

VALMONT INDUSTRIES INC
Form 10-Q
July 29, 2011

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

Form 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 25, 2011

Or

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-31429

Valmont Industries, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

47-0351813

(I.R.S. Employer
Identification No.)

**One Valmont Plaza,
Omaha, Nebraska**

(Address of principal executive offices)

68154-5215

(Zip Code)

402-963-1000

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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

26,428,678

Outstanding shares of common stock as of July 20, 2011

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

PART I. FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share amounts)

(Unaudited)

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 25, 2011	June 26, 2010	June 25, 2011	June 26, 2010
Product sales	\$ 589,208	\$ 448,007	\$ 1,090,376	\$ 787,827
Services sales	79,401	33,552	146,182	61,134
Net sales	668,609	481,559	1,236,558	848,961
Product cost of sales	447,167	332,290	832,167	580,933
Services cost of sales	53,460	20,623	99,916	38,652
Cost of sales	500,627	352,913	932,083	619,585
Gross profit	167,982	128,646	304,475	229,376
Selling, general and administrative expenses	99,363	91,345	190,555	160,425
Operating income	68,619	37,301	113,920	68,951
Other income (expenses):				
Interest expense	(10,783)	(8,429)	(19,044)	(14,391)
Interest income	2,001	1,092	3,778	1,448
Other	504	47	894	(30)
	(8,278)	(7,290)	(14,372)	(12,973)
Earnings before income taxes and equity in earnings of nonconsolidated subsidiaries	60,341	30,011	99,548	55,978
Income tax expense (benefit):				
Current	24,533	17,252	37,037	23,958
Deferred	(10,982)	(5,570)	(10,198)	(2,830)
	13,551	11,682	26,839	21,128
Earnings before equity in earnings of nonconsolidated subsidiaries	46,790	18,329	72,709	34,850
Equity in earnings of nonconsolidated subsidiaries	1,201	805	2,155	919
Net earnings	47,991	19,134	74,864	35,769
Less: Earnings attributable to noncontrolling interests	(2,164)	(2,019)	(3,428)	(2,191)
Net earnings attributable to Valmont Industries, Inc.	45,827	\$ 17,115	71,436	\$ 33,578

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Earnings per share attributable to Valmont Industries, Inc. Basic	\$ 1.74	\$ 0.66	\$ 2.72	\$ 1.29
Earnings per share attributable to Valmont Industries, Inc. Diluted	\$ 1.72	\$ 0.65	\$ 2.69	\$ 1.27
Cash dividends per share	\$ 0.180	\$ 0.165	\$ 0.345	\$ 0.315
Weighted average number of shares of common stock outstanding Basic (000 omitted)	26,333	26,087	26,302	26,059
Weighted average number of shares of common stock outstanding Diluted (000 omitted)	26,585	26,448	26,561	26,434

See accompanying notes to condensed consolidated financial statements.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

(Unaudited)

	June 25, 2011	December 25, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 326,790	\$ 346,904
Receivables, net	453,066	410,566
Inventories	366,185	280,223
Prepaid expenses and other current assets	30,862	23,806
Refundable and deferred income taxes	34,850	32,727
 Total current assets	 1,211,753	 1,094,226
Property, plant and equipment, at cost	906,706	865,287
Less accumulated depreciation and amortization	458,689	425,678
 Net property, plant and equipment	 448,017	 439,609
Goodwill	322,350	314,847
Other intangible assets, net	182,740	185,535
Other assets	58,420	56,526
 Total assets	 \$ 2,223,280	 \$ 2,090,743
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current installments of long-term debt	\$ 272	\$ 238
Notes payable to banks	11,415	8,824
Accounts payable	223,948	179,814
Accrued employee compensation and benefits	65,841	75,981
Accrued expenses	75,427	77,705
Income tax payable	13,740	
Dividends payable	4,757	4,352
 Total current liabilities	 395,400	 346,914
Deferred income taxes	86,606	89,922
Long-term debt, excluding current installments	489,130	468,596
Defined benefit pension liability	100,069	104,171
Deferred compensation	31,130	23,300
Other noncurrent liabilities	45,118	47,713
Shareholders' equity:		
Preferred stock		
Authorized 500,000 shares; none issued		
Common stock of \$1 par value		
Authorized 75,000,000 shares; 27,900,000 issued	27,900	27,900
Retained earnings	927,712	850,269
Accumulated other comprehensive income	91,259	63,645

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Treasury stock	(25,288)	(25,922)
Total Valmont Industries, Inc. shareholders' equity	1,021,583	915,892
Noncontrolling interest in consolidated subsidiaries	54,244	94,235
Total shareholders' equity	1,075,827	1,010,127
Total liabilities and shareholders' equity	\$ 2,223,280	\$ 2,090,743

See accompanying notes to condensed consolidated financial statements.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

(Unaudited)

	Twenty-six Weeks Ended	
	June 25, 2011	June 26, 2010
Cash flows from operating activities:		
Net earnings	\$ 74,864	\$ 35,769
Adjustments to reconcile net earnings to net cash flow from operations:		
Depreciation and amortization	35,870	24,580
Stock-based compensation	2,618	3,168
Defined benefit pension plan expense	2,962	
Contribution to defined benefit pension plan	(10,086)	
Loss (gain) on sale of assets	(239)	123
Equity in earnings of nonconsolidated subsidiaries	(2,155)	(919)
Deferred income taxes	(10,198)	(2,830)
Other		19
Changes in assets and liabilities, net of the effects of acquisitions:		
Receivables	(31,063)	(32,071)
Inventories	(78,956)	(6,110)
Prepaid expenses	(5,628)	61
Accounts payable	38,894	11,386
Accrued expenses	(9,474)	1,669
Other noncurrent liabilities	(4,402)	7,896
Income taxes payable/refundable	16,908	11,241
Net cash flows from operating activities	19,915	53,982
Cash flows from investing activities:		
Purchase of property, plant and equipment	(27,911)	(11,025)
Proceeds from sale of assets	2,455	96
Acquisitions, net of cash acquired	(1,539)	(245,310)
Other, net	1,948	1,516
Net cash flows from investing activities	(25,047)	(254,723)
Cash flows from financing activities:		
Net borrowings (payments) under short-term agreements	2,160	(2,148)
Proceeds from long-term borrowings	187,770	491,000
Principal payments on long-term obligations	(167,230)	(133,228)
Purchase of noncontrolling interest	(25,253)	
Settlement of financial derivative	(3,568)	
Dividends paid	(8,710)	(7,892)
Dividends to noncontrolling interests	(4,958)	(3,477)
Debt issuance costs	(1,284)	(3,858)
Proceeds from exercises under stock plans	16,933	3,197
Excess tax benefits from stock option exercises	2,533	1,216

