United States
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended August 26, 2007

OR

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

For the transition period from __________ to __________

Commission File Number 1-9102

AMERON INTERNATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**77-0100596**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

245 South Los Robles Avenue
Pasadena, CA 91101-3638
(Address of principal executive offices)

(626) 683-4000
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐

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

The number of outstanding shares of Common Stock, $2.50 par value, was 9,138,721 on August 26, 2007. No other class of Common Stock exists.

AMERON INTERNATIONAL CORPORATION AND SUBSIDIARIES

FORM 10-Q

For the Quarter Ended August 26, 2007

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PART I – FINANCIAL INFORMATION

ITEM 1 – FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(Dollars in thousands, except per share data)	Three Months Ended August 26, 2007	Three Months Ended September 3, 2006	Nine Months Ended August 26, 2007	Nine Months Ended September 3, 2006
Sales	**$ 165,048**	$ 139,941	**$ 442,159**	$ 398,570
Cost of sales	**(128,047)**	(103,859)	**(339,076)**	(299,135)
Gross profit	**37,001**	36,082	**103,083**	99,435
Selling, general and administrative expenses	**(21,669)**	(22,302)	**(69,128)**	(68,811)
Other income, net	**1,760**	1,458	**3,715**	10,822
Income from continuing operations before interest, income taxes and equity in earnings of joint venture	**17,092**	15,238	**37,670**	41,446
Interest income/(expense), net	**62**	(628)	**410**	(2,547)
Income from continuing operations before income taxes and equity in earnings of joint venture	**17,154**	14,610	**38,080**	38,899
Provision for income taxes	**426**	(2,538)	**(6,631)**	(10,450)
Income from continuing operations before equity in earnings of joint venture	**17,580**	12,072	**31,449**	28,449
Equity in earnings of joint venture, net of taxes	**3,079**	4,910	**12,335**	9,493
Income from continuing operations	**20,659**	16,982	**43,784**	37,942
Income from discontinued operations, net of taxes	**463**	997	**1,609**	2,350
Net income	**$ 21,122**	$ 17,979	**$ 45,393**	$ 40,292
Basic earnings per share:				
Income from continuing operations	**$ 2.28**	$ 1.94	**$ 4.85**	$ 4.37
Income from discontinued operations, net of taxes	**.05**	.11	**.18**	.27
Net income	**$ 2.33**	$ 2.05	**$ 5.03**	$ 4.64
Diluted earnings per share:				
Income from continuing operations	**$ 2.27**	$ 1.91	**$ 4.83**	$ 4.29
Income from discontinued operations, net of taxes	**.05**	.11	**.18**	.27
Net income	**$ 2.32**	$ 2.02	**$ 5.01**	$ 4.56
Weighted-average shares (basic)	**9,044,129**	8,748,617	**9,020,798**	8,677,515
Weighted-average shares (diluted)	**9,089,574**	8,890,919	**9,068,593**	8,840,106
Cash dividends per share	**$ .25**	$ .20	**$ .65**	$ .60

The accompanying notes are an integral part of these consolidated financial statements.

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AMERON INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS – ASSETS (UNAUDITED)

(Dollars in thousands)	August 26, 2007	November 30, 2006
ASSETS		
Current assets		
Cash and cash equivalents	**$ 126,563**	$ 139,479
Receivables, less allowances of $5,881 in 2007 and $4,912 in 2006	**159,980**	160,173
Inventories	**112,260**	77,134
Deferred income taxes	**24,027**	23,861
Prepaid expenses and other current assets	**13,473**	15,921
Total current assets	**436,303**	416,568
Investments in joint ventures		
Equity method	**17,428**	14,501
Cost method	**3,784**	3,784
Property, plant and equipment		
Land	**35,764**	33,327
Buildings	**77,266**	57,434
Machinery and equipment	**277,337**	261,538
Construction in progress	**28,559**	20,657
Total property, plant and equipment at cost	**418,926**	372,956
Accumulated depreciation	**(251,927)**	(238,486)
Total property, plant and equipment, net	**166,999**	134,470
Goodwill and intangible assets, net of accumulated amortization of $1,106 in 2007 and $3,017 in 2006	**2,124**	2,143
Other assets	**51,163**	63,198
Total assets	**$ 677,801**	$ 634,664

The accompanying notes are an integral part of these consolidated financial statements.

AMERON INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS – LIABILITIES AND STOCKHOLDERS' EQUITY (UNAUDITED)

(Dollars in thousands, except per share data)	August 26, 2007	November 30, 2006
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of long-term debt	**$ 10,000**	$ 10,000
Trade payables	**40,271**	45,650
Accrued liabilities	**88,448**	68,970
Income taxes payable	**-**	11,481
Total current liabilities	**138,719**	136,101
Long-term debt, less current portion	**71,338**	72,525
Other long-term liabilities	**58,825**	62,813
Total liabilities	**268,882**	271,439
Commitments and contingencies		
Stockholders' equity		
Common stock, par value $2.50 per share, authorized 24,000,000 shares, outstanding 9,138,721 shares in 2007 and 9,075,094 shares in 2006, net of treasury shares	**29,623**	29,431
Additional paid-in capital	**44,192**	39,500
Retained earnings	**411,363**	371,894
Accumulated other comprehensive loss	**(24,296)**	(27,232)
Treasury stock (2,710,321 shares in 2007 and 2,697,148 shares in 2006)	**(51,963)**	(50,368)
Total stockholders' equity	**408,919**	363,225
Total liabilities and stockholders' equity	**$ 677,801**	$ 634,664

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Dollars in thousands)	Nine Months Ended August 26, 2007	Nine Months Ended September 3, 2006
OPERATING ACTIVITIES		
Net income	**$ 45,393**	$ 40,292
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	**11,958**	13,894
Amortization	**19**	134
Net earnings in excess of distributions from joint ventures	**(2,927)**	(3,308)
Gain from sale of property, plant and equipment	**(44)**	(9,118)
Gain from sale of discontinued operations	**(1,453)**	(215)
Stock compensation expense	**1,793**	2,829
Other	**(166)**	(38)
Changes in operating assets and liabilities:		
Receivables, net	**1,032**	(6,926)
Inventories	**(34,191)**	(30,737)
Prepaid expenses and other current assets	**2,455**	(7,126)
Other assets	**(2,674)**	457
Trade payables	**(5,721)**	1,459
Accrued liabilities and income taxes payable	**7,936**	18,660
Other long-term liabilities	**(4,045)**	(17,863)
Net cash provided by operating activities	**19,365**	2,394
INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	**385**	590
Proceeds from sale of discontinued operations	**5,910**	115,000
Additions to property, plant and equipment	**(33,301)**	(18,128)
Net cash (used in)/provided by investing activities	**(27,006)**	97,462
FINANCING ACTIVITIES		
Net change in short-term borrowings	**-**	(8,333)
Issuance of debt	**1,036**	6,670
Repayment of debt	**(2,665)**	(529)
Dividends on common stock	**(5,924)**	(5,286)
Issuance of common stock	**1,136**	4,186
Excess tax benefits related to stock-based compensation	**1,955**	-
Purchase of treasury stock	**(1,595)**	(1,203)
Net cash used in financing activities	**(6,057)**	(4,495)
Effect of exchange rate changes on cash and cash equivalents	**782**	923
Net change in cash and cash equivalents	**(12,916)**	96,284
Cash and cash equivalents at beginning of period	**139,479**	44,671
Cash and cash equivalents at end of period	**$ 126,563**	$ 140,955

The accompanying notes are an integral part of these consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – BASIS OF PRESENTATION

Consolidated financial statements for the interim periods included herein are unaudited; however, they contain all adjustments, including normal recurring accruals, which in the opinion of management, are necessary to present fairly the consolidated financial position of Ameron International Corporation and all subsidiaries (the "Company" or "Ameron" or the "Registrant") as of August 26, 2007, and consolidated results of operations and cash flows for the nine months ended August 26, 2007. Accounting measurements at interim dates inherently involve greater reliance on estimates than at year-end. Results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

For accounting consistency, the quarter typically ends on the Sunday closest to the end of the relevant calendar month. The Company's fiscal year ends on November 30, regardless of the day of the week. Each quarter consists of approximately 13 weeks, but the number of days per quarter can change from period to period. The quarters ended August 26, 2007 and September 3, 2006 consisted of 91 days each. The nine months ended August 26, 2007 and September 3, 2006 consisted of 269 days and 277 days, respectively.

The consolidated financial statements do not include certain footnote disclosures and financial information normally included in consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America and, therefore, should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended November 30, 2006 ("2006 Annual Report").

NOTE 2 – NEW ACCOUNTING PRONOUNCEMENTS

In June 2006, the Financial Accounting Standards Board ("FASB") issued Emerging Issues Task Force ("EITF") Issue No. 06-03, "How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross Versus Net Presentation)." EITF 06-03 requires that any tax assessed by a governmental authority that is imposed concurrent with or subsequent to a revenue-producing transaction between a seller and a customer should be presented on a gross (included in revenues and costs) or a net (excluded from revenues) basis. In addition, for any such taxes that are reported on a gross basis, a company should disclose the amounts of those taxes in interim and annual financial statements for each period for which an income statement is presented if those amounts are significant. EITF 06-03 was first effective for the interim period ended February 25, 2007. The Company presents such taxes on a net basis in its income statements. The adoption of EITF 06-03 did not have a material effect on the Company's consolidated financial statements.

