business segments for the past three years are as follows:

[IN MILLIONS]	YEAR ENDED		
	1999	1998	1997
	-----	-----	-----
NET SALES			
Irrigation	\$ 249.2	\$ 252.7	\$ 271.5
Infrastructure	339.6	318.2	310.2
Other	25.4	35.4	40.8
	-----	-----	-----
Net Sales	\$ 614.2	\$ 606.3	\$ 622.5
	=====	=====	=====
OPERATING INCOME			
Irrigation	\$ 28.7	\$ 31.6	\$ 34.2
Infrastructure	20.6	14.3	25.5
Other	.9	1.9	2.3
	-----	-----	-----
Operating Income	\$ 50.2	\$ 47.8	\$ 62.0
	=====	=====	=====

FISCAL 1999 COMPARED WITH FISCAL 1998 CONSOLIDATED

Net sales of \$614.2 million in 1999 were 1.3% higher than 1998 net sales of \$606.3 million. Sales decreased in the Irrigation segment 1.4% from \$252.7 million to \$249.2 million in 1999. In the Infrastructure segment, 1999 sales were \$339.6 million, up 6.7% from 1998 sales of \$318.2 million. Other sales decreased 28.2% from \$35.4 million to \$25.4 million in 1999, primarily due to the exit from the gratings business in 1999.

[GRAPH]

Gross profit was 28.1% of net sales in 1999, compared with 25.2% in 1998. The increase in 1999 was primarily attributable to higher margins in the Infrastructure segment and to a lesser extent in the Irrigation segment. Selling, general and administrative expenses increased from \$105.1 million (17.3% of sales) in 1998 to \$122.6 million (20.0% of sales) in 1999, as a result of year 2000 computer conversion spending and higher sales commissions, acquisitions and compensation incentive payments related to increased sales and operating income. Operating income increased 5.0% to \$50.2 million. As a percentage of sales, operating income increased from 7.9% in 1998 to 8.2% in 1999.

Net interest expense was \$7.1 million in 1999, compared with \$4.8 million in 1998. The higher interest expense was attributable to higher average borrowings resulting primarily from the stock repurchase program.

The effective tax rate was 37.5% in 1999, compared with 36.5% in 1998. The higher tax rate in 1999 resulted primarily from increased state and local taxes as well as decreased tax benefits related to the Company's export activity.

Net earnings decreased 4.6% to \$26.4 million and diluted earnings per share increased 5.9% with \$1.08. The percentage differences in earnings per share compared to net earnings were attributable to the Company's repurchase of shares during 1999.

#### IRRIGATION SEGMENT

Net sales and operating income in the Irrigation segment decreased in 1999 by 1.4% and 9.2%, respectively. The slightly lower sales level in 1999 was due to a continuation of low agricultural commodity prices and a weak farm economy leading to reduced sales of irrigation equipment. General weakness in agricultural markets lowered the Company's tubing sales to farm machinery manufacturers; however, tubing sales to grain-handling equipment manufacturers were at the Company's historical levels in anticipation of a large grain crop. Startup expenses for the Company's new facility in McCook, Nebraska, competitive market conditions and a shift in the sales mix led to a reduction in operating income. During 1998 and 1999, the Company made acquisitions of an engineering consulting business and two retail irrigation outlets. While these acquisitions added sales in 1999, their operating income margin percentages are lower than those of the Company's manufacturing operations. Internationally, the Irrigation segment sales and operating income improved. In Brazil, sales and operating income were higher in U.S. dollars

WORKING CAPITAL	SG&A EXPENSE AS A PERCENT OF NET SALES
[ \$ in millions ]	
1997 \$94.4	1997 17.2%
1998 \$99.5	1998 17.3%
1999 \$98.6	1999 20.0%

despite a significant currency devaluation early in 1999. Increased investment in manufacturing and distribution operations in southern Africa resulted in an increase in sales and profits. Included in this year's year-to-date operating income is a \$2.8 million gain from the sale of an investment.

#### INFRASTRUCTURE SEGMENT

Net sales and operating income in the Infrastructure segment increased 6.7% and 44.1%, respectively. Increased unit sales, cost reductions and operating leverage all combined to improve the operating income for the segment. All product lines except communication had higher sales levels for 1999. After a slow start, sales grew stronger during the year due to improving market conditions for lighting and traffic structures, which were stimulated by higher levels of government spending. Electric utility companies continued to increase investment in transmission and distribution capacity to compete in a deregulating industry. This resulted in higher sales of utility poles and structures. In Europe, lighting sales were slightly higher in local currency. In China, lighting and utility sales were up as the market for quality poles expanded. Sales and profit margins grew in the coatings division due to volume growth at existing facilities and a full year of revenues from acquisitions completed in 1998.

Sales and profit margins for the communication division remained low early in the year. The fourth quarter saw a marked increase in orders. In order to remain responsive in the communication market, selling, general and administrative spending levels were maintained early in the year anticipating the market turnaround, which did occur later in the year. In China, communication poles sales and profitability were much improved for 1999.

#### FISCAL 1998 COMPARED WITH FISCAL 1997 CONSOLIDATED

Net sales of \$606.3 million in 1998 were 2.6% lower than 1997 net sales of \$622.5 million. Sales in the Irrigation segment declined 6.9% from \$271.5 million in 1997 to \$252.7 million in 1998. In the Infrastructure segment, 1998 sales were \$318.2 million, up 2.6% from 1997 sales of \$310.2 million. Other sales decreased 13.2% from \$40.8 million to \$35.4 million in 1998.

The gross profit margin was 25.2% in 1998, compared with 27.2% in 1997. The reduction in 1998 was primarily attributable to lower margins in the Infrastructure segment offset in part by improved margins in the Irrigation segment. Selling, general and administrative expenses declined from \$107.2 million (17.2% of sales) in 1997 to \$105.1 million (17.3% of sales) in 1998, as a result of cost reduction programs, less

sales volume and lower incentive payments. Operating income decreased 23.0%. As a percentage of sales, operating income decreased from 10.0% in 1997 to 7.9% in 1998.

Net interest expense was \$4.8 million in 1998, compared with \$2.8 million in 1997. The higher interest expense was attributable to higher average borrowings.

The effective tax rate was 36.5% in 1998, compared with 36.3% in 1997. The higher tax rate in 1998 resulted primarily from decreased tax benefits on export sales.

Net earnings decreased 26.4% to \$27.6 million and diluted earnings per share decreased 23.3% to \$1.02. The lower percentage decrease in earnings per share compared with net earnings was primarily attributable to the Company's repurchase of shares during 1998.

#### IRRIGATION SEGMENT

Net sales and operating income in the Irrigation segment decreased in 1998 by 6.9% and 7.6%, respectively. Agricultural commodity prices declined in the second half of 1998 due to large supplies of grain, which were a result of a favorable growing season and a short-term declining demand. Consequently, farmers became very conservative in their spending for equipment and postponed their investments. To encourage sales, industry-wide pricing became more competitive.

#### INFRASTRUCTURE SEGMENT

Net sales in the Infrastructure segment increased 2.6% while operating income decreased 43.9%. With respect to the Company's lighting and traffic pole products, wet weather delayed the start of the construction season in many parts of the United States. Also, a delay in the passage of the federal highway bill kept many product purchasers sidelined and thereby reduced sales. As a result, the shipments of lighting and traffic products were lower than the 1997 levels. The eventual passage of the highway bill in June 1998 resulted in an increase of orders for lighting and traffic products throughout the second half of the year. To fill this demand, the Company incurred increased overtime costs. In Europe, sales of lighting products were above 1997 levels due to the improvement of certain European economies. Lighting sales from the Company's China facility were higher in 1998 as compared with 1997.

Orders from electric utility companies in 1998 were above 1997 levels for transmission structures, substations, and distribution poles. This was due to an overall strengthening in demand from utility companies seeking to increase service reliability and expand capacity. Utility product sales also benefited from increased sales of steel transmission and distribution poles to utility customers who replaced wood poles with steel.