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Purchase of treasury shares	(4,802)	(877)
Purchase of common treasury shares stock plan exercises	(18,443)	(1,961)
Net cash flows from financing activities	(24,852)	341,972
Effect of exchange rate changes on cash and cash equivalents	9,870	(7,644)
Net change in cash and cash equivalents	(20,114)	133,587
Cash and cash equivalents beginning of year	346,904	180,786
Cash and cash equivalents end of period	\$ 326,790	\$ 314,373

See accompanying notes to condensed consolidated financial statements.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Dollars in thousands)

(Unaudited)

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Noncontrolling interest in consolidated subsidiaries	Total shareholders' equity
Balance at December 26, 2009	\$ 27,900	\$	\$ 767,398	\$ 16,953	\$ (25,990)	\$ 22,046	\$ 808,307
Comprehensive income:							
Net earnings			33,578			2,191	35,769
Currency translation adjustment				(30,466)		(4,189)	(34,655)
Total comprehensive income							1,114
Cash dividends (\$0.315 per share)			(8,293)				(8,293)
Dividends to noncontrolling interests						(3,477)	(3,477)
Purchase of noncontrolling interest		(1,875)				(1,520)	(3,395)
Acquisition of Delta plc						79,529	79,529
Purchase of 12,351 treasury shares					(877)		(877)
Stock options exercised; 72,075 shares issued		(2,509)	3,114		2,668		3,273
Stock plan exercises; 27,230 shares purchased					(1,961)		(1,961)
Tax benefit from exercise of stock options		1,216					1,216
Stock option expense		2,457					2,457
Stock awards; 9,088 shares issued		711			650		1,361
Balance at June 26, 2010	\$ 27,900	\$	\$ 795,797	\$ (13,513)	\$ (25,510)	\$ 94,580	\$ 879,254
Balance at December 25, 2010	\$ 27,900	\$	\$ 850,269	\$ 63,645	\$ (25,922)	\$ 94,235	\$ 1,010,127
Comprehensive income:							
Net earnings			71,436			3,428	74,864
Currency translation adjustment				31,182		2,860	34,042
Loss on cash flow hedge				(3,568)			(3,568)
Total comprehensive income							105,338
			(9,115)				(9,115)

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Cash dividends (\$0.18 per share)							
Dividends to noncontrolling interests				(4,958)			(4,958)
Purchase of noncontrolling interest	16,592			(41,845)			(25,253)
Acquisitions				524			524
Purchase of 53,847 treasury shares				(4,802)			(4,802)
Stock options exercised; 263,407 shares issued	(21,743)	15,122		23,554			16,933
Stock plan exercises; 168,573 shares purchased				(18,443)			(18,443)
Tax benefit from exercise of stock options	2,533						2,533
Stock option expense	2,467						2,467
Stock awards; 2,992 shares issued	151			325			476
Balance at June 25, 2011	\$ 27,900	\$	\$ 927,712	\$ 91,259	\$ (25,288)	\$ 54,244	\$ 1,075,827

See accompanying notes to condensed consolidated financial statements.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share amounts)

(Unaudited)

1. Summary of Significant Accounting Policies*Condensed Consolidated Financial Statements*

The Condensed Consolidated Balance Sheet as of June 25, 2011, the Condensed Consolidated Statements of Operations for the thirteen and twenty-six week periods ended June 25, 2011 and June 26, 2010, the Condensed Consolidated Statements of Cash Flows and Shareholders' Equity for the twenty-six week periods then ended have been prepared by the Company, without audit. In the opinion of management, all necessary adjustments (which include normal recurring adjustments) have been made to present fairly the financial statements as of June 25, 2011 and for all periods presented.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These Condensed Consolidated Financial Statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 2010. The accounting policies and methods of computation followed in these interim financial statements are the same as those followed in the financial statements for the year ended December 25, 2010. The results of operations for the periods ended June 25, 2011 are not necessarily indicative of the operating results for the full year.

Inventories

At June 25, 2011, approximately 37% of inventory is valued at the lower of cost, determined on the last-in, first-out (LIFO) method, or market. All other inventory is valued at the lower of cost, determined on the first-in, first-out (FIFO) method or market. Finished goods and manufactured goods inventories include the costs of acquired raw materials and related factory labor and overhead charges required to convert raw materials to manufactured and finished goods. The excess of replacement cost of inventories over the LIFO value was approximately \$54,400 and \$42,500 at June 25, 2011 and December 25, 2010, respectively.

Inventories consisted of the following:

	June 25, 2011	December 25, 2010
Raw materials and purchased parts	\$ 187,897	\$ 133,380
Work-in-process	33,529	25,891
Finished goods and manufactured goods	199,155	163,511
Subtotal	420,581	322,782
LIFO reserve	54,396	42,559
Net inventory	\$ 366,185	\$ 280,223

Stock Plans

The Company maintains stock-based compensation plans approved by the shareholders, which provide that the Human Resource Committee of the Board of Directors may grant incentive stock options, nonqualified stock options, stock appreciation rights, non-vested stock awards and bonuses of

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

1. Summary of Significant Accounting Policies (Continued)

common stock. At June 25, 2011, 856,165 shares of common stock remained available for issuance under the plans. Shares and options issued and available are subject to changes in capitalization.