In July 2006, the FASB issued Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109." FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with Statement of Financial Accounting Standard ("SFAS") No. 109 and prescribes a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken or expected to be taken on a tax return. FIN 48 requires the impact of a tax position to be recognized in the financial statements if that position is more likely than not of being sustained by the taxing authority. FIN 48 is first effective for the first quarter of 2008. The Company is evaluating whether the adoption of FIN 48 will have a material effect on its consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," which formally defines fair value, creates a standardized framework for measuring fair value in generally accepted accounting principles ("GAAP"), and expands fair value measurement disclosures. SFAS No. 157 will be effective for the year ending November 30, 2008. The adoption of SFAS No. 157 is not expected to have a material effect on the Company's consolidated financial statements.

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In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans," amending FASB Statement No. 87, "Employers' Accounting for Pensions," FASB Statement No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," FASB Statement No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and FASB Statement No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." SFAS No. 158 requires companies to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its financial statements and to recognize changes in that status in the year in which the changes occur. SFAS No. 158 also requires a company to measure the funded status of a plan as of the date of its year-end financial statements. SFAS No. 158 will be first effective as of November 30, 2007. If SFAS No. 158 had been applied at November 30, 2006 using the November 30, 2006 actuarial valuation, accumulated other comprehensive loss would have increased by approximately $54,600,000 ($36,900,000 after tax) representing the difference between the funded status of the Company's pension and other post-retirement benefit plans based on the projected and accumulated benefit obligations, respectively, and the amounts recorded on the Company's balance sheet at November 30, 2006. The ultimate impact is contingent on plan asset returns and the assumptions that will be used to measure the funded status of each of Ameron's pension and postretirement benefit plans as of November 30, 2007.

In February 2007 the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." SFAS 159 permits companies to choose to measure many financial instruments and certain other items at fair value. SFAS 159 seeks to improve the overall quality of financial reporting by providing companies the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS 159 will be effective for the year ending November 30, 2008. The Company is evaluating whether the adoption of SFAS 159 will have a material effect on its consolidated financial statements.

NOTE 3 – DISCONTINUED OPERATIONS

On August 1, 2006, the Company completed the sale of its Performance Coatings & Finishes business (the "Coatings Business") to PPG Industries, Inc. ("PPG"). PPG and the Company are disputing a post-closing adjustment of $3,423,000. The Company believes it is entitled to the disputed amount under the terms of the Purchase Agreement (the "Agreement"). The Company and PPG are in active negotiations to resolve the dispute. If the parties are unable to resolve the dispute the Agreement provides a process for resolution. Certain real properties that were used in the Coatings Business were excluded from the sale.

During the third quarter of 2007, the Company recognized a gain of $463,000 on the sale of two properties which were formerly used by the Coatings Business. In the nine months ended August 26, 2007, the Company recognized a gain of $1,453,000 on the sale of properties that were formerly used by the Coatings Business. In addition to the gain on the sale of the properties, the Company recognized $156,000 of research and development tax credits that related to the Coatings Business in 2007. The 2007 tax credit was attributable to the retroactive application of tax legislation enacted in December 2006. Results for the nine months ended September 3, 2006 represented the net income from normal operations of the Coatings Business prior to the divestiture. During the third quarter of 2006, the Company completed the sale of its Coatings Business and recognized a pretax gain of $1,162,000. Provision for income taxes related to the gain was $947,000, which resulted in a net gain of $215,000 in the third quarter and first nine months of 2006.

The results of discontinued operations were as follows:

	Three Months Ended		Nine Months Ended	
(In thousands)	**August 26, 2007**	**September 3, 2006**	**August 26, 2007**	**September 3, 2006**
Revenue from discontinued operations	**$ -**	$ 41,828	**$ -**	$ 152,190
Income from discontinued operations before disposal, before income taxes	**$ -**	$ 2,187	**$ -**	$ 5,202
Income taxes on income from discontinued operations	**-**	(1,405)	**156**	(3,067)
Income from discontinued operations before disposal, net of taxes	**-**	782	**156**	2,135
Gain on sale of discontinued operations, before income taxes	**463**	1,162	**1,453**	1,162
Income taxes on gain on sale of discontinued operations	**-**	(947)	**-**	(947)
Gain on sale of discontinued operations, net of taxes	**463**	215	**1,453**	215
Income from discontinued operations, net of taxes	**$ 463**	$ 997	**$ 1,609**	$ 2,350

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Income from discontinued operations, net of taxes, totaled $463,000, or $.05 per diluted share, and $1,609,000, or $.18 per diluted share, for the three and nine months ended August 26, 2007, respectively, compared to income of $997,000, or $.11 per diluted share, and $2,350,000, or $.27 per diluted share, for the same periods in 2006.

Prior period income statement amounts have been reclassified to present the operating results of the Coatings Business as a discontinued operation. Prior period balance sheets and cash flow statements have not been adjusted.

NOTE 4 - RECEIVABLES

The Company’s receivables consisted of the following:

(In thousands)	August 26, 2007	November 30, 2006
Trade	**$ 140,046**	$ 124,308
Other	**21,660**	31,299
Joint ventures	**4,155**	9,478
Allowances	**(5,881)**	(4,912)
	$ 159,980	$ 160,173

Trade receivables included unbilled receivables related to percentage-of-completion revenue recognition of $28,236,000 and $32,278,000 at August 26, 2007 and November 30, 2006, respectively.

NOTE 5 – INVENTORIES

Inventories are stated at the lower of cost or market. Inventories consisted of the following:

(In thousands)	August 26, 2007	November 30, 2006
Finished products	**$ 41,224**	$ 30,802
Materials and supplies	**35,576**	22,224
Products in process	**35,460**	24,108
	$ 112,260	$ 77,134

NOTE 6 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Supplemental cash flow information included the following:

	Nine Months Ended	
(In thousands)	August 26, 2007	September 3, 2006
Interest paid	**$ 2,178**	$ 3,452
Income taxes paid	**18,873**	6,624

NOTE 7 – JOINT VENTURES

Operating results of TAMCO, an investment which is accounted for under the equity method, were as follows:

	Three Months Ended		Nine Months Ended	
(In thousands)	August 26, 2007	September 3, 2006	August 26, 2007	September 3, 2006
Net sales	**$ 63,251**	$ 69,521	**$ 211,122**	$ 193,293
Gross profit	**15,064**	21,258	**55,974**	43,353
Net income	**6,944**	10,960	**27,819**	21,191

Investments in Ameron Saudi Arabia, Ltd. ("ASAL") and Bondstrand, Ltd. ("BL") are accounted for under the cost method due to management's current assessment of the Company's influence over these joint ventures.

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Earnings and dividends from the Company's joint ventures were as follows:

(In thousands)	Three Months Ended August 26, 2007	Three Months Ended September 3, 2006	Nine Months Ended August 26, 2007	Nine Months Ended September 3, 2006
Earnings from joint ventures				
Equity in earnings of TAMCO before income taxes	**$ 3,472**	$ 5,481	**$ 13,910**	$ 10,596
Less provision for income taxes	**(393)**	(571)	**(1,575)**	(1,103)
Equity in earnings of TAMCO, net of taxes	**$ 3,079**	$ 4,910	**$ 12,335**	$ 9,493
Dividends received from joint ventures				
TAMCO	**$ 3,998**	$ 2,998	**$ 10,983**	$ 7,288
ASAL	**-**	-	**-**	-
BL	**1,254**	-	**1,254**	-

Earnings from ASAL and BL, if any, are included in other income, net. During the third quarter of 2007, earnings from BL totaled $1,254,000.

NOTE 8 – NET INCOME PER SHARE

Basic net income per share is computed on the basis of the weighted-average number of common shares outstanding during the periods presented. Diluted net income per share is computed on the basis of the weighted-average number of common shares outstanding plus the effect of outstanding stock options and restricted stock, using the treasury stock method. All outstanding common stock equivalents consisting of restricted shares of 62,517 and 98,002, and options to purchase 67,250 and 301,068 common shares, were dilutive for the three and nine months ended August 26, 2007 and September 3, 2006, respectively. Following is a reconciliation of the weighted-average number of shares used in the computation of basic and diluted net income per share:

(In thousands, except per share data)	Three Months Ended August 26, 2007	Three Months Ended September 3, 2006	Nine Months Ended August 26, 2007	Nine Months Ended September 3, 2006
Numerator:				
Income from continuing operations	**$ 20,659**	$ 16,982	**$ 43,784**	$ 37,942
Income from discontinued operations, net of taxes	**463**	997	**1,609**	2,350
Net income	**$ 21,122**	$ 17,979	**$ 45,393**	$ 40,292
Denominator for basic income per share:				
Weighted-average shares outstanding, basic	**9,044,129**	8,748,617	**9,020,798**	8,677,515
Denominator for diluted income per share:				
Weighted-average shares outstanding, basic	**9,044,129**	8,748,617	**9,020,798**	8,677,515
Dilutive effect of stock options and restricted stock	**45,445**	142,302	**47,795**	162,591
Weighted-average shares outstanding, diluted	**9,089,574**	8,890,919	**9,068,593**	8,840,106
Basic net income per share:				
Income from continuing operations	**$ 2.28**	$ 1.94	**$ 4.85**	$ 4.37
Income from discontinued operations, net of taxes	**.05**	.11	**.18**	.27
Net income	**$ 2.33**	$ 2.05	**$ 5.03**	$ 4.64
Diluted net income per share:				
Income from continuing operations	**$ 2.27**	$ 1.91	**$ 4.83**	$ 4.29
Income from discontinued operations, net of taxes	**.05**	.11	**.18**	.27
Net income	**$ 2.32**	$ 2.02	**$ 5.01**	$ 4.56

