

VALMONT INDUSTRIES INC
Form 10-Q
July 27, 2012

**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 30, 2012

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 1-31429

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 Sections 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 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 definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer

Accelerated filer

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

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

26,599,305

Outstanding shares of common stock as of July 24, 2012

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

PART I. FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(Dollars in thousands, except per share amounts)

(Unaudited)

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 30, 2012	June 25, 2011	June 30, 2012	June 25, 2011
Product sales	\$ 688,693	\$ 589,208	\$ 1,330,680	\$ 1,090,376
Services sales	78,622	79,401	153,985	146,182
Net sales	767,315	668,609	1,484,665	1,236,558
Product cost of sales	519,438	447,167	1,002,146	832,167
Services cost of sales	48,482	53,460	96,810	99,916
Total cost of sales	567,920	500,627	1,098,956	932,083
Gross profit	199,395	167,982	385,709	304,475
Selling, general and administrative expenses	102,043	99,363	205,539	190,555
Operating income	97,352	68,619	180,170	113,920
Other income (expenses):				
Interest expense	(7,421)	(10,783)	(15,228)	(19,044)
Interest income	1,910	2,001	3,988	3,778
Other	(1,977)	504	(400)	894
	(7,488)	(8,278)	(11,640)	(14,372)
Earnings before income taxes and equity in earnings of nonconsolidated subsidiaries	89,864	60,341	168,530	99,548
Income tax expense (benefit):				
Current	35,985	24,533	63,014	37,037
Deferred	(5,193)	(10,982)	(4,456)	(10,198)
	30,792	13,551	58,558	26,839
Earnings before equity in earnings of nonconsolidated subsidiaries	59,072	46,790	109,972	72,709
Equity in earnings of nonconsolidated subsidiaries	2,087	1,201	3,775	2,155
Net earnings	61,159	47,991	113,747	74,864
Less: Earnings attributable to noncontrolling interests	(1,179)	(2,164)	(1,442)	(3,428)
Net earnings attributable to Valmont Industries, Inc.	\$ 59,980	\$ 45,827	\$ 112,305	\$ 71,436
Earnings per share:				
Basic	\$ 2.27	\$ 1.74	\$ 4.25	\$ 2.72
Diluted	\$ 2.24	\$ 1.72	\$ 4.20	\$ 2.69

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Cash dividends declared per share	\$	0.225	\$	0.180	\$	0.405	\$	0.345
Weighted average number of shares of common stock outstanding Basic (000 omitted)		26,467		26,333		26,432		26,302
Weighted average number of shares of common stock outstanding Diluted (000 omitted)		26,758		26,585		26,718		26,561

See accompanying notes to condensed consolidated financial statements.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in thousands)

(Unaudited)

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 30, 2012	June 25, 2011	June 30, 2012	June 25, 2011
Net earnings	\$ 61,159	\$ 47,991	\$ 113,747	\$ 74,864
Other comprehensive income, net of tax:				
Foreign currency translation adjustments:				
Unrealized translation gains (losses)	(30,821)	10,906	(1,259)	32,977
Actuarial gain (loss) in defined benefit pension plan	(1,238)	(346)	633	1,065
(Loss) and amortization of loss on cash flow hedge	100	(3,568)	200	(3,568)
Other comprehensive income (loss)	(31,959)	6,992	(426)	30,474
Comprehensive income	29,200	54,983	113,321	105,338
Comprehensive loss (income) attributable to noncontrolling interests	2,533	(3,046)	(2,481)	(6,288)
Comprehensive income attributable to Valmont Industries, Inc.	\$ 31,733	\$ 51,937	\$ 110,840	\$ 99,050

See accompanying notes to condensed consolidated financial statements.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except shares and per share amounts)

(Unaudited)

