

VALMONT INDUSTRIES INC  
Form 10-Q  
April 29, 2010

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

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**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 March 27, 2010**

**Or**

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

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 1-31429**

**Valmont Industries, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**47-0351813**  
(I.R.S. Employer  
Identification No.)

**One Valmont Plaza,  
Omaha, Nebraska**  
(Address of principal executive offices)

**68154-5215**  
(Zip Code)

**402-963-1000**  
(Registrant's telephone number, including area code)

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

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

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

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

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

(Do not check if a smaller  
reporting company)

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

26,324,409

Outstanding shares of common stock as of April 21, 2010

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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 |                   |
|-------------------------------------------------------------------------------------|----------------------|-------------------|
|                                                                                     | March 27,<br>2010    | March 28,<br>2009 |
| Net sales                                                                           | \$ 367,402           | \$ 455,154        |
| Cost of sales                                                                       | 266,672              | 326,838           |
| Gross profit                                                                        | 100,730              | 128,316           |
| Selling, general and administrative expenses                                        | 69,080               | 69,997            |
| Operating income                                                                    | 31,650               | 58,319            |
| Other income (expenses):                                                            |                      |                   |
| Interest expense                                                                    | (5,962)              | (4,284)           |
| Interest income                                                                     | 356                  | 332               |
| Other                                                                               | (77)                 | (1,798)           |
|                                                                                     | (5,683)              | (5,750)           |
| Earnings before income taxes and equity in earnings of nonconsolidated subsidiaries | 25,967               | 52,569            |
| Income tax expense:                                                                 |                      |                   |
| Current                                                                             | 6,706                | 12,300            |
| Deferred                                                                            | 2,740                | 4,955             |
|                                                                                     | 9,446                | 17,255            |
| Earnings before equity in earnings of nonconsolidated subsidiaries                  | 16,521               | 35,314            |
| Equity in earnings of nonconsolidated subsidiaries                                  | 114                  | 566               |
| Net earnings                                                                        | 16,635               | 35,880            |
| Less: Earnings attributable to noncontrolling interests                             | (172)                | (16)              |
| Net earnings attributable to Valmont Industries, Inc.                               | \$ 16,463            | \$ 35,864         |
| Earnings per share attributable to Valmont Industries, Inc. Basic                   | \$ 0.63              | \$ 1.38           |
| Earnings per share attributable to Valmont Industries, Inc. Diluted                 | \$ 0.62              | \$ 1.37           |
| Cash dividends per share                                                            | \$ 0.15              | \$ 0.13           |

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Weighted average number of shares of common stock  
outstanding  
Basic (000 omitted)

|        |        |
|--------|--------|
| 26,031 | 25,902 |
|--------|--------|

Weighted average number of shares of common stock  
outstanding  
Diluted (000 omitted)

|        |        |
|--------|--------|
| 26,419 | 26,225 |
|--------|--------|

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)

|                                                 | March 27,<br>2010 | December 26,<br>2009 |
|-------------------------------------------------|-------------------|----------------------|
| <b>ASSETS</b>                                   |                   |                      |
| Current assets:                                 |                   |                      |
| Cash and cash equivalents                       | \$ 109,987        | \$ 180,786           |
| Restricted cash                                 | 264,000           |                      |
| Receivables, net                                | 256,672           | 259,521              |
| Inventories                                     | 211,679           | 210,611              |
| Prepaid expenses                                | 20,333            | 22,143               |
| Refundable and deferred income taxes            | 38,104            | 42,361               |
| Total current assets                            | 900,775           | 715,422              |
| Property, plant and equipment, at cost          | 671,460           | 675,446              |
| Less accumulated depreciation and amortization  | 394,832           | 392,358              |
| Net property, plant and equipment               | 276,628           | 283,088              |
| Goodwill                                        | 177,443           | 178,320              |
| Other intangible assets, net                    | 93,914            | 96,378               |
| Other assets                                    | 29,019            | 28,961               |
| Total assets                                    | \$ 1,477,779      | \$ 1,302,169         |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>     |                   |                      |
| Current liabilities:                            |                   |                      |
| Current installments of long-term debt          | \$ 281            | \$ 231               |
| Notes payable to banks                          | 10,442            | 11,900               |
| Accounts payable                                | 114,319           | 118,210              |
| Accrued employee compensation and benefits      | 48,402            | 66,611               |
| Accrued expenses                                | 57,607            | 55,921               |
| Dividends payable                               | 3,947             | 3,944                |
| Total current liabilities                       | 234,998           | 256,817              |
| Deferred income taxes                           | 49,577            | 49,281               |
| Long-term debt, excluding current installments  | 351,127           | 160,251              |
| Other noncurrent liabilities                    | 29,061            | 27,513               |
| 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                               | 780,414           | 767,398              |
| Accumulated other comprehensive income          | 10,338            | 16,953               |
| Treasury stock                                  | (25,776)          | (25,990)             |