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NOTE 9 – COMPREHENSIVE INCOME

Comprehensive income was as follows:

(In thousands)	Three Months Ended August 26, 2007	Three Months Ended September 3, 2006	Nine Months Ended August 26, 2007	Nine Months Ended September 3, 2006
Net income	**$ 21,122**	$ 17,979	**$ 45,393**	$ 40,292
Foreign currency translation adjustment	**155**	(4,066)	**2,936**	421
Comprehensive income	**$ 21,277**	$ 13,913	**$ 48,329**	$ 40,713

NOTE 10 – DEBT

The Company's long-term debt consisted of the following:

(In thousands)	August 26, 2007	November 30, 2006
Fixed-rate notes:		
5.36%, payable in annual principal installments of $10,000	**$ 30,000**	$ 30,000
4.25%, payable in Singapore dollars, in annual principal installments of $6,704, starting in 2008	**33,522**	33,173
Variable-rate industrial development bonds:		
payable in 2016 (3.90% at August 26, 2007)	**7,200**	7,200
payable in 2021 (3.90% at August 26, 2007)	**8,500**	8,500
Variable-rate bank revolving credit facility (12.95% at August 26, 2007)	**2,116**	3,652
Total long-term debt	**81,338**	82,525
Less current portion	**(10,000)**	(10,000)
Long-term debt, less current portion	**$ 71,338**	$ 72,525

The Company maintains a $100,000,000 revolving credit facility with six banks (the "Revolver"). Under the Revolver, the Company may, at its option, borrow at floating interest rates (LIBOR plus a spread ranging from .75% to 1.625% determined by the Company's financial condition and performance), at any time until September 2010, when all borrowings under the Revolver must be repaid. The lending agreements contain various restrictive covenants, including the requirement to maintain specified amounts of net worth and restrictions on cash dividends, borrowings, liens, investments, guarantees, and financial covenants. The Company was in compliance with all covenants as of August 26, 2007. The Revolver, the 4.25% term notes and the 5.36% term notes are collateralized by substantially all of the Company's assets. The industrial development bonds are supported by standby letters of credit that are issued under the Revolver. The interest rate on the industrial development bonds is based on a weekly index of tax-exempt issues plus a spread of .20%. Certain note agreements contain provisions regarding the Company's ability to grant security interests or liens in association with other debt instruments. If the Company grants such a security interest or lien, then such notes will be collateralized equally and ratably as long as such other debt shall be collateralized.

The Company intends for short-term borrowings under certain bank facilities utilized by the Company and its foreign subsidiaries to be refinanced on a long-term basis via the Revolver. In addition, the amount available under the Revolver exceeds such short-term borrowings at August 26, 2007. Accordingly, amounts due under these bank facilities have been classified as long-term debt and are considered payable when the Revolver is due.

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NOTE 11 – SEGMENT INFORMATION

The Company provides certain information about operating segments in accordance with SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information." In accordance with SFAS No. 131, the Company has determined that it has four operating and three reportable segments: Fiberglass-Composite Pipe, Water Transmission and Infrastructure Products. Infrastructure Products consists of two operating segments, the Pole Products and Hawaii Divisions, which are aggregated. In the prior periods, the Company included a fourth reportable segment, Performance Coatings & Finishes, which was sold effective August 1, 2006. The results from this segment have been reported as discontinued operations for all reporting periods. Each of the segments has a dedicated management team and is managed separately, primarily because of differences in products. The Company's Chief Operating Decision Maker is the Chief Executive Officer who primarily reviews sales and income before interest, income taxes and equity in earnings of joint venture for each operating segment in making decisions about allocating resources and assessing performance. The Company allocates certain selling, general and administrative expenses to operating segments utilizing assumptions believed to be appropriate in the circumstances. Costs of shared services (e.g., costs of Company-wide insurance programs or benefit plans) are allocated to the operating segments based on revenue, wages or net assets employed. Other items not related to current operations or of an unusual nature, such as adjustments to reflect inventory balances of certain steel inventories under the last-in, first-out ("LIFO") method, certain unusual legal costs and expenses, interest expense and income taxes, are not allocated to the reportable segments. Following is information related to each reportable segment included in, and in a manner consistent with, internal management reports:

(In thousands)	Three Months Ended August 26, 2007	Three Months Ended September 3, 2006	Nine Months Ended August 26, 2007	Nine Months Ended September 3, 2006
Sales				
Fiberglass-Composite Pipe	**$ 62,554**	$ 48,477	**$ 170,183**	$ 131,326
Water Transmission	**48,959**	36,999	**121,810**	118,086
Infrastructure Products	**53,528**	54,580	**152,460**	149,857
Eliminations	**7**	(115)	**(2,294)**	(699)
Total sales	**$ 165,048**	$ 139,941	**$ 442,159**	$ 398,570
Income from Continuing Operations Before Interest, Income Taxes and Equity in Earnings of Joint Venture				
Fiberglass-Composite Pipe	**$ 18,850**	$ 10,850	**$ 44,588**	$ 26,746
Water Transmission	**(2,999)**	668	**(6,330)**	4,099
Infrastructure Products	**9,250**	9,063	**25,981**	23,442
Corporate & unallocated	**(8,009)**	(5,343)	**(26,569)**	(12,841)
Total Income from Continuing Operations Before Interest, Income Taxes and Equity in Earnings of Joint Venture	**$ 17,092**	$ 15,238	**$ 37,670**	$ 41,446

The Corporate and unallocated amounts for the first nine months of 2006 included a pretax gain of $9,052,000 related to the sale of property.

	August 26, 2007	November 30, 2006
Assets		
Fiberglass-Composite Pipe	**$ 229,642**	$ 206,326
Water Transmission	**208,743**	167,463
Infrastructure Products	**108,804**	97,249
Corporate & unallocated	**244,251**	271,023
Eliminations	**(113,639)**	(107,397)
Total Assets	**$ 677,801**	$ 634,664

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NOTE 12 – COMMITMENTS AND CONTINGENCIES

The Company is one of numerous defendants in various asbestos-related personal injury lawsuits. These cases generally seek unspecified damages for asbestos-related diseases based on alleged exposure to products previously manufactured by the Company and others, and at this time the Company is generally not aware of the extent of injuries allegedly suffered by the individuals or the facts supporting the claim that injuries were caused by the Company's products. Based upon the information available to it at this time, the Company is not in a position to evaluate its potential exposure, if any, as a result of such claims. Hence, no amounts have been accrued for loss contingencies related to these lawsuits in accordance with SFAS No. 5, "Accounting for Contingencies." The Company continues to vigorously defend all such lawsuits. As of August 26, 2007, the Company was a defendant in asbestos-related cases involving 131 claimants, compared to 132 claimants as of May 27, 2007. The Company is not in a position to estimate the number of additional claims that may be filed against it in the future. For the quarter ended August 26, 2007, there were new claims involving 3 claimants, dismissals and/or settlements involving 4 claimants and no judgments. Net costs and expenses incurred by the Company for the quarter ended August 26, 2007 in connection with asbestos-related claims were $425,000.

In May 2003, Dominion Exploration and Production, Inc. and Pioneer Natural Resources USA, Inc., (collectively "Dominion") brought an action against the Company in Civil District Court for the Parish of Orleans, Louisiana as owners of an offshore production facility known as a SPAR constructed for Dominion. Dominion seeks damages allegedly sustained by it resulting from delays in delivery of the SPAR caused by the removal and replacement of certain coatings containing lead and/or lead chromate for which the manufacturer of the SPAR alleged the Company was responsible. Dominion contends that the Company made certain misrepresentations and warranties to Dominion concerning the lead-free nature of those coatings. Dominion's petition as filed alleged a claim for damages in an unspecified amount; however, Dominion's economic expert has since estimated Dominion's damages at approximately $128,000,000, a figure which the Company contests. This matter is in discovery, and no trial date has yet been established. The Company believes that it has meritorious defenses to this action. Based upon the information available to it at this time, the Company is not in a position to evaluate the ultimate outcome of this matter.

In April 2004, Sable Offshore Energy Inc. ("Sable"), as agent for certain owners of the Sable Offshore Energy Project, brought an action against various coatings suppliers and application contractors, including the Company and two of its subsidiaries, Ameron (UK) Limited and Ameron B.V., (collectively "Ameron Subsidiaries"), in the Supreme Court of Nova Scotia, Canada. Sable seeks damages allegedly sustained by it resulting from performance problems with several coating systems used on the Sable Offshore Energy Project, including coatings products furnished by the Company and the Ameron Subsidiaries. Sable's originating notice and statement of claim alleged a claim for damages in an unspecified amount; however, Sable has since alleged that its claim for damages against all defendants is approximately 428,000,000 Canadian dollars, a figure which the Company and the Ameron Subsidiaries contest. This matter is in discovery, and no trial date has yet been established. The Company believes that it has meritorious defenses to this action. Based upon the information available to it at this time, the Company is not in a position to evaluate the ultimate outcome of this matter.