	June 30, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 328,381	\$ 362,894
Receivables, net	489,371	426,683
Inventories	441,296	393,782
Prepaid expenses	29,772	25,765
Refundable and deferred income taxes	43,999	43,819
 Total current assets	 1,332,819	 1,252,943
 Property, plant and equipment, at cost	 941,725	 911,642
Less accumulated depreciation and amortization	476,033	456,765
 Net property, plant and equipment	 465,692	 454,877
 Goodwill	 312,777	 314,662
Other intangible assets	161,965	168,083
Other assets	123,496	115,511
 Total assets	 \$ 2,396,749	 \$ 2,306,076
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current installments of long-term debt	\$ 248	\$ 235
Notes payable to banks	17,374	11,403
Accounts payable	222,216	234,537
Accrued employee compensation and benefits	78,796	83,613
Accrued expenses	77,155	73,515
Dividends payable	5,985	4,767
 Total current liabilities	 401,774	 408,070
 Deferred income taxes	 79,217	 85,497
Long-term debt, excluding current installments	473,592	474,415
Defined benefit pension liability	60,182	68,024
Deferred compensation	32,817	30,741
Other noncurrent liabilities	41,328	41,418
Shareholders' equity:		
Preferred stock of \$1 par value		
Authorized 500,000 shares; none issued		
Common stock of \$1 par value		
Authorized 75,000,000 shares; 27,900,000 issued		
	27,900	27,900
Retained earnings	1,186,603	1,079,698
Accumulated other comprehensive income	62,587	64,052
Treasury stock	(23,316)	(24,688)

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Total Valmont Industries, Inc. shareholders' equity	1,253,774	1,146,962
Noncontrolling interest in consolidated subsidiaries	54,065	50,949
Total shareholders' equity	1,307,839	1,197,911
Total liabilities and shareholders' equity	\$ 2,396,749	\$ 2,306,076

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 30, 2012	June 25, 2011
Cash flows from operating activities:		
Net earnings	\$ 113,747	\$ 74,864
Adjustments to reconcile net earnings to net cash flows from operations:		
Depreciation and amortization	34,367	35,870
Stock-based compensation	3,067	2,618
Defined benefit pension plan expense	2,050	2,962
Contribution to defined benefit pension plan	(10,750)	(10,086)
Gain on sale of property, plant and equipment	(164)	(239)
Equity in earnings in nonconsolidated subsidiaries	(3,775)	(2,155)
Deferred income taxes	(4,456)	(10,198)
Changes in assets and liabilities:		
Receivables	(69,922)	(31,063)
Inventories	(48,498)	(78,956)
Prepaid expenses	(4,060)	(5,628)
Accounts payable	1,976	38,894
Accrued expenses	(621)	(9,474)
Other noncurrent liabilities	(408)	(4,402)
Income taxes payable	(16,090)	16,908
Net cash flows from operating activities	(3,537)	19,915
Cash flows from investing activities:		
Purchase of property, plant and equipment	(39,221)	(27,911)
Proceeds from sale of assets	4,867	2,455
Acquisitions, net of cash acquired		(1,539)
Other, net	1,837	1,948
Net cash flows from investing activities	(32,517)	(25,047)
Cash flows from financing activities:		
Net borrowings under short-term agreements	5,931	2,160
Proceeds from long-term borrowings	39,126	187,770
Principal payments on long-term borrowings	(39,232)	(167,230)
Purchase of noncontrolling interest		(25,253)
Proceeds from sale of partial ownership interest	1,404	
Settlement of financial derivative		(3,568)
Dividends paid	(9,545)	(8,710)
Dividends to noncontrolling interest	(1,379)	(4,958)
Debt issuance costs		(1,284)
Proceeds from exercises under stock plans	15,153	16,933
Excess tax benefits from stock option exercises	3,211	2,533
Purchase of treasury shares		(4,802)
Purchase of common treasury shares stock plan exercises	(14,086)	(18,443)

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Net cash flows from financing activities	583	(24,852)
Effect of exchange rate changes on cash and cash equivalents	958	9,870
Net change in cash and cash equivalents	(34,513)	(20,114)
Cash and cash equivalents beginning of year	362,894	346,904
Cash and cash equivalents end of period	\$ 328,381	\$ 326,790

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 25, 2010	\$ 27,900	\$	\$ 850,269	\$ 63,645	\$ (25,922)	\$ 94,235	\$ 1,010,127
Net earnings			71,436			3,428	74,864
Other comprehensive income				27,614		2,860	30,474
Cash dividends declared			(9,115)				(9,115)
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 plan exercises; 168,573 shares acquired					(18,443)		(18,443)
Stock options exercised; 263,407 shares issued		(21,743)	15,122		23,554		16,933
Tax benefit from stock option exercises		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
Balance at December 31, 2011	\$ 27,900	\$	\$ 1,079,698	\$ 64,052	\$ (24,688)	\$ 50,949	\$ 1,197,911
Net earnings			112,305			1,442	113,747
Other comprehensive income (loss)				(1,465)		1,039	(426)
Cash dividends declared			(10,763)				(10,763)
Dividends to noncontrolling interests						(1,379)	(1,379)
Sale of partial ownership interest		(610)				2,014	1,404
Stock plan exercises; 119,928 shares acquired					(14,086)		(14,086)
Stock options exercised; 230,141 shares issued		(5,576)	5,363		15,366		15,153
Tax benefit from stock option exercises		3,211					3,211
Stock option expense		2,490					2,490
Stock awards; 402 shares issued		485			92		577

