VALMONT INDUSTRIES INC
Form 10-Q
August 03, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended June 26, 2010

Or

o **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	**47-0351813**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Valmont Plaza, Omaha, Nebraska	**68154-5215**
(Address of principal executive offices)	(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 ý No o

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 ý No o

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

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

26,338,222
Outstanding shares of common stock as of July 20, 2010

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 26, 2010	June 27, 2009	June 26, 2010	June 27, 2009
Net sales	$ 481,559	$ 498,810	$ 848,961	$ 953,964
Cost of sales	352,913	354,129	619,585	680,967
Gross profit	128,646	144,681	229,376	272,997
Selling, general and administrative expenses	91,345	75,265	160,425	145,262
Operating income	37,301	69,416	68,951	127,735
Other income (expenses):				
Interest expense	(8,429)	(3,976)	(14,391)	(8,260)
Interest income	1,092	284	1,448	616
Other	47	1,608	(30)	(190)
	(7,290)	(2,084)	(12,973)	(7,834)
Earnings before income taxes and equity in earnings of nonconsolidated subsidiaries	30,011	67,332	55,978	119,901
Income tax expense (benefit):				
Current	17,252	19,266	23,958	31,566
Deferred	(5,570)	2,785	(2,830)	7,740
	11,682	22,051	21,128	39,306
Earnings before equity in earnings (losses) of nonconsolidated subsidiaries	18,329	45,281	34,850	80,595
Equity in earnings (losses) of nonconsolidated subsidiaries	805	(71)	919	495
Net earnings	19,134	45,210	35,769	81,090
Less: Earnings attributable to noncontrolling interests	(2,019)	(980)	(2,191)	(996)
Net earnings attributable to Valmont Industries, Inc.	$ 17,115	$ 44,230	$ 33,578	$ 80,094
Earnings per share attributable to Valmont Industries, Inc. Basic	$ 0.66	$ 1.70	$ 1.29	$ 3.09
Earnings per share attributable to Valmont Industries, Inc. Diluted	$ 0.65	$ 1.69	$ 1.27	$ 3.05
Cash dividends per share	$ 0.165	$ 0.150	$ 0.315	$ 0.280

Weighted average number of shares of common stock outstanding Basic (000 omitted)	26,087	25,943	26,059	25,928
Weighted average number of shares of common stock outstanding Diluted (000 omitted)	26,448	26,223	26,434	26,224

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 26, 2010	December 26, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 314,373	$ 180,786
Receivables, net	376,005	259,521
Inventories	296,634	210,611
Prepaid expenses and other current assets	39,943	22,143
Refundable and deferred income taxes	35,930	42,361
Total current assets	1,062,885	715,422
Property, plant and equipment, at cost	821,701	675,446
Less accumulated depreciation and amortization	(396,567)	(392,358)
Net property, plant and equipment	425,134	283,088
Goodwill	291,610	178,320
Other intangible assets, net	188,916	96,378
Other assets	61,012	28,961
Total assets	$ 2,029,557	$ 1,302,169
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current installments of long-term debt	$ 270	$ 231
Notes payable to banks	9,752	11,900
Accounts payable	202,587	118,210
Accrued employee compensation and benefits	49,254	66,611
Accrued expenses	94,380	55,921
Dividends payable	4,346	3,944
Total current liabilities	360,589	256,817
Deferred income taxes	81,696	49,281
Long-term debt, excluding current installments	517,913	160,251
Defined benefit pension liability	116,816	
Deferred compensation	22,704	19,013

Other noncurrent liabilities		50,585		8,500
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		795,797		767,398
Accumulated other comprehensive income (loss)		(13,513)		16,953
Treasury stock		(25,510)		(25,990)
Total Valmont Industries, Inc. shareholders' equity		784,674		786,261
Noncontrolling interest in consolidated subsidiaries		94,580		22,046
Total shareholders'equity		879,254		808,307
Total liabilities and shareholders' equity	$	2,029,557	$	1,302,169