Sales of communication poles, towers and components to the wireless communication market declined in 1998. An overall slowdown in the build-out of the U.S. wireless communication network continued throughout 1998. This led to a very competitive market environment, which reduced sales and pressured pricing levels. Sales of communication poles and towers in Europe also declined. Sales of communication poles in China increased in 1998. However, the effects of currency devaluation and economic uncertainty led to a reduced level of sales of communication products in the rest of Southeast Asia.

During 1998, the Company acquired four galvanizing operations in Utah, Oregon, Oklahoma and California. These acquisitions helped to increase sales and operating income in the coatings division from 1997 levels.

#### LIQUIDITY AND CAPITAL RESOURCES

Net working capital at December 25, 1999 was \$98.6 million compared with \$99.5 million at December 26, 1998. The ratio of current assets with current liabilities was 1.8:1 at both year-ends.

Available short-term credit facilities through bank lines of credit were \$50 million at the end of 1999 compared with \$44 million at the end of 1998. On December 25, 1999, \$37 million of these credit facilities were unused.

The Company's growth has been financed through a combination of cash provided from operations and debt financing. The Company's objective is to maintain long-term debt as a percent of invested capital below 40%. At the end of 1999, long-term debt as a percent of invested capital was 33.8% as compared with 30.3% at the end of 1998. The increased debt level was the result of share repurchases, capital expenditures and acquisitions. Cash provided from operating activities was \$63.9 million in 1999 and \$42.0 million in 1998.

Under the terms of a 1997 revolving credit agreement with a group of banks, the Company may borrow up to the equivalent of \$100 million in multiple currencies. This facility is unsecured and any outstanding principal balance is due on June 30, 2002. The outstanding principal balance may be paid down at any time without penalty, or additional funds may be borrowed up to the maximum limit. On December 25, 1999, the outstanding principal balance was \$47 million compared with a balance of \$79 million at December 26, 1998.

Under the terms of a 1999 unsecured facility with an insurance company, the Company may borrow up to \$100 million during the first three years. Each borrowing matures no more than 15 years from the date of issuance with an average life of no more than 12 years from the date of issuance. The outstanding principal may be prepaid at anytime subject to applicable yield maintenance provisions. On December 25, 1999, the outstanding principal balance under the facility was \$50 million.

In 1998, the Board of Directors authorized the repurchase of up to 5.4 million shares of the Company's common stock. Repurchased shares are recorded as "Treasury Stock" and result in a reduction of "Shareholder's 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." As of December 25, 1999, and December 26, 1998, cumulative totals of 4,528,360 and 3,122,160 shares had been purchased respectively for \$75.5 million and \$53.3 million respectively.

The Company believes cash flows from operations, available credit facilities and the capital structure now in place will be adequate for 2000 planned capital expenditures, dividends, additional share repurchases and other financial commitments, as well as to take advantage of opportunities to expand its markets and businesses.

#### YEAR 2000 ISSUE

The Year 2000 (Y2K) issue arose because many existing computer programs use only the last two digits to refer to a year. Therefore, these computer programs do not properly recognize a year that begins with "20" instead of the familiar "19". If not corrected, many computer applications could fail or create erroneous results.

The Company's Y2K plan included remediation of its mainframe systems, upgrades to packaged systems, implementation of new enterprise resource planning (ERP) systems in certain business units, examination and resolution of administrative and production equipment that contain embedded chips, evaluation of network equipment and personal computers, and evaluation of the Year 2000 readiness of key suppliers.

The Company has no knowledge of significant exposure to contingencies related to the Year 2000 issue for the products it has sold. Throughout all global locations, the Company experienced no significant Year 2000 problems. The total cost for the Company's Year 2000 Project to date has been approximately \$10 million.

#### CAPITAL EXPENDITURES

In 1999, the Company expended \$37.8 million in property, plant and equipment, an \$8.1 million increase from the \$29.7 million invested in 1998. The major expenditures were a new irrigation manufacturing facility in McCook, Nebraska, and a new coatings facility in Tulsa, Oklahoma. An additional \$2.9 million was spent for the acquisition of two retail irrigation stores.

#### RISK MANAGEMENT

**MARKET RISK** - The principal market risks affecting the Company are exposure to interest rates and foreign currency exchange rates. The Company does not have in place any derivative financial instruments to hedge these exposures, nor does it have derivatives for trading purposes.

**INTEREST RATES** - The Company manages interest expense using a mix of fixed, floating 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 \$563 in 1999 and \$366 in 1998.

**FOREIGN EXCHANGE** - Exposure to transactions denominated in a currency other than the entity's functional currency are minimal, and therefore the potential exchange losses in future earnings, fair value and cash flows from these transactions are immaterial.

The Company manages its investment risk in foreign operations by borrowing in the functional currencies of the foreign entities. The following table indicates the change in the recorded value of the Company's investment at year-end assuming a hypothetical 10% change in the value of the U.S. Dollar.

[IN THOUSANDS]	1999	1998
	-----	-----
Europe	\$ 2,489	\$ 2,686
South America	728	1,110
Asia	295	295
	-----	-----

#### OUTLOOK FOR 2000

Looking at the year 2000, many areas across the U.S. are currently experiencing dry growing conditions. Absent continuation of such conditions, the Company anticipates Irrigation segment sales and profits to remain at 1998-99 levels. The Company expects this segment to experience higher steel prices, lower manufacturing volume and changes in the sales mix due to continued lower equipment sales levels, increased depreciation and startup expenses related to the new McCook, Nebraska, plant. The impact of these factors should be offset by continued cost reductions and productivity programs. Longer term, the Company expects increased food production due to a growing world population and improving diets. To meet this increase in food production, greater farm efficiency and investments in water conservation and water re-use must take place. The Company's mechanized irrigation equipment conserves water and enhances farming efficiency, helping to meet these needs.

In the Infrastructure segment, backlogs for domestic lighting, traffic, utility and communication products are at high levels. The activity for communication poles, tower and component products has continued at the improved level of late 1999. Despite expected increases in steel prices throughout 2000, profitability for the Infrastructure segment is expected to increase due to planned cost reductions and increased sales volumes. The recent acquisitions of Lexington Standard, an aluminum pole manufacturing facility, and three coating facilities in early 2000 are expected to add to the Company's sales and profitability. Beyond 2000, more lighting and traffic structures will be required to enhance street and highway safety. Distribution of electricity worldwide will require more transmission and distribution poles and structures.

The demand for wireless communication should result in increased sales of towers, poles and components. Demand to extend the life of infrastructure products will drive application of galvanizing, powder coatings and anodizing applications. Because of these trends, the Company remains positive on the outlook for its businesses.

TOTAL ASSETS		CAPITAL EXPENDITURES	
\$ in millions		\$ in millions	
1997	\$368	1997	\$39.1
1998	\$407	1998	\$29.7
1999	\$419	1999	\$37.8

MANAGEMENT'S DISCUSSION AND ANALYSIS CONTAINS FORWARD LOOKING STATEMENTS THAT REFLECT MANAGEMENT'S CURRENT VIEW AND ESTIMATES OF FUTURE ECONOMIC AND MARKET CIRCUMSTANCES, INDUSTRY CONDITIONS, COMPANY PERFORMANCE AND FINANCIAL RESULTS. THE STATEMENTS ARE BASED ON MANY ASSUMPTIONS AND FACTORS INCLUDING OPERATING EFFICIENCIES, AVAILABILITY AND PRICE OF RAW MATERIALS, AVAILABILITY AND MARKET ACCEPTANCE OF NEW PRODUCTS, PRODUCT PRICING, DOMESTIC AND INTERNATIONAL COMPETITIVE ENVIRONMENTS, ACTIONS AND POLICY CHANGES OF DOMESTIC AND INTERNATIONAL GOVERNMENTS, AND OTHER RISKS DESCRIBED FROM TIME TO TIME IN VALMONT'S REPORTS TO THE SECURITIES AND EXCHANGE COMMISSION. ANY CHANGES IN SUCH ASSUMPTIONS OR FACTORS COULD PRODUCE SIGNIFICANTLY DIFFERENT RESULTS.