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Balance at June 30, 2012 \$ 27,900 \$ \$ 1,186,603 \$ 62,587 \$ (23,316) \$ 54,065 \$ 1,307,839

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 30, 2012, the Condensed Consolidated Statements of Earnings and Comprehensive Income for the thirteen and twenty-six week periods ended June 30, 2012 and June 25, 2011, and 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 30, 2012 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 31, 2011. 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 31, 2011. The results of operations for the period ended June 30, 2012 are not necessarily indicative of the operating results for the full year.

Inventories

Approximately 39% and 40% of inventory is valued at the lower of cost, determined on the last-in, first-out (LIFO) method, or market as of June 30, 2012 and December 31, 2011, respectively. 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 is approximately \$48,562 and \$49,536 at June 30, 2012 and December 31, 2011, respectively.

Inventories consisted of the following:

	June 30, 2012	December 31, 2011
Raw materials and purchased parts	\$ 220,974	\$ 202,953
Work-in-process	39,356	28,053
Finished goods and manufactured goods	229,528	212,312
Subtotal	489,858	443,318
Less: LIFO reserve	48,562	49,536
	\$ 441,296	\$ 393,782

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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)*Income Taxes*

Earnings before income taxes and equity in earnings of nonconsolidated subsidiaries for the thirteen and twenty-six weeks ended June 30, 2012 and June 25, 2011, were as follows:

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	2012	2011	2012	2011
United States	\$ 68,132	\$ 36,203	\$ 130,827	\$ 62,320
Foreign	21,732	24,138	37,703	37,228
	\$ 89,864	\$ 60,341	\$ 168,530	\$ 99,548

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 common stock. At June 30, 2012, 623,496 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 closing 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 options for the thirteen and twenty-six weeks ended June 30, 2012 and June 25, 2011, respectively, were as follows:

	Thirteen Weeks	Thirteen Weeks	Twenty-six Weeks	Twenty-six Weeks
	Ended	Ended	Ended	Ended
	June 30, 2012	June 25, 2011	June 30, 2012	June 25, 2011
Compensation expense	\$ 1,245	\$ 1,215	\$ 2,490	\$ 2,467
Income tax benefits	479	468	959	950

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.

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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)

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 refer 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 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 30, 2012	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	\$ 21,342	\$ 21,342	\$	\$

	Carrying Value December 31, 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	\$ 19,152	\$ 19,152	\$	\$

Comprehensive Income

Comprehensive income includes net income, currency translation adjustments, certain derivative-related activity and changes in net actuarial gains/losses from a pension plan. Results of operations for foreign subsidiaries are translated using the average exchange rates during the period. Assets and

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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)

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 30, 2012 and December 31, 2011:

	June 30, 2012	December 31, 2011
Foreign currency translation adjustment	\$ 13,772	\$ 16,070
Actuarial gain in defined benefit pension plan	51,950	51,317
Loss on cash flow hedge, net of amortization	(3,135)	(3,335)
	\$ 62,587	\$ 64,052

2. Goodwill and Intangible Assets*Amortized Intangible Assets*

The components of amortized intangible assets at June 30, 2012 and December 31, 2011 were as follows:

	June 30, 2012		
	Gross Carrying Amount	Accumulated Amortization	Weighted Average Life
Customer Relationships	\$ 156,310	\$ 56,317	13 years
Proprietary Software & Database	3,066	2,746	6 years
Patents & Proprietary Technology	9,556	4,650	8 years
Non-compete Agreements	1,788	1,428	6 years
	\$ 170,720	\$ 65,141	

	December 31, 2011		
	Gross Carrying Amount	Accumulated Amortization	Weighted Average Life
Customer Relationships	\$ 155,629	\$ 50,107	13 years
Proprietary Software & Database	3,116	2,711	6 years
Patents & Proprietary Technology	9,489	3,863	8 years
Non-compete Agreements	1,812	1,307	6 years
	\$ 170,046	\$ 57,988	

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

2. Goodwill and Intangible Assets (Continued)

Amortization expense for intangible assets for the thirteen and twenty-six weeks ended June 30, 2012 and June 25, 2011, respectively was as follows:

	Thirteen Weeks Ended June 30, 2012	Thirteen Weeks Ended June 25, 2011	Twenty-six Weeks Ended June 30, 2012	Twenty-six Weeks Ended June 25, 2011
	\$ 3,624	\$ 3,664	\$ 7,169	\$ 7,196

Estimated annual amortization expense related to finite-lived intangible assets is as follows:

	Estimated Amortization Expense
2012	\$ 14,185
2013	13,170
2014	12,748
2015	11,865
2016	11,310

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 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 30, 2012 and December 31, 2011 were as follows:

	June 30, 2012	December 31, 2011	Year Acquired
Webforge	\$ 16,864	\$ 16,659	2010
Newmark	11,111	11,111	2004
Ingal EPS/Ingal Civil Products	8,901	8,792	2010
Donhad	6,715	6,633	2010
PiRod	1,750	1,750	2001
Industrial Galvanizers	3,904	3,856	2010
Other	7,141	7,224	
	\$ 56,386	\$ 56,025	

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.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

2. Goodwill and Intangible Assets (Continued)

The Company's trade names were tested for impairment in the third quarter of 2011. The values of the trade names were determined using the relief-from-royalty method. The Company determined that the value of its trade names were not impaired, except for the PiRod and Industrial Galvanizers of America trade names. The evaluations of these trade names were completed in the fourth quarter of 2011, which resulted in a write down of \$3,779.

Goodwill

The carrying amount of goodwill by segment as of June 30, 2012 and December 31, 2011 was as follows:

	Engineered Infrastructure Products Segment	Utility Support Structures Segment	Coatings Segment	Irrigation Segment	Other	Total
Balance December 31, 2011	\$ 151,558	\$ 77,141	\$ 64,820	\$ 2,576	\$ 18,567	\$ 314,662
Foreign currency translation	(618)		(932)	(71)	(264)	(1,885)
Balance June 30, 2012	\$ 150,940	\$ 77,141	\$ 63,888	\$ 2,505	\$ 18,303	\$ 312,777

The Company's goodwill was tested for impairment during the third quarter of 2011. As a result of that testing, the Company determined that its goodwill was not impaired. The valuation of reporting units exceeded their respective carrying values by a substantial margin, except the Webforge reporting unit in the Engineered Infrastructures Products segment, which has goodwill of \$64,500 and an excess of fair value over carrying value of \$3.1 million. The Company continues to monitor changes in the global economy that could impact future operating results of its reporting units. If such conditions arise, the Company will test a given reporting unit for impairment prior to the annual test.

3. Cash Flow Supplementary Information

The Company considers all highly liquid temporary cash investments purchased with an original maturity of three months or less at the time of purchase to be cash equivalents. Cash payments for interest and income taxes (net of refunds) for the twenty-six weeks ended June 30, 2012 and June 25, 2011 were as follows:

	2012	2011
Interest	\$ 15,494	\$ 17,409
Income taxes	73,105	18,639

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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. Earnings Per Share

The following table provides a reconciliation between Basic and Diluted earnings per share (EPS):

	Basic EPS	Dilutive Effect of Stock Options	Diluted EPS
Thirteen weeks ended June 30, 2012:			
Net earnings attributable to Valmont Industries, Inc.	\$ 59,980	\$	\$ 59,980
Shares outstanding	26,467	291	26,758
Per share amount	\$ 2.27	\$ (0.03)	\$ 2.24
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	\$ (0.02)	\$ 1.72
Twenty-six weeks ended June 30, 2012:			
Net earnings attributable to Valmont Industries, Inc.	\$ 112,305	\$	\$ 112,305
Shares outstanding	26,432	286	26,718
Per share amount	\$ 4.25	\$ (0.05)	\$ 4.20
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	\$ (0.03)	\$ 2.69

At June 30, 2012, there were no outstanding stock options with exercise prices exceeding the market price of common stock. At June 25, 2011 there were 16,828 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 weeks and twenty-six weeks ended June 25, 2011.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

5. 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, electrolytic manganese dioxide for disposable batteries and the distribution of industrial fasteners and are reported in the "Other" category.

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.