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|                                                      |              |              |
|------------------------------------------------------|--------------|--------------|
| Total Valmont Industries, Inc. shareholders' equity  | 792,876      | 786,261      |
| Noncontrolling interest in consolidated subsidiaries | 20,140       | 22,046       |
| Total shareholders' equity                           | 813,016      | 808,307      |
| Total liabilities and shareholders' equity           | \$ 1,477,779 | \$ 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)

|                                                                         | Thirteen Weeks Ended |                   |
|-------------------------------------------------------------------------|----------------------|-------------------|
|                                                                         | March 27,<br>2010    | March 28,<br>2009 |
| Cash flows from operations:                                             |                      |                   |
| Net earnings                                                            | \$ 16,635            | \$ 35,880         |
| Adjustments to reconcile net earnings to net cash flow from operations: |                      |                   |
| Depreciation and amortization                                           | 11,209               | 10,835            |
| Stock-based compensation                                                | 1,599                | 1,499             |
| Loss on sales of property, plant and equipment                          | 64                   | 121               |
| Equity in earnings of nonconsolidated subsidiaries                      | (114)                | (566)             |
| Deferred income taxes                                                   | 2,740                | 4,955             |
| Other                                                                   | 20                   | 709               |
| Changes in assets and liabilities, before acquisitions:                 |                      |                   |
| Receivables                                                             | (345)                | 4,341             |
| Inventories                                                             | (2,796)              | (5,596)           |
| Prepaid expenses                                                        | 1,463                | (1,167)           |
| Accounts payable                                                        | (2,131)              | (902)             |
| Accrued expenses                                                        | (10,748)             | (16,672)          |
| Other noncurrent liabilities                                            | (160)                | 1,515             |
| Income taxes payable/refundable                                         | 1,832                | 2,526             |
| Net cash flows from operations                                          | 19,268               | 37,478            |
| Cash flows from investing activities:                                   |                      |                   |
| Purchase of property, plant and equipment                               | (4,555)              | (14,042)          |
| Proceeds from sale of assets                                            | 96                   | 22                |
| Acquisitions                                                            | (7,460)              |                   |
| Cash restricted for acquisitions                                        | (264,000)            |                   |
| Dividends to noncontrolling interests                                   | (295)                | (195)             |
| Other, net                                                              | 2,547                | (2,263)           |
| Net cash flows from investing activities                                | (273,667)            | (16,478)          |
| Cash flows from financing activities:                                   |                      |                   |
| Net payments under short-term agreements                                | (1,458)              | (5,709)           |
| Proceeds from long-term borrowings                                      | 191,000              | 72                |
| Principal payments on long-term obligations                             | (39)                 | (6,313)           |
| Dividends paid                                                          | (3,944)              | (3,402)           |
| Proceeds from exercises under stock plans                               | 1,803                | 1,394             |
| Excess tax benefits from stock option exercises                         | 1,010                | 855               |
| Purchase of treasury shares                                             | (877)                |                   |
| Purchase of common treasury shares stock plan exercises                 | (1,595)              | (140)             |
| Net cash flows from financing activities                                | 185,900              | (13,243)          |
|                                                                         | (2,300)              | (502)             |

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Effect of exchange rate changes on cash and cash equivalents

|                                             |          |        |
|---------------------------------------------|----------|--------|
| Net change in cash and cash equivalents     | (70,799) | 7,255  |
| Cash and cash equivalents beginning of year | 180,786  | 68,567 |

|                                         |            |           |
|-----------------------------------------|------------|-----------|
| Cash and cash equivalents end of period | \$ 109,987 | \$ 75,822 |
|-----------------------------------------|------------|-----------|