SELECTED 11-YEAR FINANCIAL DATA [LOGO]

[DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS]	1999	1998	1997	1996
<b>OPERATING DATA</b>				
Net sales	\$ 614,191	\$ 606,307	\$ 622,506	\$ 644,531
Earnings (loss) from continuing operations	26,367	27,636	37,544	21,248
Earnings from discontinued operations	--	--	--	--
Cumulative effect of accounting change	--	--	--	--
Net earnings (loss)	\$ 26,367	\$ 27,636	\$ 37,544	\$ 21,248
Depreciation and amortization	\$ 21,949	\$ 19,843	\$ 16,437	\$ 14,832
Capital expenditures	37,783	29,667	39,115	35,559
<b>PER SHARE DATA</b>				
Earnings (loss):				
Basic	\$ 1.09	\$ 1.04	\$ 1.36	\$ 0.78
Diluted	1.08	1.02	1.33	0.76
Cash dividends	0.26	0.25	0.22	0.19
Shareholders' equity	7.30	7.12	7.49	6.41
<b>FINANCIAL POSITION</b>				
Working capital	\$ 98,588	\$ 99,466	\$ 94,416	\$ 81,403
Property, plant and equipment, net	173,920	157,447	140,834	120,579
Total assets	419,335	406,957	368,052	341,648
Long-term debt, including current installments	108,622	96,218	28,060	29,573
Shareholders' equity	170,488	175,913	207,102	175,231
Invested capital	321,096	317,708	270,400	243,905
<b>KEY FINANCIAL MEASURES</b>				
Return on beginning shareholders' equity	15.0%	13.3%	21.4%	13.3%
Return on invested capital	9.8%	10.3%	15.4%	10.3%
Long-term debt as a percent of invested capital	33.8%	30.3%	10.4%	12.1%
<b>YEAR-END DATA</b>				
Shares outstanding (000)	23,354	24,721	27,641	27,330
Approximate number of shareholders	5,500	5,500	5,400	4,400
Number of employees	3,948	3,869	3,751	4,868

PER SHARE AMOUNTS AND NUMBER OF SHARES REFLECT THE TWO-FOR-ONE STOCK SPLITS IN 1989 AND 1997.

	1995	1994	1993	1992	1991	1990	1989
	\$ 544,642	\$ 501,740	\$ 464,274	\$ 445,481	\$ 446,543	\$ 461,789	\$ 443,444
	24,759	18,887	7,551	11,671	(8,822)	11,373	16,818
	--	--	4,637	3,564	2,134	5,474	4,602
	--	--	(4,910)	--	--	--	--
	\$ 24,759	\$ 18,887	\$ 7,278	\$ 15,235	\$ (6,688)	\$ 16,847	\$ 21,420
	\$ 12,361	\$ 11,018	\$ 10,907	\$ 12,585	\$ 11,285	\$ 9,887	\$ 7,608
	34,772	23,535	17,089	8,353	11,539	20,607	17,470
	\$ 0.92	\$ 0.70	\$ 0.27	\$ 0.57	\$ (0.25)	\$ 0.63	\$ 0.81
	0.90	0.69	0.27	0.56	(0.25)	0.63	0.81
	0.15	0.15	0.15	0.13	0.13	0.13	0.11
	5.87	5.10	4.52	4.43	4.06	4.42	3.94
	\$ 80,993	\$ 88,278	\$ 87,793	\$ 68,551	\$ 69,143	\$ 66,302	\$ 72,811
	113,532	89,201	75,501	78,150	84,144	81,675	71,872
	308,710	283,443	261,275	286,076	291,041	291,163	268,216
	36,687	43,242	44,076	69,735	81,698	63,003	66,774
	159,256	137,582	121,841	118,428	108,142	117,200	104,069
	215,318	197,591	180,961	200,501	205,618	191,255	180,464
	18.0%	15.5%	6.1%	14.1%	(5.7%)	16.2%	25.5%
	13.0%	10.7%	5.6%	7.4%	(1.9%)	9.5%	12.4%
	17.0%	21.9%	24.4%	34.8%	39.7%	32.9%	37.0%
	27,120	26,990	26,972	26,750	26,620	26,494	26,412
	3,900	3,800	3,800	3,500	3,500	2,800	1,600
	4,166	3,946	4,152	4,532	4,478	4,524	4,255

CONSOLIDATED STATEMENTS OF OPERATIONS  
three-year period ended December 25, 1999

[DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS]	1999	1998	1997
Net sales	\$ 614,191	\$ 606,307	\$ 622,506
Cost of sales	441,445	453,459	453,326
Gross profit	172,746	152,848	169,180
Selling, general and administrative expenses	122,570	105,096	107,190
Operating income	50,176	47,752	61,990
Other income (deductions):			
Interest expense	(8,052)	(5,858)	(3,731)
Interest income	913	1,012	900
Miscellaneous	(870)	630	(215)
	(8,009)	(4,216)	(3,046)
Earnings before income taxes	42,167	43,536	58,944
Income tax expense (benefit):			
Current	16,700	12,500	14,400
Deferred	(900)	3,400	7,000
	15,800	15,900	21,400
Net earnings	\$ 26,367	\$ 27,636	\$ 37,544
Earnings per share:			
Basic	\$ 1.09	\$ 1.04	\$ 1.36
Diluted	\$ 1.08	\$ 1.02	\$ 1.33
Cash dividends per share	\$ 0.26	\$ 0.25125	\$ 0.21875

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED BALANCE SHEETS  
December 25, 1999 and December 26, 1998

[DOLLARS IN THOUSANDS, EXCEPT SHARE AMOUNTS]	1999	1998
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 14,936	\$ 7,580
Receivables, less allowance for doubtful receivables of \$3,203 in 1999 and \$3,421 in 1998	106,844	115,843
Inventories	85,383	77,694
Prepaid expenses	4,784	5,297
Refundable and deferred income taxes	8,086	13,532
	-----	-----
Total current assets	220,033	219,946
	-----	-----
Property, plant and equipment, at cost	326,451	292,944
Less accumulated depreciation and amortization	152,531	135,497
	-----	-----
Net property, plant and equipment	173,920	157,447
	-----	-----
Goodwill and other assets	25,382	29,564
	-----	-----
Total assets	\$ 419,335	\$ 406,957
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current installments of long-term debt	\$ 4,372	\$ 5,737
Notes payable to banks	18,834	25,494
Accounts payable	46,753	45,996
Accrued expenses	49,962	41,646
Dividends payable	1,524	1,607
	-----	-----
Total current liabilities	121,445	120,480
	-----	-----
Deferred income taxes	11,109	11,984
Long-term debt, excluding current installments	104,250	90,481
Minority interest in consolidated subsidiaries	7,302	3,862
Other noncurrent liabilities	4,741	4,237
	-----	-----
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	1,043	1,280
Retained earnings	220,506	200,393
Accumulated other comprehensive income	(5,113)	(1,423)
	-----	-----
Total shareholders' equity	244,336	228,150
	-----	-----
Less:		
Cost of common shares in treasury-		
4,545,503 shares in 1999 (3,178,627 shares in 1998)	73,808	52,235
Unearned restricted stock	40	2
	-----	-----
Total shareholders' equity	170,488	175,913
	-----	-----
Total liabilities and shareholders' equity	\$ 419,335	\$ 406,957
	=====	=====

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENTS OF CASH FLOWS  
three-year period ended December 25, 1999