Under the plans, the exercise price of each option equals the market price at the date of the grant. Options vest beginning on the first anniversary of the grant in equal amounts over three to six years or on the fifth anniversary of the grant. Expiration of grants is from six to ten years from the date of grant. The Company's compensation expense (included in selling, general and administrative expenses) and associated income tax benefits related to stock option for the thirteen and twenty-six weeks ended June 25, 2011 and June 26, 2010, respectively, were as follows:

	Thirteen Weeks Ended June 25, 2011	Thirteen Weeks Ended June 26, 2010	Twenty-six Weeks Ended June 25, 2011	Twenty-six Weeks Ended June 26, 2010
Compensation expense	\$ 1,215	\$ 1,229	\$ 2,467	\$ 2,457
Income tax benefits	468	467	950	934

Fair Value

The Company applies the provisions of Accounting Standards Codification 820, *Fair Value Measurements* ("ASC 820") which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The provisions of ASC 820 apply to other accounting pronouncements that require or permit fair value measurements. As defined in ASC 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ASC 820 establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. Inputs refers broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

Trading Securities: The assets and liabilities recorded for the investments held in the Valmont Deferred Compensation Plan represent mutual funds, invested in debt and equity securities, classified as trading securities in accordance with Accounting Standards Codification 320, *Accounting for Certain*

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

1. Summary of Significant Accounting Policies (Continued)

Investments in Debt and Equity Securities, considering the employee's ability to change investment allocation of their deferred compensation at any time. Quoted market prices are available for these securities in an active market and therefore categorized as a Level 1 input.

	Carrying Value June 25, 2011	Fair Value Measurement Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Trading Securities	\$ 19,361	\$ 19,361	\$	\$

	Carrying Value December 25, 2010	Fair Value Measurement Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Trading Securities	\$ 18,433	\$ 18,433	\$	\$

Accumulated Other Comprehensive Income (Loss)

Results of operations for foreign subsidiaries are translated using the average exchange rates during the period. Assets and liabilities are translated at the exchange rates in effect on the balance sheet dates. "Accumulated other comprehensive income (loss)" consisted of the following at June 25, 2011 and December 25, 2010:

	June 25, 2011	December 25, 2010
Foreign currency translation adjustment	\$ 64,810	\$ 34,693
Actuarial gain in defined benefit pension plan	30,017	28,952
Loss on cash flow hedge	(3,568)	
	\$ 91,259	\$ 63,645

Derivative Instrument

During the second quarter of 2011, the Company executed a contract to lock in the treasury rate related to the issuance of the \$150,000 of principal amount of senior notes due in 2020. The contract, for a notional amount of \$130,000, was executed to hedge the risk of potential fluctuations in the treasury rates which would change the amount of net proceeds received from the debt offering. As the benchmark rate component of the fixed rate debt issuance and the cash flow hedged risk is based on that same benchmark, this was deemed an effective hedge at inception. On June 8, 2011, this contract was settled with the Company paying approximately \$3,568 to the counterparty. As such, the Company has recorded the \$3,568 in accumulated other comprehensive income and will amortize this loss to interest expense as interest payments are

made over the term of the debt.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

1. Summary of Significant Accounting Policies (Continued)*Recently Issued Accounting Pronouncements*

In June 2011, the FASB issued ASU No. 2011-05, *Comprehensive Income (Topic 220)*, requiring entities to present net income and other comprehensive income in either a single continuous statement or in two separate, but consecutive, statements of net income and other comprehensive income. Reclassification adjustments between net income and other comprehensive income must be shown on the face of the statement(s), with no resulting change in net earnings. ASU 2011-05 is effective for statements issued by the Company after January 1, 2012. The Company will provide the required financial reporting presentation upon the effective date.

2. Acquisitions

On May 12, 2010, the Company acquired Delta, plc. ("Delta") a public limited company incorporated in Great Britain, and listed on the London Stock Exchange (LSE: DLTA). The price paid per share was 185 pence in cash for each Delta share, or £284,463, or \$436,736 based on the contracted average exchange rate of \$1.5353 / £. Delta has manufacturing operations employing over 2,500 people in Australia, Asia, South Africa and the United States. Delta's businesses include engineered steel products, galvanizing services and manganese materials.

The Company's pro forma results of operations for the thirteen and twenty-six weeks ended June 26, 2010, assuming that the acquisition occurred at the beginning of fiscal 2010 was as follows:

	Thirteen Weeks Ended June 26, 2010	Twenty-six Weeks Ended June 26, 2010
Net sales	\$ 545,192	\$ 1,041,379
Net earnings	29,578	37,985
Earnings per share diluted	\$ 1.14	\$ 1.46

On June 24, 2011, the Company acquired the remaining 40% of Donhad Pty. Ltd. ("Donhad") we did not own for \$25,253. As this transaction was the acquisition of the remaining shares of a consolidated subsidiary with no change in control, it was recorded within shareholders' equity. On June 1, 2011, the Company acquired 60% of an irrigation monitoring services company for \$1,539. This acquisition did not have a significant effect on the Company's fiscal 2011 financial results.

3. Goodwill and Intangible Assets

The Company's annual impairment testing of goodwill and intangible assets was performed and completed during the third quarter of 2010. As a result of that testing, it was determined that the goodwill and other intangible assets on the Company's Condensed Consolidated Balance Sheet were not impaired. The Company continues to monitor changes in the global economy and its reporting units that could impact future operating results of its reporting units and related components.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

3. Goodwill and Intangible Assets (Continued)*Amortized Intangible Assets*

The components of amortized intangible assets at June 25, 2011 and December 25, 2010 were as follows:

	As of June 25, 2011		Weighted Average Life
	Gross Carrying Amount	Accumulated Amortization	
Customer Relationships	\$ 158,589	\$ 44,459	13 years
Proprietary Software & Database	2,609	2,609	6 years
Patents & Proprietary Technology	9,710	3,156	8 years
Non-compete Agreements	1,701	1,184	6 years
	\$ 172,609	\$ 51,408	

	As of December 25, 2010		Weighted Average Life
	Gross Carrying Amount	Accumulated Amortization	
Customer Relationships	\$ 155,664	\$ 37,932	13 years
Proprietary Software & Database	2,609	2,568	6 years
Patents & Proprietary Technology	9,486	2,336	8 years
Non-compete Agreements	1,674	1,054	6 years
	\$ 169,433	\$ 43,890	

Amortization expense for intangible assets for the thirteen and twenty-six weeks ended June 25, 2011 and June 26, 2010, respectively was as follows:

	Thirteen Weeks Ended June 25, 2011	Thirteen Weeks Ended June 26, 2010	Twenty-six Weeks Ended June 25, 2011	Twenty-six Weeks Ended June 26, 2010
	\$3,664	\$2,734	\$7,196	\$4,774

	Estimated Amortization Expense
2011	\$ 14,307
2012	14,181
2013	13,287
2014	12,864
2015	11,980

The useful lives assigned to finite-lived intangible assets included consideration of factors such as the Company's past and expected experience related to customer retention rates, the remaining legal or

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

3. Goodwill and Intangible Assets (Continued)

contractual life of the underlying arrangement that resulted in the recognition of the intangible asset and the Company's expected use of the intangible asset.