Summary by Business

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 30, 2012	June 25, 2011	June 30, 2012	June 25, 2011
Sales:				
Engineered Infrastructure Products segment:				
Lighting, Traffic, and Roadway Products	\$ 148,541	\$ 145,538	\$ 281,838	\$ 262,849
Communication Products	36,488	28,297	63,183	48,720
Access Systems	40,753	32,582	78,660	63,778
Engineered Infrastructure Products segment	225,782	206,417	423,681	375,347
Utility Support Structures segment:				
Steel	185,079	123,221	352,043	233,119
Concrete	27,158	13,339	51,426	29,088

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

5. Business Segments (Continued)

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 30, 2012	June 25, 2011	June 30, 2012	June 25, 2011
Utility Support Structures segment	212,237	136,560	403,469	262,207
Coatings segment	84,837	84,161	167,684	157,611
Irrigation segment	194,496	183,701	390,762	334,749
Other	87,194	84,121	173,257	158,107
Total	804,546	694,960	1,558,853	1,288,021
Intersegment Sales:				
Engineered Infrastructure Products	14,692	5,480	27,084	11,424
Utility Support Structures	467	1,951	2,447	2,259
Coatings	13,252	10,926	25,949	22,431
Irrigation	6	5	431	8
Other	8,814	7,989	18,277	15,341
Total	37,231	26,351	74,188	51,463
Net Sales:				
Engineered Infrastructure Products segment	211,090	200,937	396,597	363,923
Utility Support Structures segment	211,770	134,609	401,022	259,948
Coatings segment	71,585	73,235	141,735	135,180
Irrigation segment	194,490	183,696	390,331	334,741
Other	78,380	76,132	154,980	142,766
Total	\$ 767,315	\$ 668,609	\$ 1,484,665	\$ 1,236,558
Operating Income:				
Engineered Infrastructure Products	\$ 14,168	\$ 11,515	\$ 22,192	\$ 13,718
Utility Support Structures	26,574	12,984	51,678	26,483
Coatings	19,517	15,070	36,029	25,362
Irrigation	37,607	32,964	76,015	56,858
Other	12,259	11,380	23,670	20,294
Corporate	(12,773)	(15,294)	(29,414)	(28,795)
Total	\$ 97,352	\$ 68,619	\$ 180,170	\$ 113,920

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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. Guarantor/Non-Guarantor Financial Information

The Company has \$450,000 principal amount of senior unsecured notes outstanding at a coupon interest rate of 6.625% per annum. 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.

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

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME
For the Thirteen Weeks ended June 30, 2012

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	\$ 347,643	\$ 152,159	\$ 333,171	\$ (65,658)	\$ 767,315
Cost of sales	249,557	121,658	261,374	(64,669)	567,920
Gross profit	98,086	30,501	71,797	(989)	199,395
Selling, general and administrative expenses	43,762	13,177	45,104		102,043
Operating income	54,324	17,324	26,693	(989)	97,352
Other income (expense):					
Interest expense	(7,573)	(12,244)	152	12,244	(7,421)
Interest income	5	129	14,020	(12,244)	1,910
Other	(454)	11	(1,534)		(1,977)
	(8,022)	(12,104)	12,638		(7,488)
Earnings before income taxes and equity in earnings of nonconsolidated subsidiaries	46,302	5,220	39,331	(989)	89,864
Income tax expense (benefit):					
Current	19,363	6,197	10,425		35,985
Deferred	(2,963)	(1,031)	(1,199)		(5,193)
	16,400	5,166	9,226		30,792
Earnings before equity in earnings of nonconsolidated subsidiaries	29,902	54	30,105	(989)	59,072
Equity in earnings of nonconsolidated subsidiaries	30,078	23,253	2,276	(53,520)	2,087
Net earnings	59,980	23,307	32,381	(54,509)	61,159
Other comprehensive income (loss)	(28,247)	14,123	(39,671)	21,836	(31,959)
Comprehensive income (loss)	31,733	37,430	(7,290)	(32,673)	29,200

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Less: Comprehensive loss attributable to noncontrolling interests				2,533				2,533
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Comprehensive income (loss) attributable to Valmont Industries, Inc	\$	31,733	\$	37,430	\$	(4,757)	\$	(32,673)	\$	31,733
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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. Guarantor/Non-Guarantor Financial Information (Continued)

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME
For the Twenty-six Weeks ended June 30, 2012