[DOLLARS IN THOUSANDS]	1999	1998	1997
<b>CASH FLOWS FROM OPERATIONS:</b>			
Net earnings	\$ 26,367	\$ 27,636	\$ 37,544
Adjustments to reconcile net earnings to net cash provided by operations:			
Depreciation and amortization	21,949	19,843	16,437
Other adjustments	(1,634)	(302)	1,385
Changes in assets and liabilities:			
Receivables	5,567	1,379	(32,040)
Inventories	(8,473)	4,057	(7,671)
Prepaid expenses	(48)	(1,704)	(1,081)
Accounts payable	4,340	(4,645)	7,154
Accrued expenses	9,007	(7,986)	(4,297)
Other noncurrent liabilities	1,225	253	769
Income taxes	5,635	3,517	5,147
Net cash provided by operations	63,935	42,048	23,347
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment	(37,783)	(29,667)	(39,115)
Acquisitions	(2,854)	(29,447)	--
Proceeds from sale of property and equipment	114	4,768	289
Proceeds from sale of assets held for sale	--	--	26,903
Proceeds from sale of investment	8,294	--	--
Proceeds from investments by minority shareholders	1,374	--	1,959
Changes in other assets	(1,667)	(1,875)	924
Other, net	382	(581)	(1,007)
Net cash used by investing activities	(32,140)	(56,802)	(10,047)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Net borrowings (repayments) under short-term agreements	(9,312)	6,612	(4,550)
Proceeds from long-term borrowings	75,060	73,443	7,172
Principal payments on long-term obligations	(60,863)	(9,742)	(7,856)
Dividends paid	(6,337)	(6,551)	(5,838)
Proceeds from exercises under stock plans	637	3,347	3,067
Purchase of common treasury shares:			
Stock repurchase program	(22,210)	(53,255)	--
Stock plan exercises	(588)	(3,025)	(3,273)
Net cash provided (used) by financing activities	(23,613)	10,829	(11,278)
Effect of exchange rate changes on cash and cash equivalents	(826)	--	--
Net increase (decrease) in cash and cash equivalents	7,356	(3,925)	2,022
Cash and cash equivalents - beginning of year	7,580	11,505	9,483
Cash and cash equivalents - end of year	\$ 14,936	\$ 7,580	\$ 11,505

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
three-year period ended December 25, 1999

[DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS]

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Treasury stock	Unearned restricted stock	Total shareholders' equity
BALANCE AT DECEMBER 28, 1996	\$ 13,950	\$ 6,458	\$ 153,146	\$ 1,737	\$ (18)	\$ (42)	\$ 175,231
Comprehensive income:							
Net earnings	--	--	37,544	--	--	--	37,544
Currency translation adjustment	--	--	--	(2,703)	--	--	(2,703)
Total comprehensive income	--	--	--	--	--	--	34,841
Cash dividends (\$0.21875 per share)	--	--	(6,027)	--	--	--	(6,027)
Purchase of 154,039 common shares - stock plan exercises	--	--	--	--	(3,273)	--	(3,273)
Sale of 43,914 common shares	--	905	--	--	--	--	905
Stock options exercised; 393,164 shares issued	--	(216)	--	--	3,283	--	3,067
Tax benefit from exercise of stock options	--	1,796	--	--	--	--	1,796
Stock awards; 27,146 shares issued	--	542	--	--	--	20	562
Two-for-one stock split	13,950	(8,647)	(5,303)	--	--	--	--
BALANCE AT DECEMBER 27, 1997	27,900	838	179,360	(966)	(8)	(22)	207,102
Comprehensive income:							
Net earnings	--	--	27,636	--	--	--	27,636
Currency translation adjustment	--	--	--	(457)	--	--	(457)
Total comprehensive income	--	--	--	--	--	--	27,179
Cash dividends (\$0.25125 per share)	--	--	(6,603)	--	--	--	(6,603)
Purchase of treasury shares:							
Stock repurchase program, 3,122,160 shares	--	--	--	--	(53,255)	--	(53,255)
Stock plan exercises, 163,590 shares	--	--	--	--	(3,025)	--	(3,025)
Stock options exercised; 339,241 shares issued	--	(1,331)	--	--	4,052	--	2,721
Tax benefit from exercise of stock options	--	1,169	--	--	--	--	1,169
Stock awards; 26,913 shares issued	--	604	--	--	1	20	625
BALANCE AT DECEMBER 26, 1998	27,900	1,280	200,393	(1,423)	(52,235)	(2)	175,913
Comprehensive income:							
Net earnings	--	--	26,367	--	--	--	26,367
Currency translation adjustment	--	--	--	(3,690)	--	--	(3,690)
Total comprehensive income	--	--	--	--	--	--	22,677
Cash dividends (\$0.26 per share)	--	--	(6,254)	--	--	--	(6,254)
Purchase of treasury shares:							
Stock repurchase program, 1,406,200 shares	--	--	--	--	(22,210)	--	(22,210)
Stock plan exercises, 35,982 shares	--	--	--	--	(588)	--	(588)
Stock options exercised; 56,181 shares issued	--	(404)	--	--	951	--	547
Tax benefit from exercise of stock options	--	111	--	--	--	--	111
Stock awards; 19,125 shares issued	--	56	--	--	274	(38)	292
BALANCE AT DECEMBER 25, 1999	\$ 27,900	\$ 1,043	\$ 220,506	\$ (5,113)	\$ (73,808)	\$ (40)	\$170,48843

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

NOTES TO CONSOLIDATED  
FINANCIAL STATEMENTS  
three-year period ended December 25, 1999

[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.

OPERATIONS

During the first quarter of 1999, the Company reorganized its businesses on a worldwide product line basis. Accordingly, the 1997 and 1998 segment information has been reclassified to conform to the 1999 presentation. The Company has two reportable segments:

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

INFRASTRUCTURE: This segment includes the manufacture and distribution of engineered metal structures and coating services for the lighting, utility and wireless communications industries.

FISCAL YEAR

The Company operates on 52/53 week fiscal years with each year ending on the last Saturday in December. Accordingly, the Company's fiscal years 1999, 1998 and 1997 ended on December 25, December 26 and December 27, respectively, and each of these fiscal years consisted of 52 weeks. The fiscal year ending December 30, 2000 will consist of 53 weeks.

INVENTORIES

At December 25, 1999, approximately 67% of inventory is valued at the lower of cost, determined on the last-in, first-out (LIFO) method, or market. All other inventory is valued at the lower of cost, determined on the first-in, first-out (FIFO) method or market.

The excess of replacement cost of inventories over the LIFO value is approximately \$9,100 and \$10,000 at December 25, 1999, and December 26, 1998, respectively.

LONG-LIVED ASSETS

The Company follows Statement of Financial Accounting Standards No. 121, (SFAS No. 121), Accounting for the Impairment of Long-lived Assets and for Long-lived Assets to Be Disposed Of, which prescribes that an impairment loss be 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.

Included in Selling, General and Administrative Expenses in 1999 is a charge of \$1,915 to write-down assets of a French communication tower facility to value and to provide for other related costs including employee severance. Management determined that this charge was appropriate after reviewing the decline in the European communication tower market and the operating performance of this facility.

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 15 to 40 years, machinery and equipment 3 to 12 years, and intangible assets 3 to 40 years.

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 basis 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.

FOREIGN CURRENCY TRANSLATIONS

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 adjustments are included as a separate component of accumulated other comprehensive income. These translation adjustments are the Company's only component of other comprehensive income.

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.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. The Statement establishes accounting and reporting standards for derivative financial instruments. The Statement requires recognition of derivatives in the statement of financial position, to be measured at fair value. Gains or losses resulting from changes in the value of derivatives are accounted for depending on the intended use of the derivative and whether it qualifies for hedge accounting. This Statement becomes effective for the Company's financial statements beginning in 2001. Due to the Company's limited use of derivative financial instruments, adoption of Statement No. 133 is not expected to have a significant effect on the Company's consolidated results of operations, financial position, or cash flows.

(2) CASH FLOW SUPPLEMENTARY INFORMATION

The Company considers all highly liquid temporary cash investments purchased with a 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:

	1999	1998	1997
	-----		
Interest	\$7,596	\$ 5,747	\$ 4,035
Income taxes	9,718	11,223	16,373

(3) PROPERTY, PLANT AND EQUIPMENT

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

	1999	1998
	-----	
Land and improvements	\$ 13,410	\$ 12,696
Buildings and improvements	72,215	69,690
Machinery and equipment	168,750	152,229
Transportation equipment	5,090	5,131
Office furniture and equipment	33,597	25,786
Construction in progress	33,389	27,412
	-----	
	\$326,451	\$292,944
	=====	

The Company leases certain facilities, machinery, computer equipment and transportation equipment under operating leases with unexpired terms ranging from one to twelve years. Rental expense for operating leases amounted to \$8,855, \$5,807 and \$4,920 for fiscal 1999, 1998 and 1997, respectively.

