

BASIC FUNDAMENTALS



2008 ANNUAL REPORT

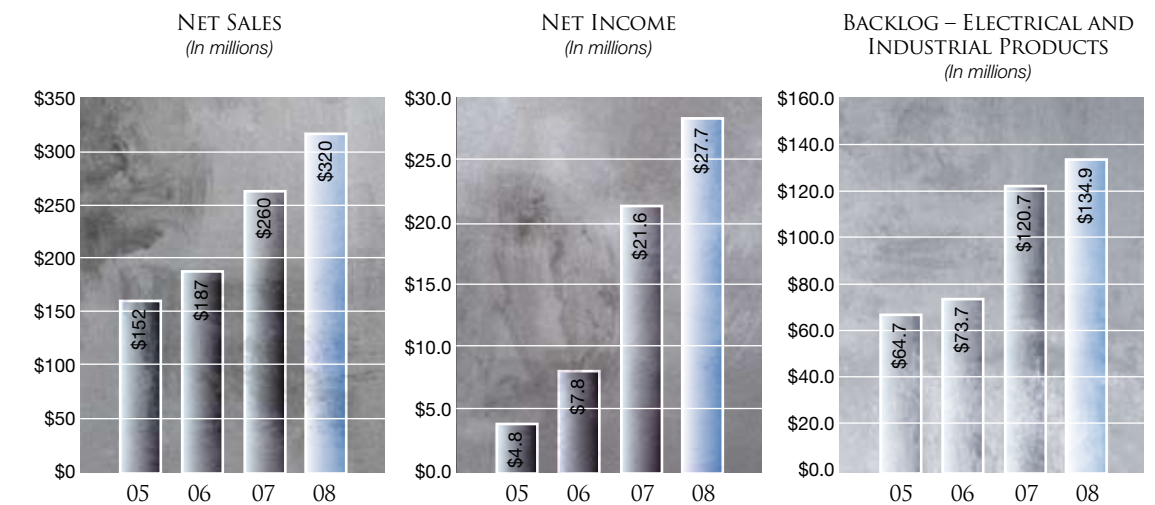
A BASIC FORMULA CREATED FROM BASIC FUNDAMENTALS.
THAT'S AZZ.

Selected Financial Information

(In thousands, except per share amounts, percentages and ratios)

For the four years ended February 28/29,	2005	2006	2007	2008
Summary of operations:				
Net sales	\$152,428	\$187,184	\$260,344	\$320,193
Net income	4,812	7,827	21,604	27,688
Earnings per share:				
Basic earnings per common share	\$.44	\$.70	\$1.86	\$2.30
Diluted earnings per common share	.44	.69	1.82	2.26
Return on average shareholders' equity				
	6.7%	9.6%	21.8%	21.5%
Pretax profits to sales				
	4.9%	6.4%	13.7%	13.7%
Net income to sales				
	3.2%	4.2%	8.3%	8.6%
Total assets				
	\$128,635	\$140,026	\$200,908	\$193,319
Long-term debt, excluding current portion				
	23,875	14,375	35,200	—
Total liabilities				
	53,316	53,758	89,759	47,162
Shareholders' equity				
	75,319	87,269	111,148	146,157
Long-term debt to equity ratio				
	.32 to 1	.16 to 1	.32 to 1	0 to 1
Current ratio				
	1.94 to 1	1.79 to 1	2.25 to 1	2.41 to 1
Cash provided by operations				
	\$6,394	\$12,304	\$7,717	\$38,926
Capital expenditures				
	6,649	6,602	10,659	9,926
Backlog				
	\$64,769	\$73,763	\$120,666	\$134,876
Average shares outstanding ¹				
	10,888	11,168	11,599	12,013

¹Adjusted to reflect a two-for-one stock split, effected in the form of a stock dividend on May 4, 2007.



To our shareholders, employees and customers:

With great pleasure we report that fiscal 2008 was yet another year of record revenues and net income for AZZ. For 21 consecutive years, we've shown consistent profitability – a direct result of our commitment to the basic fundamentals of our business. During this fiscal year we also took full advantage of favorable market conditions to maximize our results. Year after year, we hone our knowledge and expertise, and fiscal 2008 was no exception – our year-end figures tell a simple, yet compelling story.