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<br>stock | Additional<br>paid-in<br>capital | Retained<br>earnings | Accumulated<br>other<br>comprehensive<br>income<br>(loss) | Treasury<br>stock | Noncontrolling<br>interest in<br>consolidated<br>subsidiaries | Total<br>shareholders'<br>equity |
|--------------------------------------------------|-----------------|----------------------------------|----------------------|-----------------------------------------------------------|-------------------|---------------------------------------------------------------|----------------------------------|
| <b>Balance at<br/>December 27, 2008</b>          | \$ 27,900       | \$                               | \$ 624,254           | \$ (533)                                                  | \$ (27,490)       | \$ 16,845                                                     | \$ 640,976                       |
| Comprehensive income:                            |                 |                                  |                      |                                                           |                   |                                                               |                                  |
| Net earnings                                     |                 |                                  | 35,864               |                                                           |                   | 16                                                            | 35,880                           |
| Currency translation<br>adjustment               |                 |                                  |                      | (2,572)                                                   |                   | (590)                                                         | (3,162)                          |
| Total comprehensive<br>income                    |                 |                                  |                      |                                                           |                   |                                                               | 32,718                           |
| Cash dividends (\$0.13<br>per share)             |                 |                                  | (3,412)              |                                                           |                   |                                                               | (3,412)                          |
| Dividends to<br>noncontrolling interests         |                 |                                  |                      |                                                           |                   | (195)                                                         | (195)                            |
| Acquisitions                                     |                 |                                  |                      |                                                           |                   |                                                               |                                  |
| Stock plan exercises;<br>2,747 shares purchased  |                 |                                  |                      |                                                           | (140)             |                                                               | (140)                            |
| Stock options exercised;<br>67,849 shares issued |                 | (2,354)                          | 2,613                |                                                           | 610               |                                                               | 869                              |
| Tax benefit from exercise<br>of stock options    |                 | 855                              |                      |                                                           |                   |                                                               | 855                              |
| Stock option expense                             |                 | 1,020                            |                      |                                                           |                   |                                                               | 1,020                            |
| Stock awards; 9,746<br>shares issued             |                 | 479                              |                      |                                                           | 436               |                                                               | 915                              |
| <b>Balance at March 28,<br/>2009</b>             | \$ 27,900       | \$                               | \$ 659,319           | \$ (3,105)                                                | \$ (26,584)       | \$ 16,076                                                     | \$ 673,606                       |
| <b>Balance at<br/>December 26, 2009</b>          | \$ 27,900       | \$                               | \$ 767,398           | \$ 16,953                                                 | \$ (25,990)       | \$ 22,046                                                     | \$ 808,307                       |
| Comprehensive income:                            |                 |                                  |                      |                                                           |                   |                                                               |                                  |
| Net earnings                                     |                 |                                  | 16,463               |                                                           |                   | 172                                                           | 16,635                           |
| Currency translation<br>adjustment               |                 |                                  |                      | (6,615)                                                   |                   | (263)                                                         | (6,878)                          |
| Total comprehensive<br>income                    |                 |                                  |                      |                                                           |                   |                                                               | 9,757                            |
| Cash dividends (\$0.15<br>per share)             |                 |                                  | (3,947)              |                                                           |                   |                                                               | (3,947)                          |
| Dividends to<br>noncontrolling interests         |                 |                                  |                      |                                                           |                   | (295)                                                         | (295)                            |
| Purchase of<br>noncontrolling interest           |                 | (1,875)                          |                      |                                                           |                   | (1,520)                                                       | (3,395)                          |
|                                                  |                 |                                  |                      |                                                           | (877)             |                                                               | (877)                            |

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|                                               |                  |                   |                  |                    |
|-----------------------------------------------|------------------|-------------------|------------------|--------------------|
| Purchase of 12,351 treasury shares            |                  |                   |                  |                    |
| Stock plan exercises; 44,088 shares issued    | (733)            | 500               | 2,036            | 1,803              |
| Stock plan exercises; 22,317 shares purchased |                  |                   | (1,595)          | (1,595)            |
| Tax benefit from exercise of stock options    | 1,010            |                   |                  | 1,010              |
| Stock option expense                          | 1,228            |                   |                  | 1,228              |
| Stock awards; 9,088 shares issued             | 370              |                   | 650              | 1,020              |
| <b>Balance at March 27, 2010</b>              | <b>\$ 27,900</b> | <b>\$ 780,414</b> | <b>\$ 10,338</b> | <b>\$ (25,776)</b> |
|                                               |                  |                   |                  | <b>\$ 20,140</b>   |
|                                               |                  |                   |                  | <b>\$ 813,016</b>  |

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 March 27, 2010, the Condensed Consolidated Statements of Operations for the thirteen week periods ended March 27, 2010 and March 28, 2009, the Condensed Consolidated Statements of Cash Flows and Shareholders' Equity for the thirteen 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 March 27, 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 March 27, 2010 are not necessarily indicative of the operating results for the full year.