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	\$ 712,483	\$ 280,871	\$ 627,113	\$ (135,802)	\$ 1,484,665
Cost of sales	517,069	225,300	491,297	(134,710)	1,098,956
Gross profit	195,414	55,571	135,816	(1,092)	385,709
Selling, general and administrative expenses	87,034	26,965	91,540		205,539
Operating income	108,380	28,606	44,276	(1,092)	180,170
Other income (expense):					
Interest expense	(15,255)	(24,501)	27	24,501	(15,228)
Interest income	14	323	28,152	(24,501)	3,988
Other	1,005	25	(1,430)		(400)
	(14,236)	(24,153)	26,749		(11,640)
Earnings before income taxes and equity in earnings of nonconsolidated subsidiaries	94,144	4,453	71,025	(1,092)	168,530
Income tax expense (benefit):					
Current	36,548	5,296	21,170		63,014
Deferred	(2,769)	139	(1,826)		(4,456)
	33,779	5,435	19,344		58,558
Earnings (loss) before equity in earnings of nonconsolidated subsidiaries	60,365	(982)	51,681	(1,092)	109,972
Equity in earnings of nonconsolidated subsidiaries	51,940	46,361	3,932	(98,458)	3,775
Net earnings	112,305	45,379	55,613	(99,550)	113,747
Other comprehensive income (loss)	(1,465)	(2,244)	8,129	(4,846)	(426)
Comprehensive income	110,840	43,135	63,742	(104,396)	113,321
Less: Comprehensive income attributable to noncontrolling interests			(2,481)		(2,481)
Comprehensive income attributable to Valmont Industries, Inc	\$ 110,840	\$ 43,135	\$ 61,261	\$ (104,396)	\$ 110,840

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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. Guarantor/Non-Guarantor Financial Information (Continued)

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME
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 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 of nonconsolidated subsidiaries	17,932	4,804	23,898	156	46,790
Equity in earnings of nonconsolidated subsidiaries	27,895	13,970	1,234	(41,898)	1,201
Net earnings	45,827	18,774	25,132	(41,742)	47,991
Other comprehensive income	6,110		10,274	(9,392)	6,992
Comprehensive income	51,937	18,774	35,406	(51,134)	54,983
Less: Comprehensive income attributable to noncontrolling interests			(3,046)		(3,046)
Comprehensive income attributable to Valmont Industries, Inc	\$ 51,937	\$ 18,774	\$ 32,360	\$ (51,134)	\$ 51,937

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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. Guarantor/Non-Guarantor Financial Information (Continued)

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME
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 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 of nonconsolidated subsidiaries	30,804	7,756	34,062	87	72,709
Equity in earnings 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
Other comprehensive income	27,614		33,756	(30,896)	30,474
Comprehensive income	99,050	28,093	69,938	(91,743)	105,338
Less: Comprehensive income attributable to noncontrolling interests			(6,288)		(6,288)
Comprehensive income attributable to Valmont Industries, Inc	\$ 99,050	\$ 28,093	\$ 63,650	\$ (91,743)	\$ 99,050

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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. Guarantor/Non-Guarantor Financial Information (Continued)

CONDENSED CONSOLIDATED BALANCE SHEETS

June 30, 2012

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 23,542	\$ 40,473	\$ 264,366	\$	\$ 328,381
Receivables, net	133,821	81,412	274,138		489,371
Inventories	135,926	84,968	220,402		441,296
Prepaid expenses	4,780	743	24,249		29,772
Refundable and deferred income taxes	21,862	5,890	16,247		43,999
Total current assets	319,931	213,486	799,402		1,332,819
Property, plant and equipment, at cost	440,285	112,489	388,951		941,725
Less accumulated depreciation and amortization	290,752	57,311	127,970		476,033
Net property, plant and equipment	149,533	55,178	260,981		465,692
Goodwill	20,108	107,542	185,127		312,777
Other intangible assets	580	56,454	104,931		161,965
Investment in subsidiaries and intercompany accounts	1,395,199	1,242,596	630,540	(3,268,335)	
Other assets	31,787		91,709		123,496
Total assets	\$ 1,917,138	\$ 1,675,256	\$ 2,072,690	\$ (3,268,335)	\$ 2,396,749
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current installments of long-term debt	\$ 179	\$	\$ 69	\$	\$ 248
Notes payable to banks			17,374		17,374
Accounts payable	58,810	26,823	136,583		222,216
Accrued expenses	75,352	13,032	67,567		155,951
Dividends payable	5,985				5,985
Total current liabilities	140,326	39,855	221,593		401,774
Deferred income taxes	18,932	27,472	32,813		79,217
Long-term debt, excluding current installments	472,548	587,258	1,044	(587,258)	473,592
Other noncurrent liabilities	31,558		102,769		134,327
Commitments and contingencies					
Shareholders' equity:					
Common stock of \$1 par value	27,900	457,950	254,982	(712,932)	27,900
Additional paid-in capital		150,286	893,274	(1,043,560)	
Retained earnings	1,186,603	415,637	439,011	(854,648)	1,186,603
Accumulated other comprehensive income	62,587	(3,202)	73,139	(69,937)	62,587
Treasury stock	(23,316)				(23,316)