Minimum lease payments under operating leases expiring subsequent to December 25, 1999 are:

Fiscal year ending	
2000	\$ 6,462
2001	5,691
2002	4,398
2003	4,024
2004	1,485
Subsequent	9,747
	-----
Total minimum lease payments	\$31,807
	=====

(4) BANK CREDIT ARRANGEMENTS

The Company maintains various lines of credit for short-term borrowings totaling \$50,000. 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 \$37,000 at December 25, 1999. The lines of credit can be modified at any time at the option of the banks. The Company pays facility fees of 1/8 of 1% in connection with \$10,000 of its lines of credit, and pays no fees in connection with the remaining lines of credit. The weighted average interest rate on short-term borrowings was 5.5% at

December 25, 1999 and 5.3% at December 26, 1998.

(5) INCOME TAXES

Income tax expense (benefit) consists of:

	1999	1998	1997
	-----		
Current:			
Federal	\$11,847	\$ 9,501	\$11,423
State	1,069	912	940
Foreign	3,784	2,087	2,037
	-----		
	16,700	12,500	14,400
	-----		
Deferred:			
Federal	(168)	2,224	5,963
State	(29)	176	529
Foreign	(703)	1,000	508
	-----		
	(900)	3,400	7,000
	-----		
	\$15,800	\$15,900	\$21,400
	=====		

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

	1999	1998	1997
	-----		
Statutory Federal			
income tax rate	35.0%	35.0%	35.0%
State income taxes, net			
of Federal benefit	2.2%	1.8%	1.9%
Other	0.3%	(0.3)%	(0.6)%
	-----		
	37.5%	36.5%	36.3%
	=====		

The tax effects of temporary differences that give rise to deferred tax assets and liabilities at December 25, 1999 and December 26, 1998, are:

	1999	1998
	-----	
Deferred tax assets:		
Accrued expenses and allowances	\$13,825	\$10,977
Inventory capitalization	1,226	1,199
	-----	
Total deferred tax assets	15,051	12,176
	-----	
Deferred tax liabilities:		
Plant and equipment	9,999	11,062
Lease transactions	2,646	1,507
Other	5,428	4,564
	-----	
Total deferred tax liabilities	18,073	17,133
	-----	
Net deferred tax liabilities	\$(3,022)	\$(4,957)
	=====	

No valuation allowance for deferred tax assets has been provided since all tax benefits are more likely than not to be realized. The currency translation adjustments in accumulated other comprehensive income are not adjusted for income taxes as they relate to indefinite investments in non-U.S. subsidiaries.

(6) LONG-TERM DEBT

	1999	1998
	-----	
9.40% to 12.77% promissory notes, unsecured (a)	\$ 5,750	\$10,250
7.49% to 7.63% promissory notes, unsecured (b)	50,000	--
Revolving credit agreement (c)	47,448	78,833
3.0% to 9.25% notes	5,424	7,135
	-----	
Total long-term debt	108,622	96,218
Less current installments of long-term debt	4,372	5,737
	-----	
Long-term debt, excluding current installments	\$104,250	\$90,481
	=====	

(a) The unsecured promissory notes payable are due in varying annual principal installments through 2001. The notes are subject to prepayment in whole or in part with or without premium as specified in the agreement.

(b) The unsecured promissory notes are advances under a facility of \$100,000. These notes payable are due in varying annual principal installments through 2006. The notes are subject to prepayment in whole or in part with or without premium as specified in the agreement.

(c) The revolving credit agreement is an unsecured facility with a group of banks for a maximum of \$100,000. The facility has a termination date of June 30, 2002. The funds borrowed may be repaid at any time without penalty, or additional funds may be borrowed up to the facility limit. The Company may choose from the following three interest rate alternatives: the higher of prime rate or Federal Funds Rate plus 0.5%, the applicable Eurodollar rate plus a leverage ratio-based spread (which at December 25, 1999 was 0.275%) or up to \$50,000 at a rate determined through a competitive bid process. The effective interest rate at December 25, 1999 was 5.98% and at December 26, 1998 was 5.36%.

The lending agreements place certain restrictions on working capital, capital expenditures, payment of dividends, purchase of Company stock and additional borrowings. Under the most restrictive covenants of the agreements, the Company may purchase the remainder of the 5.4 million shares of Company stock authorized by the Board of Directors in 1998 and in addition make payments of cash dividends and purchases of the Company's capital stock of \$12,000 in any fiscal year.

The minimum aggregate maturities of long-term debt for each of the four years following 2000 are: \$2,907, \$58,121, \$10,487 and \$10,317.

(7) 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, restricted stock awards and bonuses of common stock. At December 25, 1999, 1,315,000 shares of common stock remained available for issuance under the plans. Shares and options issued and

available 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.

The Company applies APB Opinion 25 in accounting for its fixed stock compensation plans. Accordingly, no compensation cost has been recognized for the fixed plans in 1999, 1998 or 1997. Had compensation cost been determined on the basis of fair value pursuant to Statement of Financial Accounting Standards No. 123, net earnings and earnings per share would have been reduced as follows:

	1999	1998	1997
Net earnings			
As reported	\$26,367	\$27,636	\$37,544
Pro forma	\$24,441	\$25,969	\$36,584
Earnings per share			
As reported: Basic	\$ 1.09	\$ 1.04	\$ 1.36
Diluted	\$ 1.08	\$ 1.02	\$ 1.33
Pro forma: Basic	\$ 1.01	\$ 0.98	\$ 1.33
Diluted	\$ 1.00	\$ 0.96	\$ 1.30

The fair value of each option grant commencing with grants made in 1996 was estimated as of the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 1999, 1998 and 1997:

	1999	1998	1997
Expected volatility	41%	35%	29%
Risk-free interest rate	6.43%	4.71%	5.75%
Expected life from vesting date	2.6 yrs.	2.6 yrs.	2.7 yrs.
Dividend yield	1.36%	1.15%	1.03%

Following is a summary of the activity of the stock plans during 1997, 1998 and 1999:

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 28, 1996	1,866,974	\$ 11.11
Granted	443,414	21.48
Exercised	(308,876)	(7.43)
Forfeited	(76,850)	(14.34)
Outstanding at December 27, 1997	1,924,662	\$ 13.96
Options exercisable at December 27, 1997	919,801	\$ 10.22
Weighted average fair value of options granted during 1997		\$ 6.56

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 27, 1997	1,924,662	\$ 13.96
Granted	712,687	17.09
Exercised	(339,241)	(8.57)
Forfeited	(118,012)	(19.27)
Outstanding at December 26, 1998	2,180,096	\$ 15.52
Options exercisable at December 26, 1998	1,034,491	\$ 13.35
Weighted average fair value of options granted during 1998		\$ 5.58

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 26, 1998	2,180,096	\$ 15.52
Granted	870,047	16.37
Exercised	(96,181)	(9.89)
Forfeited	(22,046)	(19.09)
Outstanding at December 25, 1999	2,931,916	\$ 15.93
Options exercisable at December 25, 1999	1,348,234	\$ 14.91
Weighted average fair value of options granted during 1999		\$ 6.48

Following is a summary of the status of stock options outstanding at December 25, 1999:

OUTSTANDING AND EXERCISABLE BY PRICE RANGE

Options Outstanding			Options Exercisable		
Exercise Price Range	Number	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
\$ 6.00-12.94	768,503	5.26 years	\$10.29	631,837	\$ 9.96
13.22-16.88	1,340,708	9.07 years	16.37	230,329	15.90
17.41-21.78	741,866	7.39 years	20.25	415,229	20.59
22.13-23.00	80,839	6.51 years	22.52	70,839	22.51
	2,931,916			1,348,234	

(8) 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
1997:			
Net earnings	\$37,544	--	\$37,544
Shares outstanding	27,521	686	28,207
Per share amount	\$ 1.36	--	\$ 1.33
1998:			
Net earnings	\$27,636	--	\$27,636
Shares outstanding	26,605	498	27,103
Per share amount	\$ 1.04	--	\$ 1.02
1999:			
Net earnings	\$26,367	--	\$26,367
Shares outstanding	24,158	255	24,413
Per share amount	\$ 1.09	--	\$ 1.08

(9) TREASURY STOCK

During 1998, the Board of Directors authorized management to repurchase up to 5.4 million shares of the Company's common 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." As of December 25, 1999, a total of 4.5 million shares had been purchased for \$75,465 including 1.4 million shares purchased during 1999 at a cost of \$22,210.