*Subsequent Events*

On April 8, 2010, the Company issued \$300.0 million of senior unsecured notes at a coupon interest rate of 6.625% per annum. The proceeds of the notes offering are to be used for the Delta acquisition. In the event that the Delta acquisition is not completed, the proceeds of the notes offering will be used for general corporate purposes, including debt repayment.

*Restricted Cash*

At March 27, 2010, the Company had \$264,000 of restricted cash on deposit related the proposed acquisition of ordinary shares of Delta plc (Delta). If the proposed acquisition is completed, the restriction will be removed and the cash used as part of the funding of the acquisition. If the acquisition is not completed, the restriction will be removed and the cash will be available to the Company for general corporate purposes.

*Inventories*

At March 27, 2010, approximately 46.5% 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 \$43,000 and \$39,500 at March 27, 2010 and December 26, 2009, respectively.

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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)**

Inventories consisted of the following:

|                                       | March 27,<br>2010 | December 26,<br>2009 |
|---------------------------------------|-------------------|----------------------|
| Raw materials and purchased parts     | \$ 113,752        | \$ 112,911           |
| Work-in-process                       | 20,484            | 20,217               |
| Finished goods and manufactured goods | 120,458           | 117,032              |
| Subtotal                              | 254,694           | 250,160              |
| LIFO reserve                          | 43,015            | 39,549               |
| Net inventory                         | \$ 211,679        | \$ 210,611           |

*Long-term debt*

At March 27, 2010, the Company had \$191.0 in outstanding borrowings under its revolving credit agreement, at a weighted average annual interest rate of 1.33%, not including facility fees. These outstanding borrowings were associated with the funding requirements related to the proposed Delta acquisition. The revolving credit agreement has a termination date of October 16, 2013 and contains certain financial covenants that may limit the Company's additional borrowing capability under the agreement. At March 27, 2010, the Company had the ability to borrow an additional \$64 million under this facility. Subsequent to the issuance of \$300 million in senior unsecured notes in April 2010, borrowings under the revolving credit agreement were reduced to \$85.0 million.

*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 stock. At March 27, 2010, 1,130,445 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 recorded \$1,228 and \$1,020 of compensation expense (included in selling, general and administrative expenses) in the quarters ended March 27, 2010 and March 28, 2009, respectively, related to stock options. The associated tax benefits recorded were \$472 and \$393, respectively.

*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,

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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)**

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 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<br>March 27,<br>2010 | Quoted Prices in<br>Active Markets for<br>Identical Assets<br>(Level 1) | Significant Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Assets:            |                                     |                                                                         |                                                        |                                                    |
| Trading Securities | \$ 17,361                           | \$ 17,361                                                               | \$                                                     | \$                                                 |

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

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**VALMONT INDUSTRIES, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Dollars in thousands, except per share amounts)**

**(Unaudited)**

**1. Summary of Significant Accounting Policies (Continued)**

*Recently Issued Accounting Pronouncements*

In 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 March 27, 2010.

**2. Proposed 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 offer is 185 pence in cash for each Delta share, valuing the entire existing ordinary share capital of Delta at approximately £284.5 million, or approximately \$439.0 million based on an average exchange rate of \$1.543 / £. To manage the foreign exchange risk associated with the offer, the Company executed a forward foreign exchange contract with a multinational bank, whereby, if the acquisition is completed, the required British pound sterling would be delivered to the Company at a fixed exchange rate of \$1.543/£ to complete the acquisition. If the acquisition is not completed, the contract will be terminated at no cost to the Company. 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 intends to finance the offer with the net proceeds from an April 2010 sale of \$300 million of senior notes at an interest rate of 6.625% per annum and alternative funding sources, including the Company's existing borrowing arrangements. The transaction is subject to the satisfaction of customary closing conditions, including Delta shareholder acceptance. If the closing conditions are satisfied, the Company expects to close the transaction in the second quarter.

In the first quarter of 2010, certain expenses were incurred that were associated with the proposed Delta acquisition. These expenses included:

SG&A expenses of \$2.2 million related to acquisition costs, including costs associated with our review of Delta's operations and financial statements. These costs, under applicable accounting standards, are required to be recorded as expenses as incurred.

Interest expenses aggregating \$2.8 million related to fees and expenses to establish the bridge loan and borrowing costs incurred in relation to the \$181 million borrowed under our revolving credit agreement.

