

ASTEC INDUSTRIES INC  
Form 11-K  
June 29, 2007

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 11-K**

(Mark One)

(x) Annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2006.

Or

( ) Transition report pursuant to Section 15(d) of the Securities exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File No. **0-14714**

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**Astec Industries, Inc. 401(k) Retirement Plan**  
**1725 Shepherd Road**  
**Chattanooga, Tennessee 37421**  
**(423) 899-5898**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**ASTEC INDUSTRIES, INC.**  
**1725 Shepherd Road**  
**Chattanooga, Tennessee 37421**  
**(423) 899-5898**

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REQUIRED INFORMATION

The following financial statements and schedules have been prepared in accordance with the financial reporting requirements of the Employee Retirement Income Security Act of 1974, as amended:

Audited Financial Statements and Supplemental Schedules

Astec Industries, Inc. 401(k) Retirement Plan

As of December 31, 2006 and 2005 and for the year ended December 31, 2006 with Reports of Independent Registered Public Accounting Firms

Reports of Independent Registered Public Accounting Firms

Audited Financial Statements:

Statements of Net Assets Available for Benefits

Statement of Changes in Net Assets Available for Benefits

Notes to Financial Statements

Supplemental Schedules:

Schedule H, Line 4(a) - Schedule of Delinquent Participant Contributions

Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year)

Edgar filing only:

Exhibit 23.1 - Consent of Independent Registered Public Accounting Firm

Exhibit 23.2 - Consent of Independent Registered Public Accounting Firm

Audited Financial Statements and Supplemental Schedules

**Astec Industries, Inc. 401(k) Retirement Plan**

*As of December 31, 2006 and 2005 and for the year ended December 31, 2006  
with Reports of Independent Registered Public Accounting Firms*

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Astec Industries, Inc. 401(k) Retirement Plan  
Audited Financial Statements and Supplemental Schedules  
December 31, 2006 and 2005 and for the  
year ended December 31, 2006

**Contents**

|   |    |
|---|----|
| Reports of Independent Registered Public Accounting Firms                             | 1  |
| Audited Financial Statements:   |    |
| Statements of Net Assets Available for Benefits                                       | 3  |
| Statement of Changes in Net Assets Available for Benefits                             | 4  |
| Notes to Financial Statements   | 5  |
| Supplemental Schedules:   |    |
| Schedule H, Line 4(a) <sup>3/4</sup> Schedule of Delinquent Participant Contributions | 12 |
| Schedule H, Line 4(i) <sup>3/4</sup> Schedule of Assets (Held at End of Year)         | 13 |

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Report of Independent Registered Public Accounting Firm

Plan Committee

Astec Industries, Inc. 401(k) Retirement Plan

We have audited the accompanying statement of net assets available for benefits of the Astec Industries, Inc. 401(k) Retirement Plan as of December 31, 2006, and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2006, and the changes in its net assets available for benefits for the year then ended, in conformity with U. S. generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of delinquent participant contributions for the year ended December 31, 2006 and assets (held at end of year) as of December 31, 2006, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

Chattanooga, Tennessee  
June 26, 2007

/s/ Ernst & Young LLP

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Plan Committee of the  
Astec Industries, Inc. 401(k) Retirement Plan:

We have audited the accompanying statement of net assets available for benefits of Astec Industries, Inc. 401(k) Retirement Plan (the Plan) as of December 31, 2005. This financial statement is the responsibility of the Plan's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of net assets available for benefits referred to above presents fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2005 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 of the financial statements, the Plan adopted Financial Accounting Standards Board Staff Position AAG INV-1 and SOP 94-4-1, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans which has been retroactively applied to the financial statements at December 31, 2005.