In addition, certain other claims, suits and complaints that arise in the ordinary course of business, have been filed or are pending against the Company. Management believes that these matters are either adequately reserved, covered by insurance, or would not have a material effect on the Company's financial position, cash flows, or its results of operations if disposed of unfavorably.

The Company is subject to federal, state and local laws and regulations concerning the environment and is currently participating in administrative proceedings at several sites under these laws. While the Company finds it difficult to estimate with any certainty the total cost of remediation at the several sites, on the basis of currently available information and reserves provided, the Company believes that the outcome of such environmental regulatory proceedings will not have a material effect on the Company's financial position, cash flows, or its results of operations.

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NOTE 13 – PRODUCT WARRANTIES AND GUARANTEES

The Company's product warranty accrual reflects management's estimate of probable liability associated with product warranties. The Company generally provides a standard product warranty covering defects for a period not exceeding one year from date of purchase. Management establishes product warranty accruals based on historical experience and other currently-available information. Changes in the product warranty accrual were as follows:

(In thousands)	Nine Months Ended August 26, 2007	Nine Months Ended September 3, 2006
Balance, beginning of period	**$ 3,146**	$ 4,026
Payments	**(775)**	(599)
Warranties issued during the period	**876**	1,456
Warranties extinguished upon sale of discontinued operations	**-**	(1,969)
Balance, end of period	**$ 3,247**	$ 2,914

NOTE 14 – GOODWILL AND OTHER INTANGIBLE ASSETS

SFAS No. 142, "Goodwill and Other Intangible Assets," requires that goodwill and intangible assets with indefinite useful lives not be amortized but instead be tested for impairment at least annually. SFAS No. 142 also requires that intangible assets with definite useful lives be amortized over their respective estimated useful lives to their estimated residual values.

Changes in the Company's carrying amount of goodwill by business segment were as follows:

(In thousands)	November 30, 2006	Acquisition/ (Disposition)	Foreign Currency Translation Adjustments	August 26, 2007
Fiberglass-Composite Pipe	$ 1,440	$ -	$ -	**$ 1,440**
Water Transmission	390	-	-	**390**
Infrastructure Products	201	-	-	**201**
	$ 2,031	$ -	$ -	**$ 2,031**

The Company's intangible assets, other than goodwill, and related accumulated amortization consisted of the following:

(In thousands)	August 26, 2007 Gross Intangible Assets	August 26, 2007 Accumulated Amortization	November 30, 2006 Gross Intangible Assets	November 30, 2006 Accumulated Amortization
Trademarks	**$ 100**	**$ (100)**	$ 100	$ (100)
Non-compete agreements	**252**	**(159)**	252	(140)
Patents	**212**	**(212)**	212	(212)
Leasehold interests	**-**	**-**	1,930	(1,930)
	$ 564	**$ (471)**	$ 2,494	$ (2,382)

All of the Company's intangible assets, other than goodwill, are subject to amortization. Amortization expenses for the three and nine months ended August 26, 2007 were $7,000 and $19,000, respectively. Amortization expenses for the three and nine months ended September 3, 2006 were $35,000 and $134,000, respectively. At August 26, 2007, estimated future amortization expenses were as follows: $5,000 for the remaining three months of 2007, $23,000 for 2008, $24,000 for 2009, $23,000 for 2010, $16,000 for 2011 and $2,000 for 2012.

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NOTE 15 – INCENTIVE STOCK COMPENSATION PLANS

As of August 26, 2007, the Company had outstanding grants under the following share-based compensation plans:

- 1994 Non-Employee Director Stock Option Plan ("1994 Plan") - The 1994 Plan was terminated in 2001, except as to the outstanding options. A total of 240,000 new shares of common stock were made available for awards to non-employee directors. Non-employee directors were granted options to purchase the Company's common stock at prices not less than 100% of market value on the dates of grant. Such options vested in equal annual installments over four years and terminate ten years from the dates of grant.

- 2001 Stock Incentive Plan ("2001 Plan") - The 2001 Plan was terminated in 2004, except as to the outstanding stock options and restricted stock grants. A total of 380,000 new shares of common stock were made available for awards to key employees and non-employee directors. The 2001 Plan served as the successor to the 1994 Plan and superseded that plan. Non-employee directors were granted options under the 2001 Plan to purchase the Company's common stock at prices not less than 100% of market value on the dates of grant. Such options vested in equal annual installments over four years. Such options terminate ten years from the dates of grant. Key employees were granted restricted stock under the 2001 Plan. Such restricted stock grants vested in equal annual installments over four years.

- 2004 Stock Incentive Plan ("2004 Plan") - The 2004 Plan serves as the successor to the 2001 Plan and supersedes that plan. A total of 525,000 new shares of common stock were made available for awards to key employees and non-employee directors and may include, but are not limited to, stock options and restricted stock grants. Non-employee directors were granted options under the 2004 Plan to purchase the Company's common stock at prices not less than 100% of market value on the dates of grant. Such options vest in equal annual installments over four years. Such options terminate ten years from the dates of grant. Key employees were granted restricted stock under the 2004 Plan. Such restricted stock grants vest in equal annual installments over three years. For the nine months ended August 26, 2007, the Company granted 28,550 restricted shares to key employees with fair value on the grant date of $2,305,000 and 6,000 restricted shares to non-employee directors with fair value on the grant date of $417,000.

In addition to the above, on January 24, 2001, non-employee directors were granted options to purchase the Company's common stock at prices not less than 100% of market value on the date of grant. Such options vested in equal annual installments over four years and terminate ten years from the date of grant. At August 26, 2007, there were 13,000 shares subject to such stock options.

The Company's income before income taxes and equity in earnings of joint venture for the three months ended August 26, 2007 and September 3, 2006 included compensation expense of $529,000 and $446,000, respectively, related to stock-based compensation arrangements. For the nine months ended August 26, 2007 and September 3, 2006, compensation expenses were $1,793,000 and $2,829,000, respectively, related to stock-based compensation arrangements. There were no capitalized share-based compensation costs, for the three and nine months ended August 26, 2007 and September 3, 2006.

Tax benefits and excess tax benefits resulting from the exercise of stock options are reflected as financing cash flows in the Company’s statements of cash flows. For the nine months ended August 26, 2007, excess tax benefits totaled $1,955,000.

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The following table summarizes the stock option activity for the nine months ended August 26, 2007:

Options	Number of Options	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding at November 30, 2006	120,500	$ 27.25		
Exercised	(22,000)	23.97		
Outstanding at February 25, 2007	98,500	27.98	5.40	$ 5,037
Exercised	(8,500)	23.77		
Outstanding at May 27, 2007	90,000	28.43	5.07	$ 4,416
Exercised	(22,750)	27.42		
Outstanding at August 26, 2007	67,250	28.77	4.97	$ 4,222
Options exercisable at August 26, 2007	62,750	28.43	4.80	$ 3,961

For the three and nine months ended August 26, 2007, no options were granted, forfeited or expired. The aggregate intrinsic value in the table above represents the total pretax intrinsic value, which is the difference between the closing price of the Company's stock on the last trading day of the third quarter of 2007 and the exercise price times the number of shares that would have been received by the option holders if the options were exercised on such trading day. This amount will change based on the fair market value of the Company's stock. The aggregate intrinsic value of stock options exercised during the three and nine months ended August 26, 2007 was $1,500,000 and $3,050,000, respectively. As of August 26, 2007, unrecognized compensation cost related to stock-based compensation arrangements totaled $2,880,000 which is expected to be recognized over a weighted-average period of three years.

No shares of restricted stock were granted during the third quarter of 2007. For the nine months ended August 26, 2007, 34,550 shares of restricted stock were granted. The weighted-average grant-date, fair value of such restricted stock was $76.47 per share. The fair value of restricted stock which vested during the nine months ended August 26, 2007 was $3,562,000. For the nine months ended September 3, 2006, 51,000 shares of restricted stock were granted. The weighted-average grant-date, fair value of such restricted stock was $55.31 per share. The fair value of restricted stock which vested during the nine months ended September 3, 2006 was $2,969,000.

Net cash proceeds from the exercise of stock options during the three and nine months ended August 26, 2007 were $625,000 and $1,136,000, respectively. Net cash proceeds from the exercise of stock options during the three and nine months ended September 3, 2006 were $2,777,000 and $4,186,000, respectively. The Company's policy is to issue shares from its authorized shares upon the exercise of stock options.