The after-tax impact of these expenses on the Company net earnings for the quarter ended March 27, 2010 was approximately \$3.4 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)

**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.

*Amortized Intangible Assets*

The components of amortized intangible assets at March 27, 2010 and December 26, 2009 were as follows:

|                                  | As of March 27, 2010        |                             | Weighted        |
|----------------------------------|-----------------------------|-----------------------------|-----------------|
|                                  | Gross<br>Carrying<br>Amount | Accumulated<br>Amortization | Average<br>Life |
| Customer Relationships           | \$ 96,925                   | \$ 29,332                   | 14 years        |
| Proprietary Software & Database  | 2,627                       | 2,469                       | 6 years         |
| Patents & Proprietary Technology | 3,464                       | 1,338                       | 13 years        |
| Non-compete Agreements           | 1,680                       | 877                         | 6 years         |
|                                  | \$ 104,696                  | \$ 34,016                   |                 |

|                                  | As of December 26, 2009     |                             | Weighted        |
|----------------------------------|-----------------------------|-----------------------------|-----------------|
|                                  | Gross<br>Carrying<br>Amount | Accumulated<br>Amortization | Average<br>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 during the first quarter of 2010 and 2009 was \$2,040 and \$2,045, respectively. Estimated amortization expense related to amortized intangible assets is as follows:

|      | Estimated<br>Amortization<br>Expense |
|------|--------------------------------------|
| 2010 | \$ 8,084                             |
| 2011 | 7,820                                |
| 2012 | 7,772                                |
| 2013 | 6,876                                |
| 2014 | 6,452                                |

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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 March 27, 2010 and December 26, 2009 were as follows:

|            | March 27,<br>2010 | December 26,<br>2009 |
|------------|-------------------|----------------------|
| PiRod      | \$ 4,750          | \$ 4,750             |
| Newmark    | 11,111            | 11,111               |
| Tehomet    | 1,254             | 1,347                |
| West Coast | 2,410             | 2,356                |
| Site Pro   | 1,800             | 1,800                |
| Stainton   | 1,266             | 1,358                |
| Other      | 643               | 643                  |
|            | \$ 23,234         | \$ 23,365            |

The Company's trade names were tested for impairment separately from goodwill 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.

*Goodwill*

The carrying amount of goodwill as of March 27, 2010 was as follows:

|                              | Engineered<br>Support<br>Structures<br>Segment | Utility<br>Support<br>Structures<br>Segment | Coatings<br>Segment | Irrigation<br>Segment | Total      |
|------------------------------|------------------------------------------------|---------------------------------------------|---------------------|-----------------------|------------|
| Balance December 26, 2009    | \$ 55,338                                      | \$ 77,141                                   | \$ 43,777           | \$ 2,064              | \$ 178,320 |
| Foreign currency translation | (877)                                          |                                             |                     |                       | (877)      |
| Balance March 27, 2010       | \$ 54,461                                      | \$ 77,141                                   | \$ 43,777           | \$ 2,064              | \$ 177,443 |

Table of Contents**VALMONT INDUSTRIES, INC. AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Dollars in thousands, except per share amounts)****(Unaudited)****4. Cash Flows**

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

|              | <b>March 27,<br/>2010</b> | <b>March 28,<br/>2009</b> |
|--------------|---------------------------|---------------------------|
| Interest     | \$ 2,856                  | \$ 2,120                  |
| Income taxes | 3,833                     | 9,889                     |

**5. Earnings Per Share**

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

|                                                       | <b>Basic EPS</b> | <b>Dilutive Effect of<br/>Stock Options</b> | <b>Diluted EPS</b> |
|-------------------------------------------------------|------------------|---------------------------------------------|--------------------|
| <b>Thirteen weeks ended March 27, 2010:</b>           |                  |                                             |                    |
| Net earnings attributable to Valmont Industries, Inc. | \$ 16,463        |                                             | \$ 16,463          |
| Shares outstanding                                    | 26,031           | 388                                         | 26,419             |
| Per share amount                                      | \$ 0.63          | \$ (0.01)                                   | \$ 0.62            |
| <b>Thirteen weeks ended March 28, 2009:</b>           |                  |                                             |                    |
| Net earnings attributable to Valmont Industries, Inc. | \$ 35,864        |                                             | \$ 35,864          |
| Shares outstanding                                    | 25,902           | 323                                         | 26,225             |
| Per share amount                                      | \$ 1.38          | \$ (0.01)                                   | \$ 1.37            |

At March 27, 2010 there were 44,767 of outstanding stock options with exercise prices exceeding the market price of common stock that were therefore excluded from the computation of fully diluted shares earnings per share for the thirteen weeks ended March 27, 2010. At March 28, 2009 there were 641,370 of outstanding stock options with exercise prices exceeding the market price of common stock that were therefore excluded from the computation of fully diluted shares earnings per share for the thirteen weeks ended March 28, 2009.