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 26, 2010	Twenty-six Weeks Ended June 27, 2009
Cash flows from operating activities:		
Net earnings	$ 35,769	$ 81,090
Adjustments to reconcile net earnings to net cash flow from operations:		
Depreciation and amortization	24,580	21,710
Stock-based compensation	3,168	2,993
Loss on sales of property, plant and equipment	123	345
Equity in earnings of nonconsolidated subsidiaries	(919)	(495)
Deferred income taxes	(2,830)	7,740
Other	19	(239)
Changes in assets and liabilities, net of the effects of acquisitions:		
Receivables	(32,071)	(5,356)
Inventories	(6,110)	65,061
Prepaid expenses	61	(10,369)
Accounts payable	11,386	(6,923)
Accrued expenses	1,669	(13,234)
Other noncurrent liabilities	7,896	(993)
Income taxes payable/refundable	11,241	(5,732)
Net cash flows from operating activities	53,982	135,598
Cash flows from investing activities:		
Purchase of property, plant and equipment	(11,025)	(24,550)
Proceeds from sale of assets	96	74
Acquisitions (net of cash acquired of $198,810)	(245,310)	
Dividends to noncontrolling interests	(3,477)	(289)
Other, net	1,516	(68)
Net cash flows from investing activities	(258,200)	(24,833)
Cash flows from financing activities:		
Net payments under short-term agreements	(2,148)	(1,917)
Proceeds from long-term borrowings	491,000	10,001
Principal payments on long-term obligations	(133,228)	(88,628)
Dividends paid	(7,892)	(6,813)
Debt issuance costs	(3,858)	
Proceeds from exercises under stock plans	3,197	3,126
Excess tax benefits from stock option exercises	1,216	1,446
Purchase of treasury shares	(877)	
Purchase of common treasury shares stock plan exercises	(1,961)	(2,146)
Net cash flows from financing activities	345,449	(84,931)

Effect of exchange rate changes on cash and cash equivalents	(7,644)	1,861
Net change in cash and cash equivalents	133,587	27,695
Cash and cash equivalents beginning of year	180,786	68,567
Cash and cash equivalents end of period	$ 314,373	$ 96,262

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 27, 2008	$ 27,900	$	$ 624,254	$ (533)	$ (27,490)	$ 16,845	$ 640,976
Comprehensive income:							
Net earnings			80,094			996	81,090
Currency translation adjustment				10,244		830	11,074
Total comprehensive income							92,164
Cash dividends ($0.28 per share)			(7,351)				(7,351)
Stock plan exercises; 33,481 shares purchased					(2,146)		(2,146)
Stock options exercised; 121,345 shares issued		(4,439)	4,717		2,848		3,126
Tax benefit from exercise of stock options		1,446					1,446
Stock option expense		2,040					2,040
Stock awards; 9,746 shares issued		953			436		1,389
Balance at June 27, 2009	$ 27,900	$	$ 701,714	$ 9,711	$ (26,352)	$ 18,671	$ 731,644
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

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 26, 2010, the Condensed Consolidated Statements of Operations for the thirteen and twenty-six week periods ended June 26, 2010 and June 27, 2009, 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 26, 2010 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 26, 2009. 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 26, 2009. The results of operations for the period ended June 26, 2010 are not necessarily indicative of the operating results for the full year.

Inventories

At June 26, 2010, approximately 35.1% 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 $47,000 and $39,500 at June 26, 2010 and December 26, 2009, respectively.

Inventories consisted of the following:

	June 26, 2010	December 26, 2009
Raw materials and purchased parts	$ 160,850	$ 112,911
Work-in-process	23,930	20,217
Finished goods and manufactured goods	158,993	117,032
Subtotal	343,773	250,160
LIFO reserve	47,139	39,549
Net inventory	$ 296,634	$ 210,611

Stock Plans

The Company maintains stock-based compensation plans approved by the shareholders, which provide that the Compensation 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

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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)

stock. At June 26, 2010, 1,092,207 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 26, 2010 and June 27, 2009, respectively, were as follows:

	Thirteen Weeks Ended June 26, 2010	Thirteen Weeks Ended June 29, 2009	Twenty-six Weeks Ended June 26, 2010	Twenty-six Weeks Ended June 29, 2009
Compensation expense	$ 1,229	$ 1,020	$ 2,457	$ 2,040
Income tax benefits	467	393	934	785

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.