(10) EMPLOYEE RETIREMENT SAVINGS PLANS

Established under Internal Revenue Code Section 401(k), the Valmont Employee Retirement Savings Plan is 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 may also make basic, matching and/or supplemental contributions to the Plan. In addition, the Company has a defined contribution plan covering the employees of Microflect; contributions under this plan are based primarily on the performance of the business unit and employee compensation. The 1999, 1998 and 1997 Company contributions to these plans amounted to approximately \$5,100, \$3,900 and \$5,400, respectively.

(11) RESEARCH AND DEVELOPMENT

Research and development costs are charged to operations in the year incurred. Research and development expenses were approximately \$2,500 in 1999, \$3,300 in 1998, and \$3,700 in 1997.

(12) 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 25, 1999, the carrying amount of the Company's long-term debt was \$108,622 with an estimated fair value of approximately \$107,600. At December 26, 1998, the carrying amount of the Company's long-term debt was \$96,218 with an estimated fair value of approximately the same. At December 25, 1999, the Company had no derivative financial instruments.

(13) STOCKHOLDERS' RIGHT PLAN

Each share of common stock carries with it one half preferred stock purchase right ("Right"). The Right becomes exercisable ten days after a person (other than Robert B. Daugherty and his related persons and entities) acquires or commences a tender offer for 15% or more of the Company's common stock. Each Right entitles the holder to purchase one one-thousandth of a share of a new series of preferred stock at an exercise price of \$100, subject to adjustment. The Right expires on December 19, 2005 and may be redeemed at the option of the Company at \$.01 per Right, subject to adjustment. Under certain circumstances, if (i) any person becomes an Acquiring Person or (ii) the Company is acquired in a merger or other business combination, each holder of a Right (other than the Acquiring Person) will have the right to receive, upon exercise of the Right, shares of common stock (of the Company under (i) and of the acquiring company under (ii)) having a value of twice the exercise price of the Right.

(14) ACQUISITIONS AND DIVESTITURE

During 1999, the Company's Irrigation segment invested \$2.9 million cash in two irrigation retail outlets. The excess of purchase price over fair value of the net assets acquired has been recorded as goodwill and is being amortized over the estimated useful life. During March of 1999, the Company sold an investment in an irrigation-related business for proceeds of \$8.3 million and realized a gain of \$2.8 million.

During 1998, the Company's Coating division acquired the operating assets of four separate galvanizing facilities in Oklahoma, California, Oregon and Utah. The excess of purchase price over the estimated fair values of the net assets acquired has been recorded as goodwill and is being amortized over estimated useful lives. In November 1998, the Company acquired the outstanding shares of Cascade Earth Sciences, Ltd., a firm providing consulting services for environmental and wastewater management projects with headquarters in Oregon.

All acquisitions have been accounted for under the purchase method. The results of operations of the acquired businesses are included in the consolidated financial statements from the dates of acquisition.

(15) BUSINESS SEGMENTS

During the first quarter of 1999, the Company reorganized its businesses on a worldwide product line basis. Accordingly the 1997 and 1998 segment information has been reclassified to conform to the 1999 presentation. The Company has two reportable segments:

**IRRIGATION:** This segment consists of the manufacture and distribution of agricultural irrigation equipment, tubular products and related parts and services; and

**INFRASTRUCTURE:** This segment includes the manufacture and distribution of engineered metal structures and coating services for the lighting, utility



In addition to these two reportable segments, the Company has other businesses that individually are not more than 10% of consolidated sales.

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. All Corporate expenses and assets are allocated to the business segments. Intersegment sales prices are both cost and market based.

BUSINESS SEGMENT INFORMATION  
[DOLLARS IN THOUSANDS]

SUMMARY OF BUSINESS SEGMENT		1999	1998	1997
<hr/>				
SALES:	Irrigation	\$252,606	\$252,745	\$271,512
	Infrastructure	347,226	327,393	320,052
	Other	28,003	36,826	42,302
	Total	627,835	616,964	633,866
<hr/>				
INTERSEGMENT SALES:	Irrigation	3,432	--	--
	Infrastructure	7,588	9,243	9,905
	Other	2,624	1,414	1,455
	Total	13,644	10,657	11,360
<hr/>				
NET SALES:	Irrigation	249,174	252,745	271,512
	Infrastructure	339,638	318,150	310,147
	Other	25,379	35,412	40,847
	Total	\$614,191	\$606,307	\$622,506
<hr/>				
OPERATING INCOME:	Irrigation	\$ 25,906	\$ 31,579	\$ 34,239
	Gain on sale of investment	2,823	--	--
	Total Irrigation	28,729	31,579	34,239
	Infrastructure	22,423	14,256	25,495
	Impairment charge	(1,915)	--	--
	Total Infrastructure	20,508	14,256	25,495
	Other	939	1,917	2,256
	Total	50,176	47,752	61,990
<hr/>				
INTEREST EXPENSE, NET		(7,139)	(4,846)	(2,831)
MISCELLANEOUS		(870)	630	(215)
	Earnings before income taxes	\$ 42,167	\$ 43,536	\$ 58,944
<hr/>				
TOTAL ASSETS:	Irrigation	\$150,300	\$132,654	\$122,456
	Infrastructure	254,606	255,122	227,689
	Other	14,429	19,181	17,907
	Total	\$419,335	\$406,957	\$368,052
<hr/>				
CAPITAL EXPENDITURES:	Irrigation	\$ 23,897	\$ 16,652	\$ 12,181
	Infrastructure	13,192	10,344	24,743
	Other	694	2,671	2,191
	Total	\$ 37,783	\$ 29,667	\$ 39,115
<hr/>				
DEPRECIATION AND AMORTIZATION:	Irrigation	\$ 6,876	\$ 5,295	\$ 4,355
	Infrastructure	14,375	13,791	11,363
	Other	698	757	719
	Total	\$ 21,949	\$ 19,843	\$ 16,437
<hr/>				

SUMMARY BY GEOGRAPHICAL AREA BY LOCATION OF VALMONT FACILITIES:		1999	1998	1997
<hr/>				
NET SALES:	United States	\$482,378	\$483,130	\$517,006
	France	54,309	59,887	52,226
	Other	77,504	63,290	53,274
	Total	\$614,191	\$606,307	\$622,506
<hr/>				
OPERATING INCOME:	United States	\$ 41,630	\$ 42,398	\$ 56,594
	France	1,066	505	1,976
	Other	7,480	4,849	3,420
	Total	\$ 50,176	\$ 47,752	\$ 61,990
<hr/>				
LONG-LIVED ASSETS:	United States	\$167,081	\$152,275	\$114,663
	France	14,724	17,729	18,597
	Other	17,497	17,007	16,862

Total

\$199,302

\$187,011

\$150,122

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NO SINGLE CUSTOMER ACCOUNTED FOR MORE THAN 10% OF NET SALES IN 1999, 1998 OR 1997. NET SALES BY GEOGRAPHICAL AREA ARE BASED ON THE LOCATION OF THE FACILITY PRODUCING THE SALES.

OPERATING INCOME BY BUSINESS SEGMENT AND GEOGRAPHICAL AREAS ARE BASED ON NET SALES LESS IDENTIFIABLE OPERATING EXPENSES AND ALLOCATIONS.