**6. 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 based on employee headcounts and sales dollars.

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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. Business Segments (Continued)**

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; and

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

In addition to these four 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.

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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. Business Segments (Continued)**

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

|                                        | Thirteen Weeks Ended |                   |
|----------------------------------------|----------------------|-------------------|
|                                        | March 27,<br>2010    | March 28,<br>2009 |
| <b>Sales:</b>                          |                      |                   |
| Engineered Support Structures segment: |                      |                   |
| Lighting & Traffic                     | \$ 88,111            | \$ 103,103        |
| Communication Structures               | 18,895               | 32,933            |
| Engineered Support Structures segment  | 107,006              | 136,036           |
| Utility Support Structures segment:    |                      |                   |
| Steel                                  | 99,073               | 148,572           |
| Concrete                               | 14,155               | 35,388            |
| Utility Support Structures segment     | 113,228              | 183,960           |
| Coatings segment                       | 27,930               | 30,012            |
| Irrigation segment                     | 108,639              | 103,062           |
| Other                                  | 22,289               | 19,321            |
| Total                                  | 379,092              | 472,391           |
| <b>Intersegment Sales:</b>             |                      |                   |
| Engineered Support Structures          | 1,102                | 5,677             |
| Utility Support Structures             | 299                  | 558               |
| Coatings                               | 5,764                | 6,143             |
| Irrigation                             | 3                    | 5                 |
| Other                                  | 4,522                | 4,854             |
| Total                                  | 11,690               | 17,237            |
| <b>Net Sales:</b>                      |                      |                   |
| Engineered Support Structures segment  | 105,904              | 130,359           |
| Utility Support Structures segment     | 112,929              | 183,402           |
| Coatings segment                       | 22,166               | 23,869            |
| Irrigation segment                     | 108,636              | 103,057           |
| Other                                  | 17,767               | 14,467            |
| Total                                  | \$ 367,402           | \$ 455,154        |
| <b>Operating Income (Loss):</b>        |                      |                   |
| Engineered Support Structures segment  | \$ 2,611             | \$ 6,422          |
| Utility Support Structures segment     | 14,706               | 40,475            |
| Coatings segment                       | 4,532                | 5,991             |
| Irrigation segment                     | 15,398               | 11,970            |
| Other                                  | 4,264                | 3,603             |

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|                       |         |          |
|-----------------------|---------|----------|
| Net corporate expense | (9,861) | (10,142) |
|-----------------------|---------|----------|

|       |           |           |
|-------|-----------|-----------|
| Total | \$ 31,650 | \$ 58,319 |
|-------|-----------|-----------|

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Table of Contents**VALMONT INDUSTRIES, INC. AND SUBSIDIARIES****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

(Dollars in thousands, except per share amounts)

(Unaudited)

**7. Guarantor/Non-Guarantor Financial Information**

On May 4, 2004, the Company completed a \$150,000,000 offering of 6<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes. The Notes are guaranteed, jointly, severally, fully and unconditionally, on a senior subordinated basis by certain of the Company's current and future direct and indirect domestic 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.

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 March 27, 2010**

|                                                                                              | Parent     | Guarantors | Non-Guarantors | Eliminations | Total      |
|----------------------------------------------------------------------------------------------|------------|------------|----------------|--------------|------------|
| Net sales                                                                                    | \$ 199,088 | \$ 64,464  | \$ 131,492     | \$ (27,642)  | \$ 367,402 |
| Cost of sales                                                                                | 147,273    | 48,929     | 98,543         | (28,073)     | 266,672    |
| Gross profit                                                                                 | 51,815     | 15,535     | 32,949         | 431          | 100,730    |
| Selling, general and administrative expenses                                                 | 35,692     | 11,433     | 21,955         |              | 69,080     |
| Operating income                                                                             | 16,123     | 4,102      | 10,994         | 431          | 31,650     |
| Other income (expenses):                                                                     |            |            |                |              |            |
| Interest expense                                                                             | (5,754)    |            | (208)          |              | (5,962)    |
| Interest income                                                                              | 11         |            | 345            |              | 356        |
| Other                                                                                        | 158        | 25         | (260)          |              | (77)       |
|                                                                                              | (5,585)    | 25         | (123)          |              | (5,683)    |
| Earnings before income taxes and equity in earnings/(losses) of nonconsolidated subsidiaries | 10,538     | 4,127      | 10,871         | 431          | 25,967     |
| Income tax expense (benefit):                                                                |            |            |                |              |            |
| Current                                                                                      | 2,803      | 1,594      | 2,309          |              | 6,706      |
| Deferred                                                                                     | 1,585      | (29)       | 1,184          |              | 2,740      |
|                                                                                              | 4,388      | 1,565      | 3,493          |              | 9,446      |
| Earnings before equity in earnings/(losses) of nonconsolidated subsidiaries                  | 6,150      | 2,562      | 7,378          | 431          | 16,521     |
| Equity in earnings/(losses) of nonconsolidated subsidiaries                                  | 10,313     |            |                | (10,199)     | 114        |
| Net Earnings                                                                                 | 16,463     | 2,562      | 7,378          | (9,768)      | 16,635     |