Non-amortized intangible assets

Intangible assets with indefinite lives are not amortized. The carrying values of trade names at June 25, 2011 and December 25, 2010 were as follows:

	June 25, 2011	December 25, 2010
Webforge	\$ 17,190	\$ 16,478
Newmark	11,111	11,111
Ingal EPS/Ingal Civil Products	9,126	8,795
Donhad	6,884	6,635
PiRod	4,750	4,750
Industrial Galvanizers	4,803	4,632
Other	7,675	7,591
	\$ 61,539	\$ 59,992

The Company's trade names were tested for impairment separately from goodwill in the third quarter of 2010. The values of the trade names were determined using the relief-from-royalty method. Based on this evaluation, the Company determined that its trade names were not impaired.

In its determination of these intangible assets as indefinite-lived, the Company considered such factors as its expected future use of the intangible asset, legal, regulatory, technological and competitive factors that may impact the useful life or value of the intangible asset and the expected costs to maintain the value of the intangible asset. The Company expects that these intangible assets will maintain their value indefinitely. Accordingly, these assets are not amortized.

Goodwill

The carrying amount of goodwill as of June 25, 2011 was as follows:

	Engineered Infrastructure Products Segment	Utility Support Structures Segment	Coatings Segment	Irrigation Segment	Other	Total
Balance December 25, 2010	\$ 152,062	\$ 77,141	\$ 64,868	\$ 2,064	\$ 18,712	\$ 314,847
Acquisition				939		939
Foreign currency translation	5,294		710		560	6,564
Balance June 25, 2011	\$ 157,356	\$ 77,141	\$ 65,578	\$ 3,003	\$ 19,272	\$ 322,350

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

4. Cash Flows

The Company considers all highly liquid temporary cash investments purchased with a maturity of three months or less to be cash equivalents. Cash payments for interest and income taxes (net of refunds) for the twenty-six weeks ended were as follows:

	June 25, 2011	June 26, 2010
Interest	\$ 17,409	\$ 9,534
Income taxes	18,639	11,869

5. Earnings Per Share

The following table reconciles Basic and Diluted earnings per share (EPS):

	Basic EPS	Dilutive Effect of Stock Options	Diluted EPS
Thirteen weeks ended June 25, 2011:			
Net earnings attributable to Valmont Industries, Inc.	\$ 45,827		\$ 45,827
Shares outstanding	26,333	252	26,585
Per share amount	\$ 1.74	(.02)	\$ 1.72
Thirteen weeks ended June 26, 2010:			
Net earnings attributable to Valmont Industries, Inc.	\$ 17,115		\$ 17,115
Shares outstanding	26,087	361	26,448
Per share amount	\$ 0.66	(.01)	\$ 0.65
Twenty-six weeks ended June 25, 2011:			
Net earnings attributable to Valmont Industries, Inc.	\$ 71,436		\$ 71,436
Shares outstanding	26,302	259	26,561
Per share amount	\$ 2.72	(.03)	\$ 2.69
Twenty-six weeks ended June 26, 2010:			
Net earnings attributable to Valmont Industries, Inc.	\$ 33,578		\$ 33,578
Shares outstanding	26,059	375	26,434
Per share amount	\$ 1.29	(.02)	\$ 1.27

At June 25, 2011 there were 16,828 shares of outstanding stock options with exercise prices exceeding the market price of common stock that were excluded from the computation of diluted earnings per share for the thirteen and twenty-six weeks ended June 25, 2011. At June 26, 2010 there were 455,153 of outstanding stock options with exercise prices exceeding the market price of common stock that were excluded from the computation of diluted earnings per share for the thirteen and twenty-six weeks ended June 26, 2010.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

6. Long-term Debt

	June 25, 2011	December 25, 2010
6.625% Senior Unsecured Notes(a)	\$ 450,000	\$ 300,000
Unamortized premium on senior unsecured notes(a)	14,770	
6.875% Senior Subordinated Notes(b)		150,000
Revolving credit agreement(c)	14,000	8,000
IDR Bonds(d)	8,500	8,500
1.75% to 3.485% notes	2,132	2,334
Total long-term debt	489,402	468,834
Less current installments of long-term debt	272	238
Long-term debt, excluding current installments	\$ 489,130	\$ 468,596

-
- (a) The senior unsecured notes include an aggregate principal amount of \$450,000 on which interest is paid and an unamortized premium balance of \$14,770 at June 25, 2011. \$300,000 principal amount of the notes were issued in April 2010 and \$150,000 principal amount of the notes were issued in June 2011. The notes bear interest at 6.625% per annum and are due in April 2020. The premium will be amortized against interest expense as interest payments are made over the term of the notes. These notes may be repurchased at specified prepayment premiums. These notes and the senior subordinated notes are guaranteed by certain subsidiaries of the Company.
- (b) The \$150,000 of senior subordinated notes were redeemed on June 16, 2011 at a redemption price of 101.146% of the principal amount plus accrued and unpaid interest thereon. The redemption premium of approximately \$1,700 was recorded in interest expense.
- (c) The revolving credit agreement is with a group of banks for up to \$280,000. The Company may increase the credit agreement by up to an additional \$100,000 at any time, subject to the participating banks increasing the amount of their lending commitments. The interest rate on outstanding borrowings is, at the Company's option, either:
- (i) LIBOR (based on a 1, 2, 3 or 6 month interest period, as selected by the Company) plus 125 to 200 basis points (inclusive of facility fees), depending on the Company's ratio of debt to EBITDA, or;
- (ii) the higher of
- The higher of (a) the prime lending rate and (b) the Federal Funds rate plus 50 basis points plus, in each case, 25 to 100 basis points (inclusive of facility fees), depending on the Company's ratio of debt to EBITDA, or

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LIBOR (based on a 1 week interest period) plus 125 to 200 basis points (inclusive of facility fees), depending on the Company's ratio of debt to EBITDA

At June 25, 2011, the Company had \$14,000 in outstanding borrowings under the revolving credit agreement, at an annual interest rate of 1.39%, not including facility fees. The revolving

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

6. Long-term Debt (Continued)

credit agreement has a termination date of October 16, 2013 and contains certain financial covenants that may limit additional borrowing capability under the agreement. At June 25, 2011, the Company had the ability to borrow an additional \$246,869 under this facility.