		Fair Value Measurement Using:		
	Carrying Value June 26, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Trading Securities	$ 17,352	$ 17,352	$	$

		Fair Value Measurement Using:		
	Carrying Value December 26, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Trading Securities	$ 15,653	$ 15,653	$	$

Recently Issued Accounting Pronouncements

In fiscal 2010, the Company implemented the provisions of updated ASC Topic 860, *Transfers and Servicing,* which significantly changed the accounting for transfers of financial assets. The update to ASC 860 eliminated the qualifying special purpose entity ("QSPE") concept, established conditions for reporting a transfer of a portion of a financial asset as a sale, clarified the financial-asset derecognition criteria, revised how interests retained by the transferor in a sale of financial assets initially are measured, and removed the guaranteed mortgage securitization recharacterization provisions. The implementation of this new accounting guidance had no impact on the Company's condensed consolidated financial statements for the fiscal period ended June 26, 2010.

2. Acquisition of Delta plc

On March 10, 2010, the Company commenced a cash offer for all of the issued and to be issued ordinary share capital of Delta, plc. ("Delta") a public limited company incorporated in Great Britain, and listed on the London Stock Exchange (LSE: DLTA). The acquisition was completed on May 12, 2010 and the Company now owns 100% of the ordinary shares of Delta. 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 financed the acquisition with the net proceeds from an April 2010 sale of $300 million of senior notes at an interest rate of 6.625% per annum, cash balances of $83 million and borrowings under the Company's revolving credit agreement. The factors that contributed to a purchase price resulting in the recognition of goodwill, non-deductable for tax purposes, for the acquisition of Delta were to increase the Company's business

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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. Acquisition of Delta plc (Continued)

presence in the Asia Pacific region, add to its current business activities in the galvanizing and support structures product lines and provide growth opportunities in businesses that are not directly related to the Company's current product offerings.

The Company incurred $11.9 and $14.1 million of expenses (reported as "Selling, general and administrative expenses") in the thirteen and twenty-six week periods ended June 26, 2010, respectively, related to the Delta acquisition. These expenses included amounts paid for investment banking fees, due diligence costs and other direct expenses related to the purchase of the Delta shares. From a segment reporting standpoint, these expenses were reported as part of "Net corporate expense".

The fair value measurement was preliminary at June 26, 2010, subject to the completion of the valuation of one of Delta's reporting units and further management reviews and assessments of the preliminary fair values of the assets acquired and liabilities assumed. The Company expects the fair value measurement process to be completed in the third quarter of 2010.

The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed as of the date of acquisition.

	At May 12, 2010
Current assets	$ 406,544
Property, plant and equipment	162,435
Other long-term assets	28,136
Intangible assets	100,716
Goodwill	118,398
Total fair value of assets acquired	$ 816,229
Current liabilities	106,255
Defined benefit pension liability	118,725
Deferred income taxes	35,871
Other non-current liabilities	39,113
Non-controlling interests	79,529
Total fair value of liabilities assumed and non-controlling interests	379,493
Net assets acquired	$ 436,736

Delta disposed of the shares of its subsidiary UPC Holdings, Inc. in December 2000 for approximately $100 million. The buyer caused UPC Holdings to dispose of its assets in January 2001. The IRS in 2005 established that the buyer had a tax liability on the asset sale of $47 million (exclusive of penalties and interest). During 2009-2010, the Internal Revenue Service issued summons requesting documentation related to the UPC Holdings transactions. The summons state that they were issued in connection with UPC's unsatisfied tax liability and Delta's potential transferee liability. Documents have been provided to the IRS in response to the summons. Based on an evaluation of this matter at the May 12, 2010 date of acquisition, the Company established a provision in the amount of $20 million

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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. Acquisition of Delta plc (Continued)

to address certain legal and factual uncertainties, which amount is included in "Other non-current liabilities".