/s/ Grant Thornton LLC

Charlotte, North Carolina  
June 29, 2006 (except for Note 2,  
as to which the date is June 27, 2007)

Astec Industries, Inc. 401(k) Retirement Plan  
Statements of Net Assets Available for Benefits

|   | December 31    |                |
|---|----------------|----------------|
|   | 2006           | 2005           |
| <b>Assets</b>   |                |                |
| Investments, at fair value  | \$ 118,368,906 | \$ 101,813,692 |
| Contribution receivables:   |                |                |
| Participants  | 209,543        | 24,084         |
| Employer  | 193,811        | 76,306         |
| Total receivables   | 403,354        | 100,390        |
| Total assets  | 118,772,260    | 101,914,082    |
| <b>Liabilities</b>  |                |                |
| Excess participant contributions payable  | 106,561        | 57,463         |
| Net assets available for benefits at fair value   | 118,665,699    | 101,856,619    |
| Adjustment from fair value to contract value for investment<br>in collective trust fund | 232,545        | 217,414        |
| Net assets available for benefits   | \$ 118,898,244 | \$ 102,074,033 |

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

Astec Industries, Inc. 401(k) Retirement Plan  
Statement of Changes in Net Assets Available for Benefits  
Year ended December 31, 2006

Additions to net assets attributed to:

|   |              |
|---|--------------|
| Investment income                             | \$ 6,142,247 |
| Net appreciation in fair value of investments | 5,297,240    |

Contributions:

|                 |            |
|-----------------|------------|
| Participants    | 8,107,798  |
| Employer        | 3,220,080  |
|                 | 11,327,878 |
| Total additions | 22,767,365 |

Deductions from net assets attributed to:

|                               |           |
|-------------------------------|-----------|
| Benefits paid to participants | 5,925,429 |
| Administrative expenses       | 17,725    |
| Total deductions              | 5,943,154 |

|                                   |                |
|-----------------------------------|----------------|
| Net increase                      | 16,824,211     |
| Net assets available for benefits |                |
| Beginning of year                 | 102,074,033    |
| End of year                       | \$ 118,898,244 |

*The accompanying notes are an integral part of this financial statement.*



Astec Industries, Inc. 401(k) Retirement Plan  
Notes to Financial Statements  
December 31, 2006

## **1. Description of Plan**

The following description of the Astec Industries, Inc. 401(k) Retirement Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

### **General**

The Plan is a defined contribution plan covering all full-time employees of Astec Industries, Inc. and its subsidiaries (the Company) who have reached age eighteen. It is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Plan is administered by a committee appointed by the Company.

### **Contributions**

Participants may elect to contribute up to 40% of their base salary through payroll deductions, as defined under the provisions of the Plan document, subject to Internal Revenue Code (the Code) limitations. The Company matches 75% of each participant's contribution up to 4% of the participant's compensation. Participants who will attain age 50 before the close of the Plan year are eligible to make additional catch-up contributions, subject to Code limitations. Catch-up contributions are not eligible for the match contribution.

### **Participant Accounts**

Each participant's account is credited with the participant's contributions, the Company's matching contributions and Plan investment results. Allocations of Plan earnings are based on participant account balances, as defined. Participants may change their investment options daily. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

### **Vesting**

Participants are immediately vested in their entire account balance.

## **Participant Loans**

Participants may borrow from their accounts a minimum of \$1,000 up to a maximum of \$50,000, reduced by certain items identified in the Plan document, or 50% of their vested account balance, whichever is lower. Loan terms range from one to five years or up to twenty years for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate of prime plus one percent. Principal and interest are paid ratably through payroll deductions.

## **Payment of Benefits**

Upon termination of service, a participant may receive a lump-sum amount equal to the value of his or her account on the date of distribution.

## **Plan Termination**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. If the Plan is terminated or contributions are permanently discontinued, benefits will be distributed in accordance with the provisions of the Plan.

## **2. Summary of Significant Accounting Policies**

### **Basis of Presentation**

The financial statements of the Plan are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

### **New Accounting Pronouncement**

In December 2005, the Financial Accounting Standards Board (FASB) issued FASB Staff Position AAG INV-1 and the American Institute of Certified Public Accountants (AICPA) issued SOP 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans* (the FSP). The FSP defines the circumstances in which an investment contract is considered fully benefit responsive and provides certain reporting and disclosure requirements for fully benefit responsive investment contracts in defined contribution health and welfare and pension plans. The financial statement presentation and disclosure provisions of the FSP are effective for financial statements issued for annual periods ending after December 15, 2006 and are required to be applied retroactively to all prior periods presented for comparative purposes. The Plan has adopted the provisions of the FSP at December 31, 2006.