NOTE 16 – EMPLOYEE BENEFIT PLANS

For the three and nine months ended August 26, 2007 and September 3, 2006, net pension and postretirement costs were comprised of the following:

Employee Benefits (Three Months)

	Pension Benefits				U.S. Postretirement Benefits	
	U.S. Plans		Non-U.S. Plans			
	Three Months Ended August 26 and September 3,				Three Months Ended August 26 and September 3,	
(In thousands)	2007	2006	2007	2006	2007	2006
Service cost	**$ 753**	$ 814	**$ 122**	$ 275	**$ 88**	$ 78
Interest cost	**2,781**	2,548	**521**	446	**202**	179
Expected return on plan assets	**(3,515)**	(3,053)	**(388)**	(332)	**(35)**	(27)
Amortization of unrecognized prior service cost	**27**	24	**65**	122	**19**	(14)
Curtailment	**-**	325	**-**	2,911	**-**	-
Amortization of unrecognized net transition obligation	**-**	-	**-**	-	**46**	46
Amortization of accumulated loss	**924**	1,108	**36**	79	**15**	41
Net periodic cost	**$ 970**	$ 1,766	**$ 356**	$ 3,501	**$ 335**	$ 303

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Employee Benefits (Nine Months)

	Pension Benefits				U.S. Postretirement Benefits	
	U.S. Plans		Non-U.S. Plans			
	Nine Months Ended August 26 and September 3,				Nine Months Ended August 26 and September 3,	
(In thousands)	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Service cost	**$ 2,259**	$ 2,441	**$ 366**	$ 825	**$ 264**	$ 234
Interest cost	**8,343**	7,645	**1,563**	1,338	**606**	537
Expected return on plan assets	**(10,545)**	(9,158)	**(1,164)**	(996)	**(104)**	(81)
Amortization of unrecognized prior service cost	**81**	72	**195**	366	**57**	(42)
Curtailment	**-**	325	**-**	2,911	**-**	-
Amortization of unrecognized net transition obligation	**-**	-	**-**	-	**138**	138
Amortization of accumulated loss	**2,772**	3,325	**108**	237	**45**	123
Net periodic cost	**$ 2,910**	$ 4,650	**$ 1,068**	$ 4,681	**$ 1,006**	$ 909

As of June 28, 2006, due to the divestiture of the Coatings Business, the Company recorded curtailments and settlements as required by SFAS No. 88, “Employers’ Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits.” The impact to the U.S. Plans was a curtailment cost of $57,000 and a special plan termination benefit cost of $268,000. The impact on the Non-U.S. Plans was a curtailment cost of $2,911,000.

The Company contributed $3,000,000 to its U.S. defined benefit pension plan and $1,022,500 to its non-U.S. defined benefit pension plan in the first nine months of 2007. The Company expects to contribute an additional $62,000 to its non-U.S. plan in 2007. The Company may make additional contributions in 2007 depending on the funded status of the plans and the requirements of the Pension Protection Act of 2006.

If SFAS No. 158 had been applied at November 30, 2006 using the November 30, 2006 actuarial valuation, accumulated other comprehensive loss would have increased by approximately $54,600,000 ($36,900,000 after tax) representing the difference between the funded status of the Company’s pension and other post-retirement benefit plans based on the projected and accumulated benefit obligations, respectively, and the amounts recorded on the Company’s balance sheet at November 30, 2006. The ultimate impact is contingent on plan asset returns and the assumptions that will be used to measure the funded status of each of the Company’s pension and postretirement benefit plans as of November 30, 2007.

NOTE 17 – PROVISION FOR INCOME TAXES

Income taxes decreased to $426,000 benefit in the third quarter of 2007 from $2,538,000 expense in the third quarter of 2006. Income taxes decreased to $6,631,000 in the first nine months of 2007, compared to $10,450,000 in the comparable period of 2006. The effective tax rate decreased to 17.4% in first nine months of 2007, from 26.9% in the same period of 2006. The effective tax in 2007 was reduced by tax benefits of $5,263,000 recorded in the third quarter of 2007 associated with the decision in that quarter to wind up and dissolve the Company’s wholly-owned United Kingdom subsidiary. The effective tax in 2006 was reduced by tax benefits of $3,554,000 primarily as a result of settlements of the 1996 – 1998 and 1999 – 2002 IRS examinations and approval of the Company's research and development credit refund claims by the Congressional Joint Committee on Taxation. The effective tax rate in the first nine months of 2007 is based on forecasted full-year earnings and the anticipated mix of domestic and foreign earnings, and discrete items. Income from certain foreign operations and joint ventures is taxed at rates that are lower than the U.S. statutory tax rates. The effective tax rate in the first nine months of 2007 is not necessarily indicative of the effective tax rate in the full fiscal year.

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ITEM 2 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

Ameron International Corporation ("Ameron" or the "Company") is a multinational manufacturer of highly-engineered products and materials for the chemical, industrial, energy, transportation and infrastructure markets. Ameron is a leading producer of water transmission lines; fiberglass-composite pipe for transporting oil, chemicals and corrosive fluids and specialized materials and products used in infrastructure projects. The Company operates businesses in North America, South America, Europe and Asia. The Company has three reportable segments. The Fiberglass-Composite Pipe Group manufactures and markets filament-wound and molded composite fiberglass pipe, tubing, fittings and well screens. The Water Transmission Group manufactures and supplies concrete and steel pressure pipe, concrete non-pressure pipe, protective linings for pipe, and fabricated steel products. The Infrastructure Products Group consists of two operating segments, which are aggregated: the Hawaii Division which manufactures and sells ready-mix concrete, sand and aggregates, concrete pipe and culverts and the Pole Products Division which manufactures and sells concrete and steel lighting and traffic poles. The markets served by the Fiberglass-Composite Pipe Group are worldwide in scope. The Water Transmission Group serves primarily the western U.S. for pipe and sells wind-towers primarily west of the Mississippi river. The Infrastructure Products Group's quarry and ready-mix business operates exclusively in Hawaii, and poles are sold throughout the U.S. Ameron also participates in several joint-venture companies, directly in the U.S. and Saudi Arabia, and indirectly in Egypt.

During the third quarter of 2006, the Company sold its Performance Coatings & Finishes business ("Coatings Business"). The results from this segment have been reported as discontinued operations for all the reporting periods. Accordingly, the following discussions generally reflect summary results from continuing operations unless otherwise noted. However, the net income and net income per share discussions include the impact of discontinued operations.

Management's Discussion and Analysis should be read in conjunction with the same discussion included in the Company's 2006 Annual Report, under Part II, Item 7. Reference should also be made to the financial statements included in this Form 10-Q for comparative consolidated balance sheets, statements of income and cash flows.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's Discussion and Analysis of Liquidity and Capital Resources and Results of Operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires Management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities during the reporting periods. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

A summary of the Company's significant accounting policies is provided in Note (1) of the Notes to Consolidated Financial Statements in the Company’s 2006 Annual Report. In addition, Management believes the following accounting policies affect the more significant estimates used in preparing the consolidated financial statements.

The consolidated financial statements include the accounts of Ameron International Corporation and all wholly-owned subsidiaries. All material intercompany accounts and transactions have been eliminated. The functional currencies for the Company's foreign operations are the applicable local currencies. The translation from the applicable foreign currencies to U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for revenue and expense accounts using a weighted-average exchange rate during the period. The resulting translation adjustments are recorded in accumulated other comprehensive income/(loss). The Company advances funds to certain foreign subsidiaries that are not expected to be repaid in the foreseeable future. Translation adjustments arising from these advances are also included in accumulated other comprehensive income/(loss). The timing of repayments of intercompany advances could materially impact the Company's consolidated financial statements. Additionally, earnings of foreign subsidiaries are often permanently reinvested outside the U.S. Unforeseen repatriation of such earnings could result in significant unrecognized U.S. tax liability. Gains or losses resulting from foreign currency transactions are included in other income, net.

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Revenue for the Fiberglass-Composite Pipe and Infrastructure Products segments is recognized when risk of ownership and title pass, primarily at the time goods are shipped, provided that an agreement exists between the customer and the Company, the price is fixed or determinable and collection is reasonably assured. Revenue is recognized for the Water Transmission Group primarily under the percentage-of-completion method, typically based on completed units of production, since products are manufactured under enforceable and binding construction contracts, typically are designed for specific applications, are not interchangeable between projects, and are not manufactured for stock. Revenue for the period is determined by multiplying total estimated contract revenue by the percentage-of-completion of the contract and then subtracting the amount of previously recognized revenue. Cost of earned revenue is computed by multiplying estimated contract completion cost by the percentage-of-completion of the contract and then subtracting the amount of previously recognized cost. In some cases, if products are manufactured for stock or are not related to specific construction contracts, revenue is recognized under the same criteria used by the other two segments. Revenue under the percentage-of-completion method is subject to a greater level of estimation, which affects the timing of revenue recognition, costs and profits. Estimates are reviewed on a consistent basis and are adjusted periodically to reflect current expectations. Costs attributable to unpriced change orders are treated as costs of contract performance in the period, and contract revenue is recognized if recovery is probable. Disputed or unapproved change orders are treated as claims. Recognition of amounts of additional contract revenue relating to claims occurs when amounts have been received or awarded with recognition based on the percentage-of-completion methodology.

The Company expenses environmental clean-up costs related to existing conditions resulting from past or current operations on a site-by-site basis. Liabilities and costs associated with these matters, as well as other pending litigation and asserted claims arising in the ordinary course of business, require estimates of future costs and judgments based on the knowledge and experience of Management and its legal counsel. When the Company's exposures can be reasonably estimated and are probable, liabilities and expenses are recorded. The ultimate resolution of any such exposure to the Company may differ due to subsequent developments.

Inventories are stated at the lower of cost or market with cost determined principally on the first-in, first-out ("FIFO") method. Certain steel inventories used by the Water Transmission Group are valued using the last-in, first-out ("LIFO") method. Significant changes in steel levels or costs could materially impact the Company's financial statements. Reserves are established for excess, obsolete and rework inventories based on estimates of salability and forecasted future demand. Management records an allowance for doubtful accounts receivable based on historical experience and expected trends. A significant reduction in demand or a significant worsening of customer credit quality could materially impact the Company’s consolidated financial statements.