The Company's Condensed Consolidated Statements of Operations for the period ended June 26, 2010 included $74,165 and $3,633 of net sales and net earnings resulting from Delta's operations from May 12, 2010 until June 26, 2010.

The Company's pro forma results of operations for the thirteen and twenty-six weeks ended June 27, 2009 and June 26, 2010, assuming that the acquisition occurred at the beginning of 2009 was as follows:

	Thirteen Weeks Ended June 26, 2010	Thirteen Weeks Ended June 27, 2009	Twenty-six Weeks Ended June 26, 2010	Twenty-six Weeks Ended June 27, 2009
Net sales	$ 545,195	$ 634,837	$ 1,041,379	$ 1,204,130
Net earnings	29,578	51,506	37,985	77,637
Earnings per share diluted	$ 1.14	$ 1.96	$ 1.46	$ 2.99

Based on the preliminary results of an independent valuation, the Company allocated $100,716 of the purchase price to acquired intangible assets. The following table summarizes the major classes of Delta acquired intangible assets and the respective weighted-average amortization periods:

	Amount	Weighted Average Amortization Period (Years)
Trade Names	$ 36,540	Indefinite
Customer Relationships	58,188	12.0
Proprietary Technology	5,988	5.0
	$ 100,716	

3. Goodwill and Intangible Assets

The Company's annual impairment testing of goodwill and intangible assets was performed during the third quarter of 2009. As a result of that testing, it was determined 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 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 26, 2010 and December 26, 2009 were as follows:

	As of June 26, 2010		
	Gross Carrying Amount	Accumulated Amortization	Weighted Average Life
Customer Relationships	$ 153,339	$ 31,686	13 years
Proprietary Software & Database	2,625	2,503	6 years
Patents & Proprietary Technology	9,297	1,565	8 years
Non-compete Agreements	1,655	930	6 years
	$ 166,916	$ 36,684	

	As of December 26, 2009		
	Gross Carrying Amount	Accumulated Amortization	Weighted Average Life
Customer Relationships	$ 97,289	$ 27,559	14 years
Proprietary Software & Database	2,627	2,434	6 years
Patents & Proprietary Technology	3,466	1,257	13 years
Non-compete Agreements	1,704	823	6 years
	$ 105,086	$ 32,073	

Amortization expense for intangible assets for the thirteen and twenty-six weeks ended June 26, 2010 and June 27, 2009, respectively was as follows:

Thirteen Weeks Ended June 26, 2010	Thirteen Weeks Ended June 27, 2009	Twenty-six Weeks Ended June 26, 2010	Twenty-six Weeks Ended June 27, 2009
$2,734	$ 2,070	$ 4,774	$ 4,115

	Estimated Amortization Expense
2010	$ 11,771
2011	13,728
2012	13,680
2013	12,783
2014	12,360

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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)

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 26, 2010 and December 26, 2009 were as follows:

	June 26, 2010	December 26, 2009
Webforge	$ 16,156	$
Newmark	11,111	11,111
Ingal	8,527	
Donhad	6,437	
PiRod	4,750	4,750
Industrial Galvanizers	4,488	
Other	7,215	7,504
	$ 58,684	$ 23,365

The Webforge, Ingal, Donhad and Industrial Galvanizers trade names were acquired as part of the Delta acquisition. The other trade names were tested for impairment separately from goodwill at that time in the third quarter of 2009. 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.