LONG-LIVED ASSETS CONSIST OF PROPERTY, PLANT AND EQUIPMENT, NET OF DEPRECIATION, GOODWILL AND OTHER ASSETS, LONG-LIVED ASSETS BY GEOGRAPHICAL AREA ARE BASED ON LOCATION OF FACILITIES.

QUARTERLY FINANCIAL DATA (UNAUDITED)  
[DOLLARS IN THOUSANDS]

	Net Sales	Gross Profit	Net Earnings		Stock Price High	Stock Price Low	Dividends Declared	
			Amount	Per Share Basic Diluted				
1999								
First	\$ 154,403	\$ 40,398	\$ 5,761	\$ 0.23	\$ 0.23	\$ 14.75	\$ 11.25	\$ 0.06500
Second	162,759	43,594	6,902	0.28	0.28	18.25	13.31	0.06500
Third	138,848	40,003	5,692	0.24	0.23	17.25	14.75	0.06500
Fourth	158,181	48,751	8,012	0.34	0.33	17.88	13.13	0.06500
Year	\$ 614,191	\$ 172,746	\$ 26,367	\$ 1.09	\$ 1.08	\$ 18.25	\$ 11.25	\$ 0.26000
1998								
First	\$ 160,587	\$ 43,069	\$ 9,645	\$ 0.35	\$ 0.34	\$ 24.63	\$ 17.63	\$ 0.05625
Second	154,340	38,239	7,450	0.27	0.26	25.00	15.75	0.06500
Third	140,105	34,906	4,678	0.18	0.18	20.50	13.25	0.06500
Fourth	151,275	36,634	5,863	0.23	0.23	16.19	12.25	0.06500
Year	\$ 606,307	\$ 152,848	\$ 27,636	\$ 1.04	\$ 1.02	\$ 25.00	\$ 12.25	\$ 0.25125
1997								
First	\$ 165,418	\$ 44,616	\$ 8,954	\$ 0.33	\$ 0.32	\$ 22.63	\$ 18.63	\$ 0.05000
Second	159,100	44,144	9,893	0.36	0.35	22.38	18.50	0.05625
Third	136,015	37,746	7,857	0.28	0.28	21.88	19.00	0.05625
Fourth	161,973	42,674	10,840	0.39	0.38	23.88	19.00	0.05625
Year	\$ 622,506	\$ 169,180	\$ 37,544	\$ 1.36	\$ 1.33	\$ 23.88	\$ 18.50	\$ 0.21875

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.

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF VALMONT INDUSTRIES, INC.  
VALLEY, NEBRASKA

We have audited the accompanying consolidated balance sheets of Valmont Industries, Inc. and subsidiaries as of December 25, 1999 and December 26, 1998, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 25, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 25, 1999 and December 26, 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 25, 1999 in conformity with generally accepted accounting principles.

/s/ DELOITTE & TOUCHE LLP

DELOITTE & TOUCHE LLP  
Omaha, Nebraska  
February 4, 2000

REPORT OF MANAGEMENT

The consolidated financial statements of Valmont Industries, Inc. and subsidiaries and the other information contained in the Annual Report were prepared by and are the responsibility of management. The statements have been prepared in accordance with generally accepted accounting principles and necessarily include amounts based on management's best estimates and judgements.

In fulfilling its responsibilities, management relies on a system of internal controls which provide reasonable assurance that the financial records are reliable for preparing financial statements and maintaining accountability of assets. Internal controls are designed to reduce the risk that material errors or irregularities in the financial statements may occur and not be timely detected. These systems are augmented by written policies, careful selection and training of qualified personnel, an organizational structure providing for the division of responsibilities and a program of financial, operational and systems audits. The Company also has a business ethics policy which requires employees to maintain high ethical standards in the conduct of Company business.

The Audit Committee, composed of non-employee directors, is responsible for recommending to the Board of Directors, subject to ratification of shareholders, the independent accounting firm to be retained each year. The Audit Committee meets regularly, and when appropriate separately, with the independent certified public accountants, management and the internal auditors to review company performance. The independent certified public accountants, internal auditors, and the Audit Committee have unrestricted access to each other in the discharge of their responsibilities.

/s/ Mogens C. Bay

MOGENS C. BAY  
Chairman and Chief Executive Officer

/s/ Terry J. McClain

TERRY J. MCCLAIN  
Senior Vice President and Chief  
Financial Officer

OFFICERS AND MANAGEMENT

Corporate	Divisions		
CORPORATE AND STAFF OFFICERS	POLES DIVISION	IRRIGATION DIVISION	CORPORATE HEADQUARTERS
MOGENS C. BAY* CHAIRMAN AND CHIEF EXECUTIVE OFFICER	MARK R. RICHARDS PRESIDENT	THOMAS D. SPEARS PRESIDENT	Valmont Industries, Inc. One Valmont Plaza Omaha, Nebraska 68154-5215 USA 402.963.1000
VINCENT T. CORSO * SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER	KEITH A. HUFFMAN VICE PRESIDENT GLOBAL OPERATIONS	DUANE BIER VICE PRESIDENT OPERATIONS	INDEPENDENT PUBLIC ACCOUNTANTS Deloitte & Touche LLP Omaha, Nebraska USA
TERRY J. MCCLAIN* SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER	RICHARD M. SAMPSON VICE PRESIDENT SALES	HECTOR A. HAGET VICE PRESIDENT MARKETING AND ENGINEERING	LEGAL COUNSEL McGrath, North, Mullin & Kratz, P.C. Omaha, Nebraska USA
E. ROBERT MEANEY* SENIOR VICE PRESIDENT INTERNATIONAL	THOMAS F. SANDERSON VICE PRESIDENT GLOBAL MARKETING AND PRODUCTION DEVELOPMENT	TERRY RAHE PRESIDENT CASCADE EARTH SCIENCES	STOCK TRANSFER AGENT AND REGISTRAR First National Bank of Omaha Trust Department One First National Center Omaha, Nebraska 68102-1596 USA 402.341.0500
ANN F. ASHFORD VICE PRESIDENT HUMAN RESOURCES	THOMAS J. SUTKO VICE PRESIDENT MARKETING ADMINISTRATION	DENNIS E. SCHWIEGER VICE PRESIDENT GLOBAL SALES	COATINGS DIVISION
JILL A. DAILY VICE PRESIDENT PROCUREMENT	KLAUS GULDAGER GENERAL MANAGER CHINA	JEFFREY BRIGGS PRESIDENT	Notices regarding changes of address and inquiries regarding lost or stolen certificates and transfers of stock should be directed to the transfer agent.
THOMAS P. EGAN, JR. VICE PRESIDENT CORPORATE COUNSEL AND SECRETARY	PAUL VAN ISEGHEM VICE PRESIDENT EUROPEAN OPERATIONS	RICHARD S. CORNISH VICE PRESIDENT OPERATIONS	ANNUAL MEETING The annual meeting of Valmont's shareholders will be held at 2:00 p.m. on Wednesday, April 26, 2000, at the Joslyn Art Museum in Omaha, Nebraska USA.
MARK C. JAKSICH VICE PRESIDENT CORPORATE CONTROLLER	INDUSTRIAL PRODUCTS DIVISION	COMMUNICATION DIVISION	SHAREHOLDER AND INVESTOR RELATIONS Valmont's common stock trades on the Nasdaq National Market under the symbol VALM.
MARK E. TREINEN VICE PRESIDENT BUSINESS DEVELOPMENT	LEONARD M. ADAMS VICE PRESIDENT AND GENERAL MANAGER	JAMES R. CALLAWAY PRESIDENT	Valmont's most recent Quarterly News Releases are available on the internet at <a href="http://www.valmont.com">www.valmont.com</a> under the heading "The Company."
* MEMBER, OFFICE OF THE PRESIDENT		SEAN GALLAGHER VICE PRESIDENT SALES	Valmont maintains an active investor relations program and mailing list to keep shareholders and potential investors informed about the Company. Comments and inquiries are welcomed and should be directed to Investor Relations.
		J. MARSHALL HAINES VICE PRESIDENT OPERATIONS	A copy of Valmont's 1999 Annual Report on form 10-K may be obtained by calling or writing Investor Relations:
			Jeffrey S. Laudin Investor Relations Department Valmont Industries, Inc. One Valmont Plaza Omaha, Nebraska 68154-5215 USA Phone: 402.963.1000 Fax: 402.963.1199

MARKET MAKERS

THE FOLLOWING MAKE A MARKET IN VALMONT INDUSTRIES, INC. COMMON STOCK AS OF FEBRUARY 2000: GEORGE K. BAUM & COMPANY, DAIN RAUSCHER INC., HERZOG, HEINE, GEDULD, INC., KIRKPATRICK PETTIS INC, KNIGHT SECURITIES, L.P., SPEAR, LEEDS & KELLOGG, SHERWOOD SECURITIES, MAYER AND SCHWEITZER, SECURITY INVESTMENT COMPANY OF KANSAS CITY.