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Total Valmont Industries, Inc. shareholders' equity	1,253,774	1,020,671	1,660,406	(2,681,077)	1,253,774
Noncontrolling interest in consolidated subsidiaries			54,065		54,065
Total shareholders' equity	1,253,774	1,020,671	1,714,471	(2,681,077)	1,307,839
Total liabilities and shareholders' equity	\$ 1,917,138	\$ 1,675,256	\$ 2,072,690	\$ (3,268,335)	\$ 2,396,749

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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. Guarantor/Non-Guarantor Financial Information (Continued)

CONDENSED CONSOLIDATED BALANCE SHEETS
December 31, 2011

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 27,545	\$ 18,257	\$ 317,092	\$	\$ 362,894
Receivables, net	122,409	53,567	250,707		426,683
Inventories	125,862	77,838	190,082		393,782
Prepaid expenses	3,448	1,009	21,308		25,765
Refundable and deferred income taxes	22,053	6,218	15,548		43,819
Total current assets	301,317	156,889	794,737		1,252,943
Property, plant and equipment, at cost	427,398	107,315	376,929		911,642
Less accumulated depreciation and amortization	283,786	54,740	118,239		456,765
Net property, plant and equipment	143,612	52,575	258,690		454,877
Goodwill	20,108	107,542	187,012		314,662
Other intangible assets	661	59,389	108,033		168,083
Investment in subsidiaries and intercompany accounts	1,338,299	695,745	596,301	(2,630,345)	
Other assets	30,192		85,319		115,511
Total assets	\$ 1,834,189	\$ 1,072,140	\$ 2,030,092	\$ (2,630,345)	\$ 2,306,076
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current installments of long-term debt	\$ 187	\$	\$ 48	\$	\$ 235
Notes payable to banks			11,403		11,403
Accounts payable	85,974	21,428	127,135		234,537
Accrued expenses	72,341	14,259	70,528		157,128
Dividends payable	4,767				4,767
Total current liabilities	163,269	35,687	209,114		408,070
Deferred income taxes	21,891	27,661	35,945		85,497
Long-term debt, excluding current installments	473,419		996		474,415
Other noncurrent liabilities	28,648		111,535		140,183
Commitments and contingencies					
Shareholders' equity:					
Common stock of \$1 par value	27,900	457,950	254,982	(712,932)	27,900
Additional paid-in capital		181,542	893,884	(1,075,426)	
Retained earnings	1,079,698	370,258	407,677	(777,935)	1,079,698
Accumulated other comprehensive income	64,052	(958)	65,010	(64,052)	64,052
Treasury stock	(24,688)				(24,688)

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Total Valmont Industries, Inc. shareholders' equity	1,146,962	1,008,792	1,621,553	(2,630,345)	1,146,962
Noncontrolling interest in consolidated subsidiaries			50,949		50,949
Total shareholders' equity	1,146,962	1,008,792	1,672,502	(2,630,345)	1,197,911
Total liabilities and shareholders' equity	\$ 1,834,189	\$ 1,072,140	\$ 2,030,092	\$ (2,630,345)	\$ 2,306,076

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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. Guarantor/Non-Guarantor Financial Information (Continued)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Twenty-six Weeks Ended June 30, 2012