(d)

The Industrial Development Revenue Bonds were issued to finance the construction of a manufacturing facility in Jasper, Tennessee. Variable interest is payable until final maturity June 1, 2025. The effective interest rates at June 25, 2011 and December 25, 2010 were .50% and .50%, respectively.

The lending agreements include certain maintenance covenants, including financial leverage and interest coverage. The Company was in compliance with all debt covenants at June 25, 2011.

The minimum aggregate maturities of long-term debt for each of the four years following 2011 are: \$334, \$14,256, \$262 and \$275.

7. Business Segments

The Company aggregates its operating segments into four reportable segments. Aggregation is based on similarity of operating segments as to economic characteristics, products, production processes, types or classes of customer and the methods of distribution. Net corporate expense is net of certain service-related expenses that are allocated to business units generally on the basis of employee headcounts and sales dollars.

Reportable segments are as follows:

ENGINEERED INFRASTRUCTURE PRODUCTS: This segment consists of the manufacture of engineered metal structures and components for the global lighting and traffic, wireless communication, roadway safety and access systems applications;

UTILITY SUPPORT STRUCTURES: This segment consists of the manufacture of engineered steel and concrete structures for the global utility industry;

COATINGS: This segment consists of galvanizing, anodizing and powder coating services on a global basis; and

IRRIGATION: This segment consists of the manufacture of agricultural irrigation equipment and related parts and services for the global agricultural industry.

In addition to these four reportable segments, the Company has other businesses and activities that individually are not more than 10% of consolidated sales. These include the manufacture of forged steel grinding media for the mining industry, tubular products for industrial customers, the electrolytic manganese dioxide for disposable batteries and the distribution of industrial fasteners and are reported in the "Other" category.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

7. Business Segments (Continued)

In the fourth quarter of 2010, the Company reorganized its segment reporting structure to reflect the management structure as a result of the acquisition of Delta plc. The main business units of Delta are organized as follows in the reportable segment structure:

Engineered Infrastructure Products segment includes Delta's lighting, communication, access systems and roadway safety products;

Coatings segment includes Delta's galvanizing operations in the U.S., Australia and Asia;

Delta's forged steel grinding media and electrolytic manganese dioxide operations are included an "Other", and;

Delta's management administration expenses are included in "Net corporate expense".

Fiscal 2010 figures have been reclassified to conform to the fiscal 2011 presentation.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

7. Business Segments (Continued)

The accounting policies of the reportable segments are the same as those described in Note 1. The Company evaluates the performance of its business segments based upon operating income and invested capital. The Company does not allocate interest expense, non-operating income and deductions, or income taxes to its business segments.

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 25, 2011	June 26, 2010	June 25, 2011	June 26, 2010
Sales:				
Engineered Infrastructure Products segment:				
Lighting & Traffic	\$ 145,538	\$ 117,375	\$ 262,849	\$ 205,486
Communication Structures	28,297	28,248	48,720	47,143
Access Systems	32,582	17,729	63,778	17,729
Engineered Infrastructure Products segment	206,417	163,352	375,347	270,358
Utility Support Structures segment				
Steel	123,221	101,834	233,119	200,907
Concrete	13,339	13,004	29,088	27,159
Utility Support Structures segment	136,560	114,838	262,207	228,066
Coatings segment	84,161	54,441	157,611	82,371
Irrigation segment	183,701	112,159	334,749	220,798
Other	84,121	47,996	158,107	70,285
Total	694,960	492,786	1,288,021	871,878
Intersegment Sales:				
Engineered Infrastructure Products segment	5,480	674	11,424	1,776
Utility Support Structures segment	1,951	336	2,259	635
Coatings segment	10,926	6,453	22,431	12,217
Irrigation segment	5	3	8	6
Other	7,989	3,761	15,341	8,283
Total	26,351	11,227	51,463	22,917
Net Sales:				
Engineered Infrastructure Products segment	200,937	162,678	363,923	268,582
Utility Support Structures segment	134,609	114,502	259,948	227,431
Coatings segment	73,235	47,988	135,180	70,154
Irrigation segment	183,696	112,156	334,741	220,792
Other	76,132	44,235	142,766	62,002
Total	\$ 668,609	\$ 481,559	\$ 1,236,558	\$ 848,961
Operating Income (Loss):				
Engineered Infrastructure Products segment	\$ 11,515	\$ 12,082	\$ 13,718	\$ 14,693
Utility Support Structures segment	12,984	12,542	26,483	27,248
Coatings segment	15,070	9,884	25,362	14,416
Irrigation segment	32,964	16,596	56,858	31,994
Other	11,380	8,708	20,294	12,972

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Net corporate expense	(15,294)	(22,511)	(28,795)	(32,372)
Total	\$ 68,619	\$ 37,301	\$ 113,920	\$ 68,951

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

8. Guarantor/Non-Guarantor Financial Information

On April 8, 2010, the Company issued \$300,000 of senior unsecured notes at a coupon interest rate of 6.625% per annum. In June 2011, the Company issued an additional \$150,000 principal amount of these notes to redeem the Senior Subordinated Notes that were issued in 2004. The notes are guaranteed, jointly, severally, fully and unconditionally by certain of the Company's current and future direct and indirect domestic and foreign subsidiaries (collectively the "Guarantors"), excluding its other current domestic and foreign subsidiaries which do not guarantee the debt (collectively referred to as the "Non-Guarantors"). All Guarantors are 100% owned by the parent company.

On May 4, 2004, the Company completed a \$150,000 offering of 6⁷/₈% Senior Subordinated Notes. The notes were redeemed on June 16, 2011 at a redemption price of 101.146% of the principal amount plus accrued and unpaid interest thereon. The notes were guaranteed, jointly, severally, fully and unconditionally, on a senior subordinated basis by the Guarantors.