As required by the FSP, investments in the accompanying Statements of Net Assets Available for Benefits include fully benefit responsive investment contracts recognized at fair value. AICPA Statement of Position 94-4, *Reporting of Investment Contracts Held by Health and Welfare Benefit Plans and Defined Contribution Pension Plans*, as amended, requires fully benefit responsive investment contracts to be reported at fair value in the Plan's Statement of Net Assets Available for Benefits with a corresponding adjustment to reflect these investments at contract value. The requirements of the FSP have been applied retroactively to the Statement of Net Assets Available for Benefits as of December 31, 2005 presented for comparative purposes. Adoption of the FSP had no effect on the Statement of Changes in Net Assets Available for Benefits for any period presented.

### **Investments**

The Plan's investments are stated at fair value. The shares of registered investment companies are valued at quoted prices in an active market, which represent the net asset values of shares held by the Plan at year-end. Shares of common stock are valued at quoted prices in an active market as of the last business day of the Plan year. The Plan's investments in the American Century Stable Asset Fund, a collective fund, consist primarily of guaranteed investment contracts (GICs) sponsored by various insurance companies. The contract value of participation units owned in the collective trust fund are based on quoted redemption values, as determined by the Trustee, on the last business day of the Plan year. The fair value of participation units owned by the collective fund is determined by the fair value of the underlying investments as determined by the fund manager. The loans to participants are valued at their outstanding balances, which approximate fair value.

### **Use of Estimates**

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires Plan management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### **Administrative Expenses**

The Plan sponsor pays administrative fees other than those for recordkeeping and trustee functions. The administrative fees paid by the plan sponsor in 2006 included those for the annual audit, legal and discrimination testing. Loan administrative fees are charged to the borrowing participant's account.

### 3. Investments

During 2006, the Plan's investments appreciated in fair value as determined by quoted market prices as follows:

|   | <b>Net<br/>Appreciation<br/>in Fair Value<br/>of<br/>Investments</b> |
|---|--|
| Common stock                              | \$ 788,621   |
| Shares of registered investment companies | 4,508,619  |
|   | <b>\$ 5,297,240</b>  |

Investments that represent 5% or more of the fair value of the Plan's net assets are as follows:

|   | <b>December 31<br/>2006</b> | <b>2005</b>  |
|---|-----------------------------|--------------|
| American Century Growth Fund                        | <b>\$ 9,399,756</b>         | \$ 8,830,908 |
| American Century Ultra Fund                         | -                           | 12,288,684   |
| American Century Value Fund                         | <b>14,844,759</b>           | 11,503,729   |
| American Century Strategic Allocation Moderate Fund | -                           | 6,124,935    |
| American Century Stable Asset Fund *                | <b>12,374,648</b>           | 11,937,184   |
| American Century Income & Growth Fund               | -                           | 17,031,139   |
| J.P. Morgan Intrepid Growth Fund                    | <b>10,705,136</b>           | -            |
| UBS US Large Capital Growth Fund                    | <b>20,608,097</b>           | -            |
| The Boston Company International Core Equity Fund   | <b>6,886,368</b>            | -            |
| Astec Industries, Inc. Common Stock                 | <b>8,558,548</b>            | 8,722,585    |

\* American Century Stable Asset Fund is shown at fair value, the contract value at December 31, 2006 and 2005 is \$12,607,193 and \$12,154,598, respectively.

### 4. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

**5. Income Tax Status**

The Plan has received a determination letter from the Internal Revenue Service, dated January 17, 2003, stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the Internal Revenue Service, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Company believes the Plan is being operated in compliance with the applicable requirements of the Code and has indicated that it will take the necessary steps, if any to bring the Plans operations into compliance with the Code.

**6. Party-in-Interest Transactions**

Transactions with parties-in interest include investments in the Company's common stock, participant loans, investments in JP Morgan Funds and investments through JP Morgan Chase Bank & Trust, the trustee.

**7. Excess Participants Contributions Payable**

During 2006 and 2005, the Company determined that excess participants contributions had been made based on nondiscrimination testing performed for the Plan. Accordingly, the Plan refunded the excess participants contributions, plus or minus earnings or losses thereon, of \$106,561 and \$57,463 in 2006 and 2005, respectively, subsequent to year end to comply with the applicable requirements of the Code. These amounts are recorded as excess participants contributions payable in the accompanying Statement of Net Assets Available for Benefits.