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|                                                         |       |       |
|---------------------------------------------------------|-------|-------|
| Less: Earnings attributable to noncontrolling interests | (172) | (172) |
|---------------------------------------------------------|-------|-------|

|                                                       |           |          |          |            |           |
|-------------------------------------------------------|-----------|----------|----------|------------|-----------|
| Net Earnings attributable to Valmont Industries, Inc. | \$ 16,463 | \$ 2,562 | \$ 7,206 | \$ (9,768) | \$ 16,463 |
|-------------------------------------------------------|-----------|----------|----------|------------|-----------|

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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. Guarantor/Non-Guarantor Financial Information (Continued)**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**For the Thirteen Weeks Ended March 28, 2009**

|                                                                                              | Parent     | Guarantors | Non-Guarantors | Eliminations | Total      |
|----------------------------------------------------------------------------------------------|------------|------------|----------------|--------------|------------|
| Net sales                                                                                    | \$ 253,559 | \$ 120,670 | \$ 124,749     | \$ (43,824)  | \$ 455,154 |
| Cost of sales                                                                                | 185,751    | 91,433     | 94,655         | (45,001)     | 326,838    |
| Gross profit                                                                                 | 67,808     | 29,237     | 30,094         | 1,177        | 128,316    |
| Selling, general and administrative expenses                                                 | 37,770     | 14,037     | 18,190         |              | 69,997     |
| Operating income                                                                             | 30,038     | 15,200     | 11,904         | 1,177        | 58,319     |
| Other income (expenses):                                                                     |            |            |                |              |            |
| Interest expense                                                                             | (3,963)    | (7)        | (314)          |              | (4,284)    |
| Interest income                                                                              | 7          | 1          | 324            |              | 332        |
| Other                                                                                        | (152)      | 63         | (1,709)        |              | (1,798)    |
|                                                                                              | (4,108)    | 57         | (1,699)        |              | (5,750)    |
| Earnings before income taxes and equity in earnings/(losses) of nonconsolidated subsidiaries | 25,930     | 15,257     | 10,205         | 1,177        | 52,569     |
| Income tax expense (benefit):                                                                |            |            |                |              |            |
| Current                                                                                      | 5,403      | 5,764      | 1,133          |              | 12,300     |
| Deferred                                                                                     | 3,631      | (121)      | 1,445          |              | 4,955      |
|                                                                                              | 9,034      | 5,643      | 2,578          |              | 17,255     |
| Earnings before equity in earnings/(losses) of nonconsolidated subsidiaries                  | 16,896     | 9,614      | 7,627          | 1,177        | 35,314     |
| Equity in earnings/(losses) of nonconsolidated subsidiaries                                  | 17,791     |            |                | (17,225)     | 566        |
| Net Earnings                                                                                 | 34,687     | 9,614      | 7,627          | (16,048)     | 35,880     |
| Less: Earnings attributable to noncontrolling interests                                      |            |            | (16)           |              | (16)       |
| Net Earnings attributable to Valmont Industries, Inc.                                        | \$ 34,687  | \$ 9,614   | \$ 7,611       | \$ (16,048)  | \$ 35,864  |

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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. Guarantor/Non-Guarantor Financial Information (Continued)