Condensed consolidated financial information for the Company ("Parent"), the Guarantor subsidiaries and the Non-Guarantor subsidiaries is as follows:

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Thirteen Weeks Ended June 25, 2011

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	\$ 302,497	\$ 87,273	\$ 324,846	\$ (46,007)	\$ 668,609
Cost of sales	223,712	68,513	254,565	(46,163)	500,627
Gross profit	78,785	18,760	70,281	156	167,982
Selling, general and administrative expenses	41,144	11,510	46,709		99,363
Operating income	37,641	7,250	23,572	156	68,619
Other income (expense):					
Interest expense	(10,676)		(107)		(10,783)
Interest income	39		1,962		2,001
Other	(179)	19	664		504
	(10,816)	19	2,519		(8,278)
Earnings before income taxes and equity in earnings/(losses) of nonconsolidated subsidiaries	26,825	7,269	26,091	156	60,341
Income tax expense (benefit):					
Current	12,863	3,172	8,498		24,533
Deferred	(3,970)	(707)	(6,305)		(10,982)
	8,893	2,465	2,193		13,551
Earnings before equity in earnings/(losses) of nonconsolidated subsidiaries	17,932	4,804	23,898	156	46,790
Equity in earnings/(losses) of nonconsolidated subsidiaries	27,895	13,970	1,234	(41,898)	1,201

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Net Earnings	45,827	18,774	25,132	(41,742)	47,991
Less: Earnings attributable to noncontrolling interests			(2,164)		(2,164)
Net Earnings attributable to Valmont Industries, Inc.	\$ 45,827	\$ 18,774	\$ 22,968	\$ (41,742)	\$ 45,827

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

8. Guarantor/Non-Guarantor Financial Information (Continued)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Twenty-six Weeks Ended June 25, 2011

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	\$ 565,143	\$ 161,114	\$ 594,915	\$ (84,614)	\$ 1,236,558
Cost of sales	422,015	126,819	467,950	(84,701)	932,083
Gross profit	143,128	34,295	126,965	87	304,475
Selling, general and administrative expenses	78,253	22,261	90,041		190,555
Operating income	64,875	12,034	36,924	87	113,920
Other income (expense):					
Interest expense	(18,855)		(189)		(19,044)
Interest income	34		3,744		3,778
Other	192	30	672		894
	(18,629)	30	4,227		(14,372)
Earnings before income taxes and equity in earnings/(losses) of nonconsolidated subsidiaries	46,246	12,064	41,151	87	99,548
Income tax expense (benefit):					
Current	19,352	5,276	12,409		37,037
Deferred	(3,910)	(968)	(5,320)		(10,198)
	15,442	4,308	7,089		26,839
Earnings before equity in earnings/(losses) of nonconsolidated subsidiaries	30,804	7,756	34,062	87	72,709
Equity in earnings/(losses) of nonconsolidated subsidiaries	40,632	20,337	2,120	(60,934)	2,155
Net Earnings	71,436	28,093	36,182	(60,847)	74,864
Less: Earnings attributable to noncontrolling interests			(3,428)		(3,428)
Net Earnings attributable to Valmont Industries, Inc.	\$ 71,436	\$ 28,093	\$ 32,754	\$ (60,847)	\$ 71,436

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

8. Guarantor/Non-Guarantor Financial Information (Continued)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Thirteen Weeks Ended June 26, 2010

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	\$ 217,433	\$ 68,299	\$ 228,568	\$ (32,741)	\$ 481,559
Cost of sales	161,324	51,803	172,746	(32,960)	352,913
Gross profit	56,109	16,496	55,822	219	128,646
Selling, general and administrative expenses	46,088	11,206	34,051		91,345
Operating income	10,021	5,290	21,771	219	37,301
Other income (expense):					
Interest expense	(7,929)	(187)	(313)		(8,429)
Interest income	101	27	964		1,092
Other	64	(525)	508		47
	(7,764)	(685)	1,159		(7,290)
Earnings before income taxes and equity in earnings/(losses) of nonconsolidated subsidiaries	2,257	4,605	22,930	219	30,011
Income tax expense (benefit):					
Current	8,240	1,766	7,246		17,252
Deferred	(4,503)	(256)	(811)		(5,570)
	3,737	1,510	6,435		11,682
Earnings before equity in earnings/(losses) of nonconsolidated subsidiaries	(1,480)	3,095	16,495	219	18,329
Equity in earnings/(losses) of nonconsolidated subsidiaries	18,595	4,326	362	(22,478)	805
Net Earnings	17,115	7,421	16,857	(22,259)	19,134
Less: Earnings attributable to noncontrolling interests			(2,019)		(2,019)
Net Earnings attributable to Valmont Industries, Inc.	\$ 17,115	\$ 7,421	\$ 14,838	\$ (22,259)	\$ 17,115

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

8. Guarantor/Non-Guarantor Financial Information (Continued)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Twenty-six Weeks Ended June 26, 2010

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	\$ 416,521	\$ 132,763	\$ 360,060	\$ (60,383)	\$ 848,961
Cost of sales	308,597	100,732	271,289	(61,033)	619,585
Gross profit	107,924	32,031	88,771	650	229,376
Selling, general and administrative expenses	81,780	22,639	56,006		160,425
Operating income	26,144	9,392	32,765	650	68,951
Other income (expense):					
Interest expense	(13,683)	(187)	(521)		(14,391)
Interest income	112	27	1,309		1,448
Other	222	(500)	248		(30)
	(13,349)	(660)	1,036		(12,973)
Earnings before income taxes and equity in earnings/(losses) of nonconsolidated subsidiaries	12,795	8,732	33,801	650	55,978
Income tax expense (benefit):					
Current	11,043	3,360	9,555		23,958
Deferred	(2,918)	(285)	373		(2,830)
	8,125	3,075	9,928		21,128
Earnings before equity in earnings/(losses) of nonconsolidated subsidiaries	4,670	5,657	23,873	650	34,850
Equity in earnings/(losses) of nonconsolidated subsidiaries	28,908	4,326	362	(32,677)	919
Net Earnings	33,578	9,983	24,235	(32,027)	35,769
Less: Earnings attributable to noncontrolling interests			(2,191)		(2,191)
Net Earnings attributable to Valmont Industries, Inc.	\$ 33,578	\$ 9,983	\$ 22,044	\$ (32,027)	\$ 33,578