**8. Reconciliation Between Financial Statements and Form 5500**

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

|  | <b>December<br/>31, 2006</b> |
|--|------------------------------|
| Net assets available for benefits per the financial statements | \$ 118,898,244               |
| Deemed loans not reported on Form 5500                         | (53,969)                     |
| Adjustment to report collective trust fund at fair value       | (232,545)                    |
| Net assets available for benefits per the Form 5500            | \$ 118,611,730               |

The following is a reconciliation of net income per the financial statements to the Form 5500:

|  | <b>Year Ended<br/>December<br/>31, 2006</b> |
|--|---|
| Net increase in net assets available for benefits per the financial statements | \$ 16,824,211                               |
| Deemed loans not reported on Form 5500   | (53,969)                                    |
| Adjustment to report collective trust fund at fair value                       | (232,545)                                   |
| Net income per the Form 5500   | \$ 16,537,697                               |

Supplemental Schedules

Astec Industries, Inc. 401(k) Retirement Plan  
Employer I.D. No. 62-0873631 Plan No. 001  
Schedule H Line 4(a)  
Schedule of Delinquent Participant Contributions  
For the year ended December 31, 2006

| Participant<br>Contributions<br>Transferred<br>Late to Plan | Total that<br>Constitute<br>Nonexempt<br>Transactions |
|---|---|
| \$ 10,809<br>(a)  | \$ 10,809<br>(a)                                      |
| \$154,973<br>(b)  | \$154,973<br>(b)                                      |

(a) Earnings on these contributions and loan repayments were deposited in April 2007

(b) Earnings on these contributions and loan repayments were deposited in June 2007



Astec Industries, Inc. 401(k) Retirement Plan  
Employer I.D. No. 62-0873631 Plan No. 001  
Schedule H Line 4(i)  
Schedule of Assets (Held at End of Year)  
December 31, 2006

| (a) | (b)<br>Identity of Issue, Borrower, Lessor<br>or Similar Party | (c)<br>Description of Investment                                | (e)<br>Current<br>Value |
|-----|--|---|-------------------------|
|     | American Century   | Stable Asset Fund   | \$ 12,374,648           |
|     | American Century   | Growth Fund   | 9,399,756               |
|     | American Century   | Vista Fund  | 4,513,879               |
|     | American Century   | Value Fund  | 14,844,759              |
|     | American Century   | Small Capital Value Fund  | 5,154,322               |
|     | * J.P. Morgan  | Smart Retirement Income Fund                                    | 2,329,950               |
|     | * J.P. Morgan  | Smart Retirement 2010 Fund                                      | 4,717,988               |
|     | * J.P. Morgan  | Smart Retirement 2015 Fund                                      | 4,325,616               |
|     | * J.P. Morgan  | Smart Retirement 2020 Fund                                      | 5,673,410               |
|     | * J.P. Morgan  | Smart Retirement 2030 Fund                                      | 2,237,324               |
|     | * J.P. Morgan  | Smart Retirement 2040 Fund                                      | 735,167                 |
|     | * J.P. Morgan  | Intrepid Growth Fund  | 10,705,136              |
|     | UBS  | US Large Capital Growth Fund                                    | 20,608,097              |
|     | The Boston Company   | International Core Equity Fund                                  | 6,886,368               |
|     | Schwab   | Brokerage Accounts  | 1,230,690               |
|     | * Astec Industries, Inc.                                       | Common Stock  | 8,558,548               |
|     | * Participant Notes Receivable                                 | Interest Ranges from 5.0-10.5%, maturity<br>varies through 2011 | 4,072,616               |
|     | Interest Bearing Cash  |   | 632                     |
|     |  |   | \$ 118,368,906          |

\* Indicates party-in-interest

Note: Cost information has not been included because all investments are participant directed.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this Annual Report to be signed on its behalf by the undersigned, hereunto duly authorized, in the City of Chattanooga, State of Tennessee, on June 29, 2007

ASTEC INDUSTRIES, INC.  
401(k) RETIREMENT PLAN

By /s/F. McKamy Hall  
F. McKamy Hall, Member  
Astec Industries, Inc.  
401(k) Retirement Plan Committee

Date: June 29, 2007