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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)

Goodwill

The carrying amount of goodwill as of June 26, 2010 was as follows:

	Engineered Support Structures Segment	Utility Support Structures Segment	Coatings Segment	Irrigation Segment	Delta Segment	Total
Balance December 26, 2009	$ 55,338	$ 77,141	$ 43,777	$ 2,064	$	$ 178,320
Acquisition					118,398	118,398
Foreign currency translation	(1,693)				(3,415)	(5,108)
Balance June 26, 2010	$ 53,645	$ 77,141	$ 43,777	$ 2,064	$ 114,983	$ 291,610

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 26, 2010	June 27, 2009
Interest	$ 9,534	$ 8,759
Income taxes	11,869	34,550

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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. 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 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
Thirteen weeks ended June 27, 2009:			
Net earnings attributable to Valmont Industries, Inc.	$ 44,230		$ 44,230
Shares outstanding	25,943	280	26,223
Per share amount	$ 1.70	(.01)	$ 1.69
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
Twenty-six weeks ended June 27, 2009:			
Net earnings attributable to Valmont Industries, Inc.	$ 80,094		$ 80,094
Shares outstanding	25,928	296	26,224
Per share amount	$ 3.09	(.04)	$ 3.05

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. At June 27, 2009 there were 188,127 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 27, 2009.

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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 26, 2010	December 26, 2009
6.625% Senior Unsecured Notes(a)	$ 300,000	$
6.875% Senior Subordinated Notes(b)	150,000	150,000
Revolving credit agreement(c)	58,000	
IDR Bonds(d)	8,500	8,500
1.75% to 3.485% notes	1,683	1,982
Total long-term debt	518,183	160,482
Less current installments of long-term debt	270	231
Long-term debt, excluding current installments	$ 517,913	$ 160,251

(a)

The $300 million of senior unsecured notes bear interest at 6.625% per annum and are due in April 2020. 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 million of senior subordinated notes bear interest at 6.875% per annum and are due in May 2014. All or part of the notes may be repurchased at the following redemption prices (stated as a percentage of face value):

	Redemption Price
Until May 1, 2011	102.292%
From May 1, 2011 until May 1, 2012	101.146%
After May 1, 2012	100.000%

(c)

The revolving credit agreement is with a group of banks for up to $280 million. The Company may increase the credit agreement by up to an additional $100 million 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

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 26, 2010, the Company had $58,000 in outstanding borrowings under the revolving credit agreement, at a weighted average annual interest rate of 1.55%, not including facility fees.

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)

The revolving 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 26, 2010, the Company had the ability to borrow an additional $198.6 million 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 26, 2010 and December 26, 2009 were 0.47% and 0.52%, 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 26, 2010.

The minimum aggregate maturities of long-term debt for each of the four years following 2010 are: $303, $248, $58,249 and $150,255.

7. Defined Benefit Retirement Plan

The Company's subsidiary, Delta plc ("Delta") provides defined benefit retirement income to eligible employees in the United Kingdom. Pension retirement benefits to qualified employees are 1.67% of final salary per year of service upon reaching the age of 65 years. This Plan has less than ten active members.

Funded Status

The Company recognizes the overfunded or underfunded status of our pension plan as an asset or liability. The funded status represents the difference between the pension benefit obligation (PBO) and the fair value of the plan assets. The PBO is the present value of benefits earned to date by plan participants, including the effect of assumed future salary increases and inflation. Plan assets are measured at fair value. At the date of the Delta acquisition (May 12, 2010), the Company determined fair value of the PBO and plan assets. Because the pension plan is denominated in British pounds sterling, the Company used exchange rates of $1.5353/£ and $1.4959/£ to translate the net pension liability into U.S. dollars at May 12, 2010 and June 26, 2010, respectively.

Projected Benefit Obligation and Fair Value of Plan Asset at date of Delta acquisition The accumulated benefit obligation (ABO) is the present value of benefits earned to date. The underfunded ABO represents the difference between the projected benefit obligation (PBO) and the fair value of plan assets. The PBO, ABO, and fair value of plan assets for pension plans with accumulated benefit obligations in excess of the fair value of the plan assets were as follows at May 12, 2010:

Underfunded Accumulated Benefit Obligation **Thousands of Dollars**	**May 12, 2010**
Projected benefit obligation	$ (469,780)
Fair value of plan assets	351,055
Underfunded accumulated benefit obligation	$ (118,725)

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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. Defined Benefit Retirement Plan (Continued)

Assumptions The weighted-average actuarial assumptions used to determine the benefit obligation at May 12, 2010 were as follows:

Percentages	2010
Discount rate	5.60%
Salary increase	4.70%
Inflation	3.70%

Expense

Pension expense is determined based upon the annual service cost of benefits (the actuarial cost of benefits earned during a period) and the interest cost on those liabilities, less the expected return on plan assets. The expected long-term rate of return on plan assets is applied to a calculated value of plan assets that recognizes changes in fair value over a five-year period. This practice is intended to reduce year-to-year volatility in pension expense, but it can have the effect of delaying the recognition of differences between actual returns on assets and expected returns based on long-term rate of return assumptions. Differences in actual experience in relation to assumptions are not recognized in net earnings immediately, but are deferred and, if necessary, amortized as pension expense.

The components of our net periodic pension expense were as follows for the period from May 12, 2010 to June 26, 2010:

Thousands of Dollars		
Net Periodic Benefit Cost:		
Service cost	$	33
Interest cost		3,217
Expected return on plan assets		(2,113)
Net periodic benefit expense	$	1,137

Assumptions The weighted-average actuarial assumptions used to determine expense are as follows for fiscal 2010:

Percentages	
Discount rate	5.60%
Expected return on plan assets	5.51%
Salary increase	4.70%
Inflation	3.70%

The discount rate is based on the annualized yield on the iBoxx over the 15-year AA-rated corporate bonds index with cash flows generally matching the Plan's expected benefit payments. The expected return on plan assets is based on our asset allocation mix and our historical return, taking into account current and expected market conditions.

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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. Defined Benefit Retirement Plan (Continued)

Cash Contributions

Employer contributions to the pension plan have been set at $9,427 (£6.3 million) per annum in accordance with the Plan's 10-year recovery plan, along with a contribution to cover the administrative costs of the Plan of approximately $1,496 (£1.0 million) per annum.

Benefit Payments

The following table details expected pension benefit payments for the years 2010 through 2019:

Thousands of Dollars	
2010	$ 5,589
2011	9,100
2012	9,454
2013	9,822
2014	10,207
Years 2015-2019	57,321

Asset Allocation Strategy

The investment strategy for pension plan assets is to maintain a diversified portfolio mainly in long-term fixed-income securities that are investment grade or government-backed in nature. Most of the participants in the plan are inactive or retired individuals and this investment policy is designed to generally match our long-term benefit payment expectations. The plan, as required by U.K. law, has an independent trustee that sets investment policy and consults with management and independent advisors regularly on such matters.

The pension plan investments are held in a trust. Most of the pension plan assets are invested in fixed income securities. The debt portfolio is also broadly diversified and invested primarily in U.K. Treasury and corporate securities. The weighted-average maturity of the debt portfolio was 12 years at June 26, 2010.

Fair Value Measurements

The pension plan assets are valued at fair value. The following is a description of the valuation methodologies used for the investments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

Index-linked gilts Index-linked gilts are U.K. government-backed securities consisting of bills, notes, bonds, and other fixed income securities issued directly by the U.K. Treasury or by government-sponsored enterprises.

Corporate Bonds Corporate bonds and debentures consist of fixed income securities issued by U.K. corporations.

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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. Defined Benefit Retirement Plan (Continued)

Corporate Stock This investment category consists of common and preferred stock issued by U.K. and non-U.K. corporations.

These assets are pooled investment funds whereby the underlying investments can be valued using quoted market prices. As the fair values of the pooled investment funds themselves are not publicly quoted, they are classified as Level 2 investments.

At May 12, 2010, the pension plan assets measured at fair value on a recurring basis were as follows:

Thousands of Dollars	Quoted Prices in Active Markets for Identical Inputs (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Plan net assets:				
Temporary cash investments	$	$	$	$
Index-linked gilts		39,456		39,456
Corporate bonds		294,117		294,117
Corporate stock		15,550		15,550
Other investments		1,933		1,933
Total plan net assets at fair value	$	$ 351,056	$	$ 351,055

8. Business Segments

The Company aggregates its operating segments into five 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 based on employee headcounts and sales dollars.