Financial highlights

Our revenues increased 23 percent to \$320.2 million, compared to \$260.3 million for the prior year. Following the same course, our net income rose 28 percent to \$27.7 million, or \$2.26 per diluted share, compared to \$21.6 million, or \$1.82 per diluted share, for the previous year. We are pleased to report that this pattern of steady growth was true during fiscal 2008 not only for AZZ as a whole, but also for each of our segments.

Electrical and Industrial Products

Revenues for our Electrical and Industrial Products Segment increased 19 percent to \$179.2 million, and operating income rose 37 percent to \$29.1 million. Our operating income margins for the fiscal year improved to 16 percent from 14 percent, while quotation activity and project opportunities maintained a robust pace. We believe the stage is set for continued success in this segment.

Galvanizing

Revenues for our Galvanizing Service Segment were up 28 percent to \$141.0 million, and operating income rose 10 percent to \$35.1 million, compared to \$110.1 million and \$31.9 million, respectively. Our operating margins were 25 percent for the fiscal year, compared to 29 percent in the prior fiscal year.

Strong market demand for our galvanizing services continued, and tons of steel processed increased 18 percent – 12 percent of which is attributed to the acquisition of Witt Galvanizing – indicating that business demand remains strong across our markets. Effectively executing our business strategies, capitalizing on market opportunities, and meeting or exceeding our margin projections contributed to our fiscal 2008 success, and we anticipate that we should be able to continue this in the new fiscal year.

Fundamentals for the future

Our challenge is to continue expanding our served markets and product offerings while maintaining strong operating performance. We pursue a straightforward strategy – strong growth through expansion

of our existing business lines and through strategic acquisitions. April 1, 2008, we announced the signing of an asset purchase agreement with AAA Industries, Inc., a privately held company, to acquire substantially all of the assets related to AAA's galvanizing operations. This acquisition will continue to strengthen our national market, enhancing the Company's growth and expansion opportunities and complementing the Witt acquisition of November 2006. Annualized revenues for AAA Galvanizing are expected to exceed \$50 million and are anticipated to be accretive to earnings per share in the first year of operation. To fund the acquisition, AZZ also completed a private placement of 10-year, 6.24 percent unsecured Senior Notes in the amount of \$100 million on March 31, 2008.

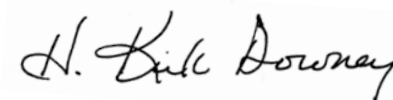
Our projection is that fiscal 2009 should be another record-setting year for AZZ – we'll keep looking for opportunities to carry out more of what we know, and we'll continue to improve our existing expertise. We continue our commitment to the fundamentals of our success and continually strive to enhance the performance of the Company. We're not revolutionary, but we are consistent, tenacious, stalwart when it comes to seeking value for our customers and shareholders.

A market cycle may be a challenge, but we're confident that our commitment to the basics of what has built our Company and made it successful gives us the fundamental strength to maneuver with success. Our strength lies in our unwavering commitment to a solid financial foundation, a stable of reliable products and services, and a proven strategic framework for growth and profitability.

The consistent profitability AZZ has enjoyed for more than two decades also is due to yet another bedrock of our Company – its people. Our customers – who give us countless opportunities to use our creativity and expertise to their advantage. Our suppliers and vendors – who partner with us to deliver excellence. Our employees – who understand that the basics of corporate strength include people working together with one mind, one mission, one shared vision.

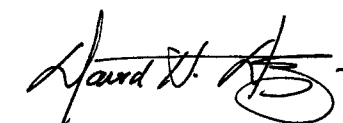
Thank you all for your dedication to AZZ's basic fundamentals – ensuring consistent, sustainable growth across the globe.

Sincerely,



Dr. H. Kirk Downey

Chairman of the Board



David H. Dingus

President and Chief Executive Officer





Electrical and industrial

A recognized world leader in the engineering and manufacturing of electrical products, AZZ configures, designs, manufactures, tests and installs products that distribute electrical power between generators, transformers, switching devices and other electrical equipment. Our products transmit medium- and high-voltage electricity and provide protection for the distribution of power from point of generation to end-user.