Investments in unconsolidated joint ventures or affiliates ("joint ventures") over which the Company has significant influence are accounted for under the equity method of accounting, whereby the investment is carried at the cost of acquisition, plus the Company's equity in undistributed earnings or losses since acquisition. Investments in joint ventures over which the Company does not have the ability to exert significant influence over the investees' operating and financing activities are accounted for under the cost method of accounting. The Company's investment in TAMCO, a steel mini-mill in California, is accounted for under the equity method. Investments in Ameron Saudi Arabia, Ltd. and Bondstrand, Ltd. are accounted for under the cost method due to management's current assessment of the Company's influence over these joint ventures.

Property, plant and equipment is stated on the basis of cost and depreciated principally using a straight-line method based on the estimated useful lives of the related assets, generally three to 40 years. The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. If the estimated future, undiscounted cash flows from the use of an asset are less than its carrying value, a write-down is recorded to reduce the related asset to estimated fair value. Actual cash flows may differ significantly from estimated cash flows. Additionally, current estimates of future cash flows may differ from subsequent estimates of future cash flows. Changes in estimated or actual cash flows could materially impact the Company's consolidated financial statements

The Company is self-insured for a portion of the losses and liabilities primarily associated with workers' compensation claims and general, product and vehicle liability. Losses are accrued based upon the Company's estimates of the aggregate liability for claims incurred using historical experience and certain actuarial assumptions followed in the insurance industry. The estimate of self-insurance liability includes an estimate of incurred but not reported claims, based on data compiled from historical experience. Actual experience could differ significantly from these estimates and could materially impact the Company's consolidated financial statements. The Company purchases varying levels of insurance to cover losses in excess of the self-insured limits. Currently, the Company's primary self-insurance limits are $1.0 million per workers' compensation claim, $.1 million per general, property or product liability claim, and $.25 million per vehicle liability claim.

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The Company follows the guidance of Statement of Financial Accounting Standards ("SFAS") No. 87, *Employers' Accounting for Pensions*, and SFAS No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*, when accounting for pension and other postretirement benefits. Under these accounting standards, assumptions are made regarding the valuation of benefit obligations and the performance of plan assets that are controlled and invested by third-party fiduciaries. Delayed recognition of differences between actual results and expected or estimated results is a guiding principle of these standards. Such delayed recognition provides a gradual recognition of benefit obligations and investment performance over the working lives of the employees who benefit under the plans, based on various assumptions. Assumed discount rates are used to calculate the present values of benefit payments which are projected to be made in the future, including projections of increases in employees' annual compensation and health care costs. Management also projects the future returns on invested assets based principally on prior performance. These projected returns reduce the net benefit costs the Company records in the current period. Actual results could vary significantly from projected results, and such deviations could materially impact the Company's consolidated financial statements. Management consults with the Company's actuaries when determining these assumptions. Program changes, including termination, freezing of benefits or acceleration of benefits, could result in an immediate recognition of unrecognized benefit obligations and such recognition could materially impact the Company's consolidated financial statements.

Management incentive compensation is accrued based on current estimates of the Company's ability to achieve short-term and long-term performance targets.

Deferred income tax assets and liabilities are computed for differences between the financial statement and income tax bases of assets and liabilities. Such deferred income tax asset and liability computations are based on enacted tax laws and rates applicable to periods in which the differences are expected to reverse. Valuation allowances are established, when necessary, to reduce deferred income tax assets to the amounts expected to be realized. Quarterly income taxes are estimated based on the mix of income by jurisdiction forecasted for the full fiscal year. The Company believes that it has adequately provided for tax-related matters. The Company is subject to examination by taxing authorities in various jurisdictions. Matters raised upon audit may involve substantial amounts, and an adverse finding could have a material impact on the Company's consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

The following discussion generally combines the impact of both continuing and discontinued operations unless otherwise noted.

As of August 26, 2007, the Company's working capital totaled $297.6 million, $17.1 million higher than the working capital of $280.5 million as of November 30, 2006. Working capital increased due to higher business activity, higher sand inventories in Hawaii and higher steel inventories associated with water-pipe and wind-tower orders partially offset by advance payments from customers.

In accordance with SFAS No. 95, *Statement of Cash Flows*, the consolidated statements of cash flows include cash flows for both continuing and discontinued operations. For the nine months ended August 26, 2007, net cash of $19.4 million was generated from operating activities of continuing and discontinued operations, compared to $2.4 million in the nine months ended September 3, 2006. Operating cash flows increased in 2007 due to higher net income, lower gain on the sale of property and slower growth in working capital than in the same period in 2006. In the nine months ended August 26, 2007, the Company's cash from operating activities included net income of $45.4 million, plus non-cash adjustments (depreciation, amortization, equity income from joint-ventures in excess of dividends, gain from sales of assets, and stock compensation expense) of $9.2 million, less changes in operating assets and liabilities of $35.2 million. In the nine months ended September 3, 2006, the Company's cash provided by operating activities included net income of $40.3 million, plus similar non-cash adjustments of $4.2 million, offset by corresponding changes in operating assets and liabilities of $42.1 million.

Net cash used in investing activities totaled $27.0 million during the nine months ended August 26, 2007, compared to $97.5 million generated in the nine months ended September 3, 2006. The Company received $115.0 million from the sale of the Coatings Business in 2006. Net cash used in investing activities during the first nine months of 2007 consisted of capital expenditures of $33.3 million, compared to $18.1 million in the same period of 2006. Capital expenditures included normal replacement and upgrades of machinery and equipment in both 2007 and 2006. Capital expenditures for 2007 also included the expansion of the Company's steel fabrication plant in California to manufacture large-diameter wind towers. During the year ending November 30, 2007, the Company anticipates spending between $40 and $50 million on capital expenditures. Capital expenditures are expected to be funded by existing cash balances, cash generated from operations or additional borrowings.

Net cash used in financing activities totaled $6.1 million during the nine months ended August 26, 2007, compared to $4.5 million used in the nine months ended September 3, 2006. Net cash used in 2007 consisted of net debt payment of $1.6 million, payment of common stock dividends of $5.9 million and treasury stock purchases of $1.6 million related to the vesting of restricted shares, offset by net issuance of common stock related to exercised stock options of $1.1 million and tax benefits of $2.0 million related to exercised stock options. Net cash used in financing activities in 2006 included net debt payment of $2.2 million and a similar issuance of common stock of $4.2 million, offset by dividends of $5.3 million and stock purchases of $1.2 million.

The Company utilizes a $100.0 million revolving credit facility with six banks (the "Revolver"). Under the Revolver, the Company may, at its option, borrow at floating interest rates (LIBOR plus a spread ranging from .75% to 1.625%, determined by the Company's financial condition and performance), at any time until September 2010, when all borrowings under the Revolver must be repaid.

The Company's lending agreements contain various restrictive covenants, including the requirement to maintain specified amounts of net worth and restrictions on cash dividends, borrowings, liens, investments, guarantees, and financial covenants. The Company is required to maintain consolidated net worth of $181.4 million plus 50% of net income and 75% of proceeds from any equity issued after January 24, 2003. The Company's consolidated net worth exceeded the covenant amount by $140.9 million as of August 26, 2007. The Company is required to maintain a consolidated leverage ratio of consolidated funded indebtedness to earnings before interest, taxes, depreciation and amortization ("EBITDA") of no more than 2.5 times. As of August 26, 2007, the Company maintained a consolidated leverage ratio of 1.01 times EBITDA. Lending agreements require that the Company maintain qualified consolidated tangible assets at least equal to the outstanding secured funded indebtedness. As of August 26, 2007, qualifying tangible assets equaled 2.46 times funded indebtedness. Under the most restrictive fixed charge coverage ratio, the sum of EBITDA and rental expense less cash taxes must be at least 1.35 times the sum of interest expense, rental expense, dividends and scheduled funded debt payments. As of August 26, 2007, the Company maintained such a fixed charge coverage ratio of 1.92 times. Under the most restrictive provisions of the Company's lending agreements, approximately $14.4 million of retained earnings was not restricted, as of August 26, 2007, as to the declaration of cash dividends or the repurchase of Company stock. At August 26, 2007, the Company was in compliance with all covenants.

Cash and cash equivalents at August 26, 2007 totaled $126.6 million, a decrease of $12.9 million from November 30, 2006. At August 26, 2007, the Company had total debt outstanding of $81.3 million, compared to $82.5 million at November 30, 2006, and approximately $112.6 million in unused committed and uncommitted credit lines available from foreign and domestic banks. The Company's highest borrowing and the average borrowing levels during 2007 were $83.2 million and $81.5 million, respectively.

Management believes that cash flow from operations and current cash balances, together with currently available lines of credit, will be sufficient to meet operating requirements in 2007. The Company contributed $3.0 million to its U.S. defined benefit pension plan and $1.0 million to its non-U.S. defined benefit pension plan in the first nine months of 2007. The Company expects to contribute an additional $.1 million to its non-U.S. plan in 2007. The Company may make additional contributions in 2007 depending on the funded status of the plans and the requirements of the Pension Protection Act of 2006.

Cash available from operations could be affected by any general economic downturn or any decline or adverse changes in the Company's business, such as a loss of customers or significant raw material price increases. Management does not believe it likely that business or economic conditions will worsen or that costs will increase sufficiently to materially impact short-term liquidity.