Reportable segments are as follows:

ENGINEERED SUPPORT STRUCTURES: This segment consists of the manufacture of engineered metal structures and components for the lighting and traffic and wireless communication industries worldwide and for other specialty 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;

IRRIGATION: This segment consists of the manufacture of agricultural irrigation equipment and related parts and services; and

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

8. Business Segments (Continued)

DELTA: This segment consists of the operations of Delta plc, which was purchased by Valmont on May 12, 2010. The primary product lines in this segment are engineered steel products for industrial access systems and road safety, galvanizing, and manganese materials.

In addition to these five reportable segments, the Company has other businesses that individually are not more than 10% of consolidated sales. These businesses, which include the manufacture of tubular products and the distribution of industrial fasteners, are reported in the "Other" category.

In the fourth quarter of 2009, the Company reorganized its management structure and redefined its Utility segment to include Utility support structure activities on a global basis. Previously, sales of utility support structures outside of North America were reported as part of the ESS segment. This management structure change should help the Company better serve the global utility support structure market. Information presented for 2009 has been reclassified to conform to the 2010 presentation. The Company will reassess the composition of the Delta segment at the end of fiscal 2010 and make any appropriate changes to its reportable segment structure at that time.

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.

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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. Business Segments (Continued)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26, 2010	June 27, 2009	June 26, 2010	June 27, 2009
Sales:				
Engineered Support Structures segment:				
Lighting & Traffic	$ 106,478	115,545	$ 194,589	218,648
Communication Structures	28,248	34,895	47,143	67,828
Engineered Support Structures segment	134,726	150,440	241,732	286,476
Utility Support Structures segment				
Steel	99,836	173,727	198,909	322,299
Concrete	13,003	42,501	27,158	77,889
Utility Support Structures segment	112,839	216,228	226,067	400,188
Coatings segment	33,407	28,600	61,337	58,612
Irrigation segment	112,160	101,047	220,799	204,109
Delta segment	74,165		74,165	
Other	24,832	17,439	47,121	36,760
Total	492,129	513,754	871,221	986,145
Intersegment Sales:				
Engineered Support Structures segment	674	5,088	1,776	10,765
Utility Support Structures segment	336	528	635	1,086
Coatings segment	6,096	6,188	11,860	12,331
Irrigation segment	3	9	6	14
Delta segment				
Other	3,461	3,131	7983	7,985
Total	10,570	14,944	22,260	32,181
Net Sales:				
Engineered Support Structures segment	134,052	145,352	239,956	275,711
Utility Support Structures segment	112,503	215,700	225,432	399,102
Coatings segment	27,311	22,412	49,477	46,281
Irrigation segment	112,157	101,038	220,793	204,095
Delta segment	74,165		74,165	
Other	21,371	14,308	39,138	28,775
Total	$ 481,559	$ 498,810	$ 848,961	$ 953,964
Operating Income (Loss):				
Engineered Support Structures segment	$ 8,073	$ 11,580	$ 10,684	$ 18,002
Utility Support Structures segment	11,942	49,843	26,648	90,318
Coatings segment	7,586	6,393	12,118	12,384
Irrigation segment	16,596	9,800	31,994	21,770
Delta segment	7,213		7,213	
Other	5,201	3,493	9,465	7,096
Net corporate expense	(19,310)	(11,693)	(29,171)	(21,835)

Total	$ 37,301	$ 69,416	$ 68,951	$ 127,735

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

9. Guarantor/Non-Guarantor Financial Information

On April 8, 2010, the Company issued $300,000,000 of senior unsecured notes 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.

On May 4, 2004, the Company completed a $150,000,000 offering of 6 7/8% Senior Subordinated Notes. The Notes are guaranteed, jointly, severally, fully and unconditionally, on a senior subordinated basis by the Guarantors.