Our industrial products include industrial lighting, tubular products and power distribution centers. The lighting products are provided to the petroleum, food processing and industrial markets, while tubular products primarily supply the petroleum and industrial markets. Power distribution centers containing electrical distribution power conversion, control and supervisory equipment can be delivered to the customer's site as pre-designed, factory-assembled units.

Year after year, our electrical and industrial products exemplify a solid core belief – providing solutions. We offer solutions for a wide variety of industry applications, combining best-in-class engineering designs with modular architectures, extensive applications knowledge and total solution capabilities.

AZZ incorporated is a specialty electrical equipment manufacturer serving the global markets of industrial, power generation, transmission and distribution, and is a leading provider of hot dip galvanizing services to the steel fabrication market nationwide.

AZZ – Our basic fundamentals

The bedrock of any business that achieves sustainable growth and profitability comprises strategy, philosophy and core beliefs. At AZZ, we've taken a simple approach to growth and strength – it isn't fancy, it isn't complicated, but it is unflagging in its ability to achieve solid value.

- Develop solutions
- Grow global markets
- Deliver world-class products and services
- Provide unsurpassed customer support
- Create measurable value
- Leverage our reputation for expertise

Fundamental niche

Our products, whether electrical or galvanizing, meet a basic need. The world's infrastructure is aging – and AZZ is well-positioned to upgrade, restore and replace where needed. Construction economists predict that in the United States alone, power plant construction budgets will reach \$56.6 billion by 2011, largely due to the Energy Policy Act of 2005, which provides tax incentives and loan guarantees for energy production of assorted types.

We make it possible for people to access the power they need, and we also protect the longevity of industrial projects through our galvanizing component. Our two segments are, in many ways, complementary companies that provide products and services involved in infrastructure creation/updates. Both segments provide coordination and project management to companies and industries driving the world's infrastructure.



Our products are built in ISO-9001-2000-certified facilities to a standard of quality needed to run year after year, in all climate conditions, reliably and relatively maintenance-free. They are also environmentally friendly and allow our customers options that provide higher capacity, more compact spacing and greater routing flexibility



OUR CHALLENGE IS TO CONTINUE EXPANDING OUR SERVED MARKETS AND PRODUCT OFFERINGS WHILE MAINTAINING STRONG OPERATING PERFORMANCE.

than traditional approaches. With the U.S. Energy Information Administration estimating 347 gigawatts of new capacity needed by 2030, AZZ is poised for continued growth and achievement.

Galvanizing

True to its root meaning, “to blend,” galvanizing applies molten zinc to metal components, providing decades of corrosion protection that ensures low maintenance and durability in steel structures. AZZ has been a leading provider of corrosion protection services to the steel fabrication industry for four decades, assuring function, durability and safety for generations.

With 20 hot dip galvanizing plants strategically located across the United States, AZZ serves a wide range of customers, including fabricators and manufacturers in the electrical, telecommunications, transportation, petrochemical, agriculture and industrial markets, as well as original equipment manufacturers.

Its unsurpassed quality won AZZ's Galvanizing Segment four “Excellence in Hot Dip Galvanizing” awards from the American Galvanizing Association during fiscal 2008 – for projects completed in the petrochemical, electrical utility and agriculture industries.



Fundamental strategy

Our products are only one part of our fundamentals for success – much of our strength also stems from our ability to develop solutions. No matter the size or scope of the project, we formulate solutions that are comprehensive and cost-effective, providing measurable value. Partnering with AZZ means less procurement and coordination effort, reduced lead times, lower installation costs and continuing professional support.

This competitive edge has led us into a number of market niches, delivering turnkey electrical installations everywhere from Alaska to Southeast Asia. In some cases, AZZ's fundamental expertise has brought electrical power to a region for the first time.

We also have the facilities and know-how to galvanize virtually any size material, from parts that fit in the palm of your hand to heavy structural steel poles.

Fundamental standards

A high performance standard helps AZZ increase our market share, develop products and processes, expand our customer base and increase production capacity. Our basic business fundamentals include achieving sustainable and profitable growth through the expansion of our existing business lines and through strategic acquisitions. We believe in bringing more products to the same customer by adding capability, expertise and product breadth, and we believe in expanding our business across more geography by serving new areas.