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The Company's contractual obligations and commercial commitments at August 26, 2007 are summarized as follows (in thousands):

	Payments Due by Period				
Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
Long-term debt (a)	$ 81,338	$ 10,000	$ 33,408	$ 15,524	$ 22,406
Interest payments on debt (b)	14,431	1,768	5,395	2,649	4,619
Operating leases	31,679	3,728	7,352	4,934	15,665
Purchase obligations (c)	676	676	-	-	-
Total contractual obligations (d)	$ 128,124	$ 16,172	$ 46,155	$ 23,107	$ 42,690

	Commitments Expiring Per Period				
Contractual Commitments	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**After 5 years**
Standby letters of credit (e)	$ 3,048	$ 3,048	$ -	$ -	$ -
Total commercial commitments (d)	$ 3,048	$ 3,048	$ -	$ -	$ -

(a) Included in long-term debt is $2,116 outstanding under a foreign revolving credit facility, which is supported by the Revolver.
(b) Future interest payments related to debt obligations, excluding the Revolver and the industrial development bonds.
(c) Obligation to purchase sand which is resold or used in the Company's ready-mix operations in Hawaii.
(d) The Company has no capitalized lease obligations, unconditional purchase obligations or standby repurchases obligations.
(e) Not included are standby letters of credit totaling $16,067 supporting industrial development bonds with principal of $15,700. The principal amount of the industrial development bonds is included in long-term debt. The standby letters of credit are issued under the Revolver.

RESULTS OF OPERATIONS

General

Income from continuing operations totaled $20.7 million, or $2.27 per diluted share, on sales of $165.0 million in the quarter ended August 26, 2007, compared to income from continuing operations of $17.0 million, or $1.91 per diluted share, on sales of $139.9 million in the same period in 2006. The Fiberglass-Composite Pipe had higher sales and higher income due primarily to improved market conditions. The Water Transmission Group had higher sales and a loss. The decline in profitability of the Water Transmission Group was due principally to continued start-up costs related to wind-tower production and uneven pipe plant utilization due to soft pipe market conditions. The Infrastructure Products Group had lower sales but higher income due to a decline in the concrete pole market offset by improvements in Hawaii. Income from continuing operations was higher in 2007 due primarily to the strong performance of the Fiberglass-Composite Pipe Group, lower interest and income taxes, partially offset by lower earnings from TAMCO, the Company's 50%-owned steel venture in California.

Income from continuing operations totaled $43.8 million, or $4.83 per diluted share, on sales of $442.2 million in the nine months ended August 26, 2007, compared to income from continuing operations of $37.9 million, or $4.29 per diluted share, on sales of $398.6 million in the same period in 2006. The Fiberglass-Composite Pipe and Infrastructure Products Groups had higher sales and income due primarily to improved market conditions. The Water Transmission Group had higher sales and a loss due to the timing of pipe projects and the start-up costs related to wind-tower production. Income from continuing operations was higher in 2007 despite the $9.0 million gain from the sale of property in 2006, due to lower interest and income taxes, and higher earnings from TAMCO. Equity in earnings of TAMCO increased by $2.8 million, compared to the same period in 2006.

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Income from discontinued operations, net of taxes, totaled $.5 million, or $.05 per diluted share, in the quarter ended August 26, 2007, compared to $1.0 million, or $.11 per diluted share, in the same period in 2006. Income from discontinued operations, net of taxes, totaled $1.6 million, or $.18 per diluted share, in the nine months ended August 26, 2007, compared to $2.4 million, or $.27 per diluted share, in the same period in 2006. During the third quarter of 2007, two of the retained properties formerly used by the Coatings Business were sold for a net gain of $.5 million. Discontinued operations generated sales of $41.8 million and $152.2 million respectively, in the third quarter and nine months ended September 3, 2006.

Sales

Sales increased $25.1 million in the third quarter of 2007, compared to the similar period in 2006. Year-to-date sales increased $43.6 million, compared to sales in the first nine months of 2006. Sales increased due to improved demand, price increases and continued growth in large-diameter wind-tower sales.

Fiberglass-Composite Pipe's sales increased $14.1 million, or 29.0%, in the third quarter and $38.9 million, or 29.6%, in the first nine months of 2007, compared to the similar periods in 2006. Sales from Asian operations increased $6.7 million and $23.1 million respectively, in the third quarter and the first nine months of 2007, driven by increased activity in the industrial and marine segments. Sales from European operations increased $8.9 million and $12.0 million, respectively, in the third quarter and the first nine months of 2007, due to growth in the industrial and oil and gas markets. Sales from U.S. operations decreased $1.5 million and increased $3.8 million, respectively, in the third quarter and the first nine months of 2007. Sales of on-shore oilfield piping manufactured in the U.S. declined in the third quarter due to project timing and customers’ inventories of pipe. The strong demand for on-shore oilfield, offshore and marine piping continues to be driven by high oil prices and the high cost of steel piping, the principal substitute for fiberglass pipe. The outlook for the Fiberglass Composite Pipe Group remains favorable.

Water Transmission’s sales increased $12.0 million, or 32.3%, in the third quarter and $3.7 million, or 3.2%, in the first nine months of 2007, compared to the similar periods in 2006. The sales increase was driven by the Company’s entry into the market for large-diameter wind towers and the Group’s operation in South America. The Group continued to be impacted by the sluggish pipe market in the western U.S. and the timing of projects. Revenue is recognized in the Water Transmission Group primarily under the percentage-of-completion method and is subject to a certain level of estimation, which affects the timing of revenue recognition, costs and profits. Estimates are reviewed on a consistent basis and are adjusted when actual results are expected to significantly differ from those estimates. Market conditions for water pipe remain soft due to continuation of a cyclical slowdown in water infrastructure projects in the Company's markets. However, the market for wind towers is robust.

Infrastructure Products' sales decreased $1.1 million, or 1.9%, in the third quarter and increased by $2.6 million, or 1.7%, in the first nine months of 2007, compared to the similar periods in 2006. The Hawaiian Division generated higher sales due primarily to increased deliveries of aggregates and improved pricing. Pole Products was impacted by the decline in U.S. housing markets and reduced demand for concrete lighting poles. Although the housing market has worsened, the outlook for the Infrastructure Products Group’s other construction markets remains firm.

Gross Profit

Gross profit in the third quarter of 2007 was $37.0 million, or 22.4% of sales, compared to $36.1 million, or 25.8% of sales, in the third quarter of 2006. Year-to-date gross profit in 2007 was $103.1 million, or 23.3% of sales, compared to $99.4 million, or 24.9% of sales, in the similar period of 2006. Gross profit increased $.9 million and $3.6 million, respectively, in the third quarter and the first nine months of 2007, compared to the similar periods in 2006, primarily due to volume and selling price increases and favorable product mix. Third-quarter and year-to-date profit margins declined due to the weak performance of the Water Transmission Group.

Fiberglass-Composite Pipe’s gross profit increased $7.4 million in the third quarter and $17.1 million in the first nine months of 2007, compared to the similar periods of 2006. Profit margins were 38.3% in the third quarter and 35.5% in the first nine months of 2007, compared to 34.1% in the third quarter and 32.9% in the first nine months of 2006. Margins were higher in 2007 due to improvements in product and market mix and selling price increases. Increased sales generated additional gross profit of $4.8 million and $12.8 million, respectively, in the quarter and the first nine months of 2007, while favorable product mix generated additional gross profit of $2.6 million and $4.3 million, respectively, for the quarter and the first nine months of 2007.

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Water Transmission Group's gross profit decreased $3.6 million in the third quarter and $10.1 million in the first nine months of 2007, compared to the similar periods of 2006. Profit margins were 3.2% in the third quarter, and 6.6% in the first nine months of 2007, compared to 13.9% in the third quarter, and 15.4% in the first nine months of 2006. Margins were lower in 2007 partly due to lower-than-expected wind-tower sales and production start-up costs, related to delays in construction of a new wind-tower manufacturing facility. Additionally, margins on pipe projects were lower due to weak market conditions and uneven plant utilization. Increased sales volume generated additional gross profit of $1.6 million and $.6 million, respectively, in the quarter and the first nine months of 2007. Lower margins reduced gross profit by $5.2 million and $10.7 million, respectively, in the quarter and the first nine months of 2007.

Gross profit in the Infrastructure Products Group increased $.1 million in the third quarter and $2.4 million in the first nine months of 2007, compared to the similar periods of 2006. Profit margins were 25.3% in the third quarter and 25.0% in the first nine months of 2007, compared to 24.6% in the third quarter and 23.8% in the first nine months of 2006. Margins were higher in 2007 due to changes in product mix and selling-price increases. Gross profit declined by $.3 million and increased by $.6 million, respectively, in the quarter and the first nine months of 2007 due to changes in sales volume, while favorable product mix generated additional gross profit of $.4 million and $1.8 million, respectively, in the quarter and the first nine months of 2007.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses totaled $21.7 million, or 13.1% of sales, in the third quarter of 2007, compared to $22.3 million, or 15.9% of sales, in the third quarter of 2006. The $.6 million decrease related primarily to lower management incentive accruals. In the nine months ended August 26, 2007, SG&A expenses totaled $69.1 million, or 15.6% of sales, compared to $68.8 million, or 17.3% of sales in the same period in 2006. The $.3 million increase was primarily due to higher legal expenses.