Subsequent to the issuance of the Company's consolidated financial statements on Form 10-K on February 23, 2010, management identified certain errors in the presentation of the condensed consolidated balance sheet contained in this footnote as of December 26, 2009. The errors were the result of (i) a historical accounting policy to record currency translation adjustments only in the subsidiary ledgers and not in the Parent accounts; (ii) a historical accounting policy not to record non-earnings related transactions (e.g. cash dividends, stock options and stock compensation) in the Parent equity accounts; (iii) a bookkeeping error in the beginning 2008 equity balance that was also subsequently carried forward to 2009; and (iv) not correctly reflecting investments in certain subsidiaries in each of the appropriate entities. Accordingly, the previously presented condensed consolidated balance sheet as of December 26, 2009 has been corrected. The "Guarantors" and "Total" columns are not impacted by any of these corrections. These adjustments did not affect the consolidated financial statements for the periods presented.

The impact to the December 26, 2009 condensed consolidated balance sheet is as follows:

	As previously reported	As corrected
Parent:		
Investment in subsidiaries and intercompany accounts	$ 672,135	$ 644,836
Total assets	1,131,254	1,103,955
Retained earnings	811,650	767,398
Accumulated other comprehensive income		16,953
Total Valmont Industries, Inc. shareholders' equity	813,560	786,281
Total liabilities and shareholders' equity	1,131,254	1,103,955
Non-Guarantors:		
Investment in subsidiaries and intercompany accounts	$ (34,722)	$ (9,725)
Total assets	475,882	500,879
Additional paid-in capital	139,577	131,580
Retained earnings	158,724	191,718
Total Valmont Industries, Inc. shareholders' equity	318,748	343,271
Total liabilities and shareholders' equity	475,882	500,879
Eliminations:		
Investment in subsidiaries and intercompany accounts	$ (711,318)	$ (709,016)
Total assets	(711,318)	(709,016)
Additional paid-in capital	(321,119)	(313,122)
Retained earnings	(372,205)	(361,198)
Accumulated other comprehensive income		(16,953)
Total Valmont Industries, Inc. shareholders' equity	(711,318)	(709,016)
Total liabilities and shareholders' equity	(711,318)	(709,016)

The "Guarantors" and "Total" columns have not been impacted by any of the foregoing. There was no impact on the consolidated financial statements for the periods presented.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

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

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 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	16,856	(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)

9. 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)

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

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Thirteen Weeks Ended June 27, 2009

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net Sales	$ 254,326	$ 136,506	$ 146,577	$ (38,599)	$ 498,810
Cost of Sales	184,621	98,858	109,411	(38,761)	354,129
Gross profit	69,705	37,648	37,166	162	144,681
Selling, general and administrative expenses	39,405	14,243	21,617		75,265
Operating income	30,300	23,405	15,549	162	69,416
Other income (expense):					
Interest expense	(3,709)	(6)	(261)		(3,976)
Interest income	22		262		284
Other	1,248	40	320		1,608
	(2,439)	34	321		(2,084)
Earnings before income taxes, minority interest and equity in earnings/(losses) of nonconsolidated subsidiaries	27,861	23,439	15,870	162	67,332
Income tax expense:					
Current	7,373	8,171	3,722		19,266
Deferred	2,980	452	(647)		2,785
	10,353	8,623	3,075		22,051
Earnings before equity in earnings/(losses) of nonconsolidated subsidiaries	17,508	14,816	12,795	162	45,281
Equity in earnings/(losses) of nonconsolidated	26,560			(26,631)	(71)

subsidiaries					
Net earnings	44,068	14,816	12,795	(26,469)	45,210
Less: Earnings attributable to noncontrolling interests			(980)		(980)
Net Earnings attributable to Valmont Industries, Inc.	$ 44,068	$ 14,816	$ 11,815	$ (26,469)	$ 44,230

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

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

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Twenty-Six Weeks Ended June 27, 2009

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net Sales	$ 507,885	$ 257,176	$ 271,326	$ (82,423)	$ 953,964
Cost of Sales	370,372	190,291	204,066	(83,762)	680,967
Gross profit	137,513	66,885	67,260	1,339	272,997
Selling, general and administrative expenses	77,175	28,280	39,807		145,262