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

8. Guarantor/Non-Guarantor Financial Information (Continued)

CONDENSED CONSOLIDATED BALANCE SHEETS

June 25, 2011

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 8,269	\$ 481	\$ 318,040	\$	\$ 326,790
Receivables, net	122,808	47,872	282,386		453,066
Inventories	105,230	47,349	213,606		366,185
Prepaid expenses	4,748	977	25,137		30,862
Refundable and deferred income taxes	15,971	3,662	15,217		34,850
Total current assets	257,026	100,341	854,386		1,211,753
Property, plant and equipment, at cost	416,545	104,750	385,411		906,706
Less accumulated depreciation and amortization	277,747	52,703	128,239		458,689
Net property, plant and equipment	138,798	52,047	257,172		448,017
Goodwill	20,108	107,542	194,700		322,350
Other intangible assets	742	65,334	116,664		182,740
Investment in subsidiaries and intercompany accounts	1,245,517	604,337	(7,420)	(1,842,434)	
Other assets	29,584		28,836		58,420
Total assets	\$ 1,691,775	\$ 929,601	\$ 1,444,338	\$ (1,842,434)	\$ 2,223,280
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current installments of long-term debt	\$ 187	\$	\$ 85	\$	\$ 272
Notes payable to banks			11,415		11,415
Accounts payable	73,698	18,304	145,686		237,688
Accrued expenses	56,903	8,983	75,382		141,268
Dividends payable	4,757				4,757
Total current liabilities	135,545	27,287	232,568		395,400
Deferred income taxes	16,687	25,101	44,818		86,606
Long-term debt, excluding current installments	488,094		1,036		489,130
Other noncurrent liabilities	29,866		146,451		176,317
Shareholders' equity:					
Common stock of \$1 par value	27,900	457,950	2,582	(460,532)	27,900
Additional paid-in capital		181,542	156,188	(337,730)	
Retained earnings	927,712	237,721	709,050	(946,771)	927,712
Accumulated other comprehensive income (loss)	91,259		97,401	(97,401)	91,259
Treasury stock	(25,288)				(25,288)

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Total Valmont Industries, Inc. shareholders' equity	1,021,583	877,213	956,221	(1,842,434)	1,021,583
Noncontrolling interest in consolidated subsidiaries			54,244		54,244
Total shareholders' equity	1,021,583	877,213	1,019,465	(1,842,434)	1,075,827
Total liabilities and shareholders' equity	\$ 1,691,775	\$ 929,601	\$ 1,444,338	\$ (1,842,434)	\$ 2,223,280

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

8. Guarantor/Non-Guarantor Financial Information (Continued)

CONSOLIDATED BALANCE SHEETS

December 25, 2010

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 8,015	\$ 619	\$ 338,270	\$	\$ 346,904
Receivables, net	106,181	50,663	253,722		410,566
Inventories	63,887	32,030	184,306		280,223
Prepaid expenses	3,478	920	19,408		23,806
Refundable and deferred income taxes	14,978	2,597	15,152		32,727
Total current assets	196,539	86,829	810,858		1,094,226
Property, plant and equipment, at cost	413,149	98,019	354,119		865,287
Less accumulated depreciation and amortization	269,831	50,406	105,441		425,678
Net property, plant and equipment	143,318	47,613	248,678		439,609
Goodwill	20,108	107,542	187,197		314,847
Other intangible assets	823	68,310	116,402		185,535
Investment in subsidiaries and intercompany accounts	1,146,364	587,231	30,017	(1,742,468)	21,144
Other assets	24,426		10,956		35,382
Total assets	\$ 1,531,578	\$ 897,525	\$ 1,404,108	\$ (1,742,468)	\$ 2,090,743
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current installments of long-term debt	\$ 187	\$	\$ 51	\$	\$ 238
Notes payable to banks			8,824		8,824
Accounts payable	45,854	15,254	118,706		179,814
Accrued expenses	54,368	8,147	91,171		153,686
Dividends payable	4,352				4,352
Total current liabilities	104,761	23,401	218,752		346,914
Deferred income taxes	16,083	25,004	48,835		89,922
Long-term debt, excluding current installments	467,511		1,085		468,596
Other noncurrent liabilities	27,331		147,853		175,184
Commitments and contingencies					
Shareholders' equity:					
Common stock of \$1 par value	27,900	457,950	2,582	(460,532)	27,900
Additional paid-in capital		181,542	156,188	(337,730)	
Retained earnings	850,269	209,628	670,933	(880,561)	850,269
Accumulated other comprehensive income	63,645		63,645	(63,645)	63,645
Treasury stock	(25,922)				(25,922)

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Total Valmont Industries, Inc. shareholders' equity	915,892	849,120	893,348	(1,742,468)	915,892
Noncontrolling interest in consolidated subsidiaries			94,235		94,235
Total shareholders' equity	915,892	849,120	987,583	(1,742,468)	1,010,127
Total liabilities and shareholders' equity	\$ 1,531,578	\$ 897,525	\$ 1,404,108	\$ (1,742,468)	\$ 2,090,743

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

8. Guarantor/Non-Guarantor Financial Information (Continued)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Twenty-six Weeks Ended June 25, 2011

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Cash flows from operations:					
Net earnings	\$ 71,436	\$ 28,093	\$ 36,182	\$ (60,847)	\$ 74,864
Adjustments to reconcile net earnings to net cash flow from operations:					
Depreciation	9,982	6,147	19,741		35,870
Stock-based compensation	2,618				2,618
Defined benefit pension plan expense			2,962		2,962
Contribution to defined benefit pension plan			(10,086)		(10,086)
Loss (gain) on sale of assets	(216)		(23)		(239)
Equity in earnings of nonconsolidated subsidiaries	(34)		(2,121)		(2,155)
Deferred income taxes	(3,910)	(968)	(5,320)		(10,198)
Other					
Changes in assets and liabilities:					
Receivables	(16,627)	2,791	(17,227)		(31,063)
Inventories	(41,343)	(15,317)	(22,296)		(78,956)
Prepaid expenses	(1,270)	(57)	(4,301)		(5,628)
Accounts payable	14,104	3,050	21,740		38,894
Accrued expenses	2,860	836	(13,170)		(9,474)
Other noncurrent liabilities	(5,438)		1,036		(4,402)
Income taxes payable/refundable	27,822		(10,914)		16,908
Net cash flows from operations	59,984	24,575	(3,797)	(60,847)	19,915
Cash flows from investing activities:					
Purchase of property, plant and equipment	(4,644)	(7,604)	(15,663)		(27,911)
Proceeds from sale of assets	14	13	2,428		2,455
Acquisitions, net of cash acquired			(1,539)		(1,539)
Other, net	(58,343)	(17,122)	16,566	60,847	1,948
Net cash flows from investing activities	(62,973)	(24,713)	1,792	60,847	(25,047)
Cash flows from financing activities:					
Net borrowings (repayments) under short-term agreements			2,160		2,160
Proceeds from long-term borrowings	187,770				187,770
Principal payments on long-term obligations	(167,186)		(44)		(167,230)
Purchase of noncontrolling interest			(25,253)		(25,253)
Settlement of financial derivative	(3,568)				(3,568)
Dividends paid	(8,710)				(8,710)
Dividends to noncontrolling interests			(4,958)		(4,958)
Debt issue fees	(1,284)				(1,284)
Proceeds from exercises under stock plans	16,933				16,933
Excess tax benefits from stock option exercises	2,533				2,533