VISIT VALMONT'S WEB SITE: [WWW.VALMONT.COM](http://WWW.VALMONT.COM)



BOARD OF DIRECTORS

PICTURED FROM LEFT TO RIGHT

CHARLES D. PEEBLER, JR.  
WALTER SCOTT, JR.  
CHARLES M. HARPER  
BRUCE C. ROHDE  
MOGENS C. BAY  
ROBERT B. DAUGHERTY  
JOHN E. JONES  
THOMAS C. MADISON  
KENNETH E. STINSON

MOGENS C. BAY  
CHAIRMAN AND  
CHIEF EXECUTIVE OFFICER  
VALMONT INDUSTRIES, INC.  
DIRECTOR SINCE 1993

ROBERT B. DAUGHERTY  
FOUNDER AND  
CHAIRMAN EMERITUS  
VALMONT INDUSTRIES, INC.  
DIRECTOR SINCE 1947

CHARLES M. HARPER  
FORMER CHAIRMAN AND  
CHIEF EXECUTIVE OFFICER  
RJR NABISCO HOLDINGS CORP.  
AND CONAGRA, INC.  
DIRECTOR SINCE 1979

JOHN E. JONES  
RETIRED CHAIRMAN,  
PRESIDENT AND  
CHIEF EXECUTIVE OFFICER  
CBI INDUSTRIES, INC.  
DIRECTOR SINCE 1993

THOMAS F. MADISON  
PRESIDENT, MLM PARTNERS  
CHAIRMAN OF THE BOARD  
COMMUNICATIONS HOLDINGS, INC.  
DIRECTOR SINCE 1987

CHARLES D. PEEBLER, JR.  
CHAIRMAN EMERITUS  
TRUE NORTH COMMUNICATIONS, INC.  
DIRECTOR SINCE 1999

BRUCE C. ROHDE  
CHAIRMAN AND  
CHIEF EXECUTIVE OFFICER  
CONAGRA, INC.  
DIRECTOR SINCE 1999

WALTER SCOTT, JR.  
CHAIRMAN  
LEVEL 3 COMMUNICATIONS, INC.  
DIRECTOR SINCE 1981

KENNETH E. STINSON  
CHAIRMAN AND  
CHIEF EXECUTIVE OFFICER  
PETER KIEWIT SONS', INC.  
DIRECTOR SINCE 1996

-----  
AUDIT COMMITTEE  
WALTER SCOTT, JR., CHAIRMAN  
JOHN E. JONES  
KENNETH E. STINSON

COMPENSATION COMMITTEE  
CHARLES M. HARPER, CHAIRMAN  
THOMAS F. MADISON  
CHARLES D. PEEBLER, JR.

VALMONT [LOGO]

ONE VALMONT PLAZA  
OMAHA NEBRASKA  
68154-5215 USA  
PHONE 402.963.1000  
FAX 402.963.1199  
[www.valmont.com](http://www.valmont.com)

## SUBSIDIARIES OF VALMONT INDUSTRIES, INC.

Name of Subsidiary -----	State or Country of Incorporation -----
Best-All Electric, Inc.	Nebraska
Cascade Earth Sciences, Ltd.	Oregon
Cleanwater International, Inc.	Oregon
Gate City Steel Corporation	Delaware
Golden State Irrigation, Inc.	California
KUO Testing Labs, Inc.	Washington
Lampadaires Feralux, Inc.	Canada
Masstock Ltd.	Zambia
Microflect Company, Inc.	Oregon
NeuValco S.A.	France
NeuValco GmbH	Germany
Oregon Pacific Group, LLC.	Oregon
Sermeto S.A.	France
Sermeto Iberica S.A.	Spain
Shanghai Valmont Special Steel Tube Co., Ltd.	China
TelecCentre, S.A.	France
Tubalco S.A.	France
Valley Irrigation South Africa, PTY.	South Africa
Valmont California Irrigation, Inc.	California
Valmont Coatings, Inc.	Delaware
Valmont Composites, LLC	Utah
Valmont de Espana, S.A.	Spain
Valmont Mastbau, KG	Germany
Valmont S.A.	Spain
Valmont Industria e Comercio, Ltda.	Brazil
Valmont Industries (Asia-Pacific) Ltd.	Hong Kong
Valmont Industries de Argentina S.A.	Argentina
Valmont Industries Holland B.V.	The Netherlands
Valmont International, L.L.C.	Delaware
Valmont International Corp.	Texas
Valmont International Inc.	U. S. Virgin Islands
Valmont Nederlands B.V.	The Netherlands
Valmont Northwest, Inc.	Nebraska
Valmont Polska Sp. zoo.	Poland
Valmont Service Centers, Inc.	Nebraska
Valmont Services Irrigacao, Ltda.	Brazil
Valmont World Trade, N.V.	Netherlands Antilles

DELOITTE & TOUCHE LLP (letterhead)  
2000 First National Center  
Omaha, NE 68102-1578

Telephone 402-346-7788  
Facsimile 402-346-0711  
402-344-0372

INDEPENDENT AUDITORS' CONSENT  
- -----

We consent to incorporation by reference in Registration Statements No. 2-88663, 33-21680, 33-57117, 333-02785, 333-78017, and 333-83251 of Valmont Industries, Inc. on Form S-8 of our reports dated February 4, 2000, appearing in or incorporated by reference in the Annual Report on Form 10-K of Valmont Industries, Inc. for the year ended December 25, 1999.

DELOITTE & TOUCHE LLP

Omaha, Nebraska  
March 20, 2000

POWER OF ATTORNEY

The undersigned Directors of Valmont Industries, Inc., a Delaware corporation, hereby constitute and appoint Mogens C. Bay as attorney-in-fact in their name, place and stead to execute Valmont's Annual Report on Form 10-K for the fiscal year ended December 25, 1999, together with any and all subsequent amendments thereof in their capacity as Chairman of the Board and hereby ratify all that said attorney-in-fact may do by virtue thereof.

DATED this 23rd day of February, 2000.

/s/Robert B. Daugherty  
-----  
Robert B. Daugherty, Director

/s/Charles D. Peebler, Jr.  
-----  
Charles D. Peebler, Jr.

/s/Charles M. Harper  
-----  
Charles M. Harper, Director

/s/Bruce Rohde  
-----  
Bruce Rohde

/s/John E. Jones  
-----  
John E. Jones, Director

/s/Walter Scott, Jr.  
-----  
Walter Scott, Jr., Director

/s/Thomas F. Madison  
-----  
Thomas F. Madison, Director

/s/Kenneth E. Stinson  
-----  
Kenneth E. Stinson, Director



THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM SEC FORM 10-K AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000  
U.S. DOLLARS

YEAR		
DEC-25-1999		
DEC-27-1998		
DEC-25-1999		
	1	14,936
		0
	106,844	0
		85,383
	220,033	326,451
	152,531	
	419,335	
121,445		0
	0	0
		27,900
	142,588	
419,335		614,191
	614,191	441,445
		441,445
	122,570	
	0	
	8,009	
	42,167	
	15,800	
26,367		
	0	
	0	0
	26,367	
	1.09	
	1.08	