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Cash flows from operating activities:					
Net earnings	\$ 112,305	\$ 45,379	\$ 55,613	\$ (99,550)	\$ 113,747
Adjustments to reconcile net earnings to net cash flows from operations:					
Depreciation and amortization	9,121	6,341	18,905		34,367
Stock-based compensation	3,067				3,067
Defined benefit pension plan expense			2,050		2,050
Contribution to defined benefit pension plan			(10,750)		(10,750)
Gain on sale of property, plant and equipment	(65)	(44)	(55)		(164)
Equity in earnings of nonconsolidated subsidiaries	157		(3,933)		(3,776)
Deferred income taxes	(2,769)	139	(1,826)		(4,456)
Changes in assets and liabilities:					
Receivables	(11,412)	(27,844)	(30,666)		(69,922)
Inventories	(10,063)	(7,131)	(31,471)	167	(48,498)
Prepaid expenses	(1,332)	266	(2,994)		(4,060)
Accounts payable	(13,913)	5,395	10,494		1,976
Accrued expenses	3,009	(1,227)	(2,403)		(621)
Other noncurrent liabilities	719		(1,127)		(408)
Income taxes payable (refundable)	(13,249)	38	(2,878)		(16,089)
Net cash flows from operating activities	75,575	21,312	(1,041)	(99,383)	(3,537)
Cash flows from investing activities:					
Purchase of property, plant and equipment	(15,037)	(6,017)	(18,167)		(39,221)
Proceeds from sale of assets	98	52	4,717		4,867
Other, net	(59,181)	6,599	(44,964)	99,383	1,837
Net cash flows from investing activities	(74,120)	634	(58,414)	99,383	(32,517)
Cash flows from financing activities:					
Net borrowings under short-term agreements			5,931		5,931
Proceeds from long-term borrowings	39,000		126		39,126
Principal payments on long-term borrowings	(39,191)		(41)		(39,232)
Proceeds from sale of partial ownership interest			1,404		1,404
Dividends paid	(9,545)				(9,545)
Dividends to noncontrolling interest			(1,379)		(1,379)
Proceeds from exercises under stock plans	15,153				15,153
Excess tax benefits from stock option exercises	3,211				3,211
Purchase of common treasury shares stock plan exercises:	(14,086)				(14,086)
Net cash flows from financing activities	(5,458)		6,041		583
Effect of exchange rate changes on cash and cash equivalents		270	688		958
Net change in cash and cash equivalents	(4,003)	22,216	(52,726)		(34,513)
Cash and cash equivalents beginning of year	27,545	18,257	317,092		362,894

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Cash and cash equivalents end of period	\$	23,542	\$	40,473	\$	264,366	\$	328,381
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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. 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 flows from operations:					
Depreciation and amortization	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)
Gain on sale of property, plant and equipment	(216)		(23)		(239)
Equity in earnings of nonconsolidated subsidiaries	(34)		(2,121)		(2,155)
Deferred income taxes	(3,910)	(968)	(5,320)		(10,198)
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 under short-term agreements			2,160		2,160
Proceeds from long-term borrowings	187,770				187,770
Principal payments on long-term borrowings	(167,186)		(44)		(167,230)
Purchase of noncontrolling interest			(25,253)		(25,253)
Dividends paid	(8,710)				(8,710)
Dividends to noncontrolling interest			(4,958)		(4,958)
Settlement of financial derivative	(3,568)				(3,568)
Debt issues 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
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)

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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
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 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 31, 2011.

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Results of Operations

Dollars in millions, except per share amounts

	Thirteen Weeks Ended			Twenty-six Weeks Ended		
	June 30, 2012	June 25, 2011	% Incr. (Decr.)	June 30, 2012	June 25, 2011	% Incr. (Decr.)
Consolidated						
Net sales	\$ 767.3	\$ 668.6	14.8%	\$ 1,484.7	\$ 1,236.6	20.1%
Gross profit	199.4	168.0	18.7%	385.7	304.5	26.7%
<i>as a percent of sales</i>	26.0%	25.1%		26.0%	24.6%	
SG&A expense	102.0	99.4	2.6%	205.5	190.6	7.8%
<i>as a percent of sales</i>	13.3%	14.9%		13.8%	15.4%	
Operating income	97.4	68.6	42.0%	180.2	113.9	58.2%
<i>as a percent of sales</i>	12.7%	10.3%		12.1%	9.2%	
Net interest expense	5.5	8.8	(37.5)%	11.2	15.3	(26.8)%
Effective tax rate	34.3%	22.5%		34.7%	27.0%	
Net earnings	\$ 60.0	\$ 45.8	31.0%	\$ 112.3	\$ 71.4	57.3%
Diluted earnings per share	\$ 2.24	\$ 1.72	30.2%	\$ 4.20	\$ 2.69	56.1%
Engineered Infrastructure Products Segment						
Net sales	\$ 211.1	\$ 200.9	5.1%	\$ 396.6	\$ 363.8	9.0%
Gross profit	53.1	46.4	14.4%	98.7	82.6	19.5%
SG&A expense	38.9	34.9	11.5%	76.5	68.9	11.0%
Operating income	14.2	11.5	23.5%	22.2	13.7	62.0%
Utility Support Structures Segment						
Net sales	\$ 211.7	\$ 134.7	57.2%	\$ 401.0	\$ 260.0	54.2%
Gross profit	45.7					