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Purchase of treasury shares	(4,802)			(4,802)
Purchase of common treasury shares stock plan exercises	(18,443)			(18,443)
Net cash flows from financing activities	3,243		(28,095)	(24,852)
Effect of exchange rate changes on cash and cash equivalents			9,870	9,870
Net change in cash and cash equivalents	254	(138)	(20,230)	(20,114)
Cash and cash equivalents beginning of year	8,015	619	338,270	346,904
Cash and cash equivalents end of period	\$ 8,269	\$ 481	\$ 318,040	\$ 326,790

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

8. Guarantor/Non-Guarantor Financial Information (Continued)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Twenty-Six Weeks Ended June 26, 2010

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Cash flows from operations:					
Net earnings	\$ 33,578	\$ 9,983	\$ 24,235	\$ (32,027)	\$ 35,769
Adjustments to reconcile net earnings to net cash flow from operations:					
Depreciation	9,994	6,372	8,214		24,580
Stock-based compensation	3,168				3,168
Loss on sale of assets	7	7	109		123
Equity in earnings of nonconsolidated subsidiaries	(557)		(362)		(919)
Deferred income taxes	(2,918)	(285)	373		(2,830)
Other adjustments			19		19
Changes in assets and liabilities:					
Receivables	(18,581)	12,224	(25,714)		(32,071)
Inventories	2,390	4,779	(12,629)	(650)	(6,110)
Prepaid expenses	(2,030)	(281)	2,372		61
Accounts payable	6,250	(1,426)	6,562		11,386
Accrued expenses	(2,419)	7,007	(2,919)		1,669
Other noncurrent liabilities	(341)		8,237		7,896
Income taxes payable/refundable	(4,178)	14,923	496		11,241
Net cash flows from operations	24,363	53,303	8,993	(32,677)	53,982
Cash flows from investing activities:					
Purchase of property, plant and equipment	(5,469)	(589)	(4,967)		(11,025)
Proceeds from sale of assets	10	3	83		96
Acquisitions, gross of cash acquired		(436,736)	(7,383)		(444,119)
Cash acquired through acquisitions			198,809		198,809
Other, net	14,520	(40,113)	(5,568)	32,677	1,516
Net cash flows from investing activities	9,061	(477,435)	180,974	32,677	(254,723)
Cash flows from financing activities:					
Net repayments under short-term agreements		(6)	(2,142)		(2,148)
Proceeds from long-term borrowings	491,000				491,000
Principal payments on long-term obligations	(133,228)				(133,228)
Debt issue costs	(3,858)				(3,858)
Activity under intercompany note	(443,702)	443,702			
Dividends paid	(7,892)				(7,892)
Dividends to noncontrolling interests			(3,477)		(3,477)
Proceeds from exercises under stock plans	3,197				3,197
Excess tax benefits from stock option exercises	1,216				1,216
Purchase of treasury shares	(2,676)		1,799		(877)
Purchase of common treasury shares stock plan exercises	(1,961)				(1,961)

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Net cash flows from financing activities	(97,904)	443,696	(3,820)	341,972
Effect of exchange rate changes on cash and cash equivalents			(7,644)	(7,644)
Net change in cash and cash equivalents	(64,480)	19,564	178,503	133,587
Cash and cash equivalents beginning of year	82,017	1,666	97,103	180,786
Cash and cash equivalents end of period	\$ 17,537	\$ 21,230	\$ 275,606	\$ 314,373

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**VALMONT INDUSTRIES, INC. AND SUBSIDIARIES
PART 1. FINANCIAL INFORMATION**

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's discussion and analysis contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on assumptions that management has made in light of experience in the industries in which the Company operates, as well as management's perceptions of historical trends, current conditions, expected future developments and other factors believed to be appropriate under the circumstances. These statements are not guarantees of performance or results. They involve risks, uncertainties (some of which are beyond the Company's control) and assumptions. Management believes that these forward-looking statements are based on reasonable assumptions. Many factors could affect the Company's actual financial results and cause them to differ materially from those anticipated in the forward-looking statements. These factors include, among other things, risk factors described from time to time in the Company's reports to the Securities and Exchange Commission, as well as future economic and market circumstances, industry conditions, company performance and financial results, operating efficiencies, availability and price of raw materials, availability and market acceptance of new products, product pricing, domestic and international competitive environments, and actions and policy changes of domestic and foreign governments.

This discussion should be read in conjunction with the financial statements and the notes thereto, and the management's discussion and analysis, included in the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 2010.

In the fourth quarter of 2010, we reorganized our segment reporting structure to reflect our management structure as a result of the acquisition of Delta plc. The main business units of Delta are organized as follows in our segment structure:

Engineered Infrastructure Products (previously referred to as Engineered Support Structures) segment includes Delta's lighting, communication, access systems and roadway safety products;

Coatings segment includes Delta's galvanizing operations in the U.S., Australia and Asia;

Delta's forged steel grinding media and electrolytic manganese dioxide operations are included an "Other", and;

Delta's management administration expenses are included in "Net corporate expense".

We reclassified fiscal 2010 to conform to the fiscal 2011 presentation.

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Dollars in millions, except per share amounts

	Thirteen Weeks Ended			Twenty-six Weeks Ended		
	June 25, 2011	June 26, 2010	% Incr. (Decr.)	June 25, 2011	June 26, 2010	% Incr. (Decr.)
Consolidated						
Net sales	\$ 668.6	\$ 481.6	38.8%	\$ 1,236.6	\$ 849.0	45.7%
Gross profit	168.0	128.6	30.6%	304.5	229.4	32.7%
<i>as a percent of sales</i>	<i>25.1%</i>	<i>26.7%</i>		<i>24.6%</i>	<i>27.0%</i>	