We are committed to providing long-range benefits, not stopgap measures for survival. We understand the fundamental value of an aggressive growth strategy properly paired with strong earnings and a solid balance sheet. This longstanding reputation for the fundamentals of value, stability and consistent performance characterizes our Company across the globe – affirming our foundation of sound principles and careful stewardship.



Fundamental market knowledge

AZZ's blend of experience, creativity and strength helps us maintain stability through inevitable fluctuations in our business. We have distinct competitive advantages, including a diverse customer base and a network of plants with a wide geographic scope and broad capabilities.

By serving a wide range of industries – utilities, construction, petrochemical, industrial, mining, telecommunications, transportation, pulp and paper, and agriculture – we have reduced our exposure to the inevitable fluctuations of a single industry.

With more than 50 years of fine-tuning, we've learned to stay true to our basic fundamentals – tightening our grip on operational efficiencies, exploring new markets and expanding existing ones. We don't waver in our commitment to the practices that have catalyzed our strong growth.

Our fundamental strategy for continuing AZZ's tradition of solid, consistent growth is clear – by remaining committed to that strategy, we believe that fiscal 2009 should be another rewarding year for AZZ and its shareholders.



Electrical and Industrial Products Segment

(In thousands, except percentages)

	2005	2006	2007	2008
Sales	100,542	123,736	150,250	179,181
Operating Income	7,282	11,357	21,301	29,158
Operating Margin	7%	9%	14%	16%
Average Assets Employed	76,743	81,845	98,544	113,772
Return on Average Assets	10%	14%	22%	26%



Galvanizing Services Segment

(In thousands, except percentages)

	2005	2006	2007	2008
Sales	51,886	63,448	110,094	141,012
Operating Income	9,556	12,676	31,945	35,087
Operating Margin	18%	20%	29%	25%
Average Assets Employed	43,632	47,601	65,618	76,580
Return on Average Assets	22%	27%	49%	46%

BOARD OF DIRECTORS

Daniel E. Berce
President and Chief Executive Officer of AmeriCredit Corp.

Martin C. Bowen
Vice President and Chief Financial Officer of Fine Line

David H. Dingus
President and Chief Executive Officer of the Company

Dr. H. Kirk Downey
Chairman of the Board of the Company

Daniel R. Feehan
President and Chief Executive Officer of
Cash America International, Inc.

Peter A. Hegedus
Member of the Supervisory Board of ABB Hungary

Kevern R. Joyce
Consultant

Dana L. Perry
Senior Vice President of Finance, Chief Financial Officer
and Secretary of the Company

Sam Rosen
Partner in the Law Firm of
Shannon, Gracey, Ratliff & Miller, L.L.P.

EXECUTIVE OFFICERS

David H. Dingus
President and Chief Executive Officer

Dana L. Perry
Senior Vice President of Finance, Chief Financial Officer
and Secretary of the Company

John V. Petro
Senior Vice President, Electrical and Industrial Products

Clement H. Watson
Vice President of Sales and Marketing, Electrical Products

Jim C. Stricklen
Vice President, Business and Manufacturing Systems

Tim E. Pendley
Vice President, Galvanizing Services

Richard W. Butler
Vice President, Corporate Controller

Robert D. Ruffin
Vice President, Human Resources

Ashok Kolady
Vice President, Business Development

OTHER INFORMATION

Legal Counsel
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Stock Listing
New York Stock Exchange, NYSE Symbol – AZZ



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Annual Meeting
July 8, 2008, 10:00 a.m.
City Club, D.R. Horton Tower
301 Commerce
Fort Worth, TX 76102

Certifications
The certifications of the Chief Executive Officer and Chief
Financial Officer of AZZ incorporated required by Section 302
of the Sarbanes-Oxley Act of 2002 have been filed as Exhibits
31.1 and 31.2, respectively, to the Company's Form 10-K for
the fiscal year ended February 29, 2008.

As required by the New York Stock Exchange (NYSE) listing
standards, an unqualified annual certification indicating
compliance with the corporate governance listing standards
was signed by the Company's Chief Executive Officer and
submitted to the NYSE on July 31, 2007.





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