Other Income, Net

Other income was $1.8 million in the third quarter of 2007, an increase of $.3 million compared to the third quarter of 2006. The increase for the quarter was due to the receipt of a dividend of $1.2 million from a joint venture, Bondstrand, Ltd., offset by lower foreign exchange gains. Other income was $3.7 million in the nine months ended August 26, 2007, a decrease of $7.1 million compared to the similar period in 2006. The decrease was due primarily to a $9.0 million gain on sale of property in the first half of 2006. Other income included royalties and fees from licensees, foreign currency transaction adjustments, and other miscellaneous income.

Interest

Net interest income was $.1 million in the third quarter of 2007, compared to net interest expense of $.6 million in the third quarter of 2006. Net interest income was $.4 million in the first nine months of 2007, compared to net interest expense of $2.5 million in the first nine months of 2006. The increase in net interest income was due to higher interest income from short-term investments, higher cash balances and lower debt levels.

Provision for Income Taxes

Income taxes decreased to $.4 million benefit in the third quarter of 2007 from $2.5 million expense in the third quarter of 2006. Income taxes decreased to $6.6 million in the first nine months of 2007, compared to $10.5 million in the comparable period of 2006. The effective tax rate decreased to 17.4% in first nine months of 2007, from 26.9% in the same period of 2006. The effective tax in 2007 was reduced by tax benefits of $5.3 million recorded in the third quarter of 2007 associated with the decision in that quarter to wind up and dissolve the Company’s wholly-owned United Kingdom subsidiary. The effective tax in 2006 was reduced by tax benefits of $3.6 million primarily as a result of settlements of the 1996 – 1998 and 1999 – 2002 IRS examinations and approval of the Company's research and development credit refund claims by the Congressional Joint Committee on Taxation. The effective tax rate in the first nine months of 2007 is based on forecasted full-year earnings and the anticipated mix of domestic and foreign earnings, and discrete items. Income from certain foreign operations and joint ventures is taxed at rates that are lower than the U.S. statutory tax rates. The effective tax rate in the first nine months of 2007 is not necessarily indicative of the effective tax rate in the full fiscal year.

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Equity in Earnings of Joint Venture, Net of Taxes

Equity in earnings of joint venture decreased to $3.1 million in the third quarter of 2007, compared to $4.9 million in 2006. Equity income increased to $12.3 million in the first nine months of 2007, compared to $9.5 million in the same period of 2006. Equity income is associated with TAMCO, Ameron's 50%-owned steel mini-mill in California. TAMCO's profits in the third quarter decreased due to timing of projects and increased during the first nine months due to increased demand for steel rebar and higher selling prices. The outlook for TAMCO remains positive.

Income from Discontinued Operations, Net of Taxes

During the third quarter of 2007, the Company recognized a gain of $.5 million on the sale of two properties which were formerly used by the Coatings Business. In the nine months ended August 26, 2007, the Company recognized a gain of $1.5 million on the sale of properties that were formerly used by the Coatings Business. In addition to the gain on the sale of the properties, the Company recognized $.1 million of research and development tax credits that related to the Coatings Business in 2007. The 2007 tax credit was attributable to the retroactive application of tax legislation enacted in December 2006. Results for the nine months ended September 3, 2006 represented the net income from normal operations of the Coatings Business prior to the divestiture. During the third quarter of 2006, the Company completed the sale of its Coatings Business and recognized a pretax gain of $1.1 million. Provision for income taxes related to the gain was $.9 million, which resulted in a net gain of $.2 million in the third quarter and first nine months of 2006.

ITEM 3 – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

No material changes have occurred in the quantitative and qualitative market risk disclosure as presented in the Company’s 2006 Annual Report.

ITEM 4 – CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedure – Management has established disclosure controls and procedures to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms and that such information relating to the Company, including its consolidated subsidiaries, is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures

Based on their evaluation as of August 26, 2007, the principal executive officer and principal financial officer of the Company have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There has been no change in the Company's internal control over financial reporting that occurred during the last fiscal quarter covered by this report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

CAUTIONARY STATEMENT FOR PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Any of the statements contained in this report that refer to the Company's forecasted, estimated or anticipated future results are forward-looking and reflect the Company's current analysis of existing trends and information. Actual results may differ from current expectations based on a number of factors affecting the Company’s businesses, including competitive conditions and changing market conditions. In addition, matters affecting the economy generally, including the state of economies worldwide, can affect the Company's results. These forward-looking statements represent the Company's judgment only as of the date of this report. Since actual results could differ materially, the reader is cautioned not to rely on these forward-looking statements. Moreover, the Company disclaims any intent or obligation to update these forward-looking statements.

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PART II – OTHER INFORMATION

ITEM 1 – LEGAL PROCEEDINGS

The Company is one of numerous defendants in various asbestos-related personal injury lawsuits. These cases generally seek unspecified damages for asbestos-related diseases based on alleged exposure to products previously manufactured by the Company and others, and at this time the Company is generally not aware of the extent of injuries allegedly suffered by the individuals or the facts supporting the claim that injuries were caused by the Company's products. Based upon the information available to it at this time, the Company is not in a position to evaluate its potential exposure, if any, as a result of such claims. Hence, no amounts have been accrued for loss contingencies related to these lawsuits in accordance with SFAS No. 5, "Accounting for Contingencies." The Company continues to vigorously defend all such lawsuits. As of August 26, 2007, the Company was a defendant in asbestos-related cases involving 131 claimants, compared to 132 claimants as of May 27, 2007. The Company is not in a position to estimate the number of additional claims that may be filed against it in the future. For the quarter ended August 26, 2007, there were new claims involving 3 claimants, dismissals and/or settlements involving 4 claimants and no judgments. Net costs and expenses incurred by the Company for the quarter ended August 26, 2007 in connection with asbestos-related claims were $.4 million.

ITEM 1A – RISK FACTORS

No material changes have occurred in risk factors as presented in the Company's 2006 Annual Report.

ITEM 2 – UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Terms of lending agreements which place restrictions on cash dividends are discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations under Item 2, herein, and Note (10) of the Notes to Consolidated Financial Statements, under Part I, Item 1.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Number of Shares (or Units) Purchased As Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) Of Shares (or Units) that May Yet Be Purchased Under The Plans or Programs**
5/28/07 thru 6/24/07	-	NA	-	32,520
6/25/07 thru 7/29/07	-	NA	-	32,520
7/30/07 thru 8/26/07	-	NA	-	32,520

**Shares may be repurchased by the Company to pay taxes applicable to the vesting of restricted stock. The number of shares does not include shares which may be repurchased to pay social security taxes applicable to the vesting of such restricted stock.

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ITEM 5 – OTHER INFORMATION

No material changes have occurred in the other information disclosure as presented in the Company's 2006 Annual Report

ITEM 6 – EXHIBITS

EXHIBIT	EXHIBITS OF AMERON
31.1	Section 302 Certification of Chief Executive Officer
31.2	Section 302 Certification of Chief Financial Officer
32	Section 906 Certification of Chief Executive Officer and Chief Financial Officer*

* A signed original of this written statement required by Section 906 has been provided to Ameron International Corporation and will be retained by Ameron International Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

(b) REPORTS ON FORM 8-K

Two reports on Form 8-K were filed by the Company during the third quarter of 2007 as follows:

June 21, 2007 reporting the Company's results of operations for the second quarter ended May 27, 2007, as reported in a press release dated June 21, 2007.

June 22, 2007 reporting the Company's quarterly dividend of $.25 per share, as reported in a press release dated June 22, 2007.

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AMERON INTERNATIONAL CORPORATION AND SUBSIDIARIES

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.

AMERON INTERNATIONAL CORPORATION

By: */s/ James R. McLaughlin*

James R. McLaughlin, Senior Vice President, Chief Financial Officer & Treasurer

Date: September 21, 2007

EXHIBIT 31.1

SECTION 302 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, James S. Marlen, certify that:

1. I have reviewed this report on Form 10-Q of Ameron International Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the Registrant's disclosure controls and procedures; and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation, and;

d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

September 21, 2007

/s/ James S. Marlen
James S. Marlen
President & Chief Executive Officer

AMERON INTERNATIONAL CORPORATION AND SUBSIDIARIES

EXHIBIT 31.2

SECTION 302 CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, James R. McLaughlin, certify that:

1. I have reviewed this report on Form 10-Q of Ameron International Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the Registrant's disclosure controls and procedures; and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation, and;

d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

September 21, 2007

/s/ James R. McLaughlin
James R. McLaughlin
Senior Vice President-Chief Financial Officer
& Treasurer

AMERON INTERNATIONAL CORPORATION AND SUBSIDIARIES

EXHIBIT 32

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. ss.1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the report of Ameron International Corporation (the "Company") on Form 10-Q for the quarter ended August 26, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James S. Marlen, President, Chief Executive Officer of the Company and I, James R. McLaughlin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James S. Marlen
James S. Marlen
President & Chief Executive Officer
September 21, 2007

/s/ James R. McLaughlin
James R. McLaughlin
Senior Vice President-Chief
Financial Officer
& Treasurer
September 21, 2007

* A signed original of this written statement required by Section 906 has been provided to Ameron International Corporation and will be retained by Ameron International Corporation and furnished to the Securities and Exchange Commission or its staff upon request.