## CONDENSED CONSOLIDATED BALANCE SHEETS

March 27, 2010

|                                                      | Parent       | Guarantors | Non-Guarantors | Eliminations | Total        |
|------------------------------------------------------|--------------|------------|----------------|--------------|--------------|
| <b>ASSETS</b>                                        |              |            |                |              |              |
| Current assets:                                      |              |            |                |              |              |
| Cash and cash equivalents                            | \$ 15,205    | \$ 717     | \$ 94,065      |              | \$ 109,987   |
| Restricted cash                                      | 264,000      |            |                |              | 264,000      |
| Receivables, net                                     | 88,059       | 40,221     | 128,392        |              | 256,672      |
| Inventories                                          | 78,222       | 39,622     | 93,835         |              | 211,679      |
| Prepaid expenses                                     | 3,551        | 511        | 16,271         |              | 20,333       |
| Refundable and deferred income taxes                 | 22,640       | 7,400      | 8,064          |              | 38,104       |
| Total current assets                                 | 471,677      | 88,471     | 340,627        |              | 900,775      |
| Property, plant and equipment, at cost               | 409,955      | 94,134     | 167,371        |              | 671,460      |
| Less accumulated depreciation and amortization       | 261,344      | 45,905     | 87,583         |              | 394,832      |
| Net property, plant and equipment                    | 148,611      | 48,229     | 79,788         |              | 276,628      |
| Goodwill                                             | 20,108       | 107,542    | 49,793         |              | 177,443      |
| Other intangible assets                              | 944          | 72,817     | 20,153         |              | 93,914       |
| Investment in subsidiaries and intercompany accounts | 670,234      | 81,900     | (25,306)       | (726,828)    |              |
| Other assets                                         | 24,407       |            | 4,612          |              | 29,019       |
| Total assets                                         | \$ 1,335,981 | \$ 398,959 | \$ 469,667     | \$ (726,828) | \$ 1,477,779 |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>          |              |            |                |              |              |
| Current liabilities:                                 |              |            |                |              |              |
| Current installments of long-term debt               | \$ 187       |            | \$ 94          |              | \$ 281       |
| Notes payable to banks                               |              | 10         | 10,432         |              | 10,442       |
| Accounts payable                                     | 38,036       | 10,964     | 65,319         |              | 114,319      |
| Accrued expenses                                     | 55,409       | 10,282     | 40,318         |              | 106,009      |
| Dividends payable                                    | 3,947        |            |                |              | 3,947        |
| Total current liabilities                            | 97,579       | 21,256     | 116,163        |              | 234,998      |
| Deferred income taxes                                | 32,160       | 9,870      | 7,547          |              | 49,577       |
| Long-term debt, excluding current installments       | 350,698      |            | 429            |              | 351,127      |
| Other noncurrent liabilities                         | 25,547       |            | 3,514          |              | 29,061       |
| Commitments and contingencies                        |              |            |                |              |              |
| Shareholders' equity:                                |              |            |                |              |              |
| Common stock of \$1 par value                        | 27,900       | 14,249     | 3,494          | (17,743)     | 27,900       |
| Additional paid-in capital                           |              | 181,542    | 141,766        | (323,308)    |              |
| Retained earnings                                    | 827,873      | 172,042    | 165,854        | (385,355)    | 780,414      |
| Accumulated other comprehensive income               |              |            | 10,338         |              | 10,338       |

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|                                                      |              |            |            |              |              |
|------------------------------------------------------|--------------|------------|------------|--------------|--------------|
| Treasury stock                                       | (25,776)     |            |            |              | (25,776)     |
| Total Valmont Industries, Inc. shareholders' equity  | 829,997      | 367,833    | 472,688    | (726,406)    | 792,876      |
| Noncontrolling interest in consolidated subsidiaries |              |            | 20,562     | (422)        | 20,140       |
| Total shareholders' equity                           | 829,997      | 367,833    | 493,250    | (726,828)    | 813,016      |
| Total liabilities and shareholders' equity           | \$ 1,335,981 | \$ 398,959 | \$ 469,667 | \$ (726,828) | \$ 1,477,779 |

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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. Guarantor/Non-Guarantor Financial Information (Continued)

## CONDENSED CONSOLIDATED BALANCE SHEETS

December 26, 2009

|                                                      | Parent    | Guarantors | Non-Guarantors | Eliminations | Total      |
|------------------------------------------------------|-----------|------------|----------------|--------------|------------|
| <b>ASSETS</b>                                        |           |            |                |              |            |
| Current assets:                                      |           |            |                |              |            |
| Cash and cash equivalents                            | \$ 82,017 | \$ 1,666   | \$ 97,103      |              | \$ 180,786 |
| Receivables, net                                     | 75,202    | 48,655     | 135,664        |              | 259,521    |
| Inventories                                          | 77,708    | 42,822     | 90,081         |              | 210,611    |
| Prepaid expenses                                     | 3,309     | 455        | 18,379         |              | 22,143     |
| Refundable and deferred income taxes                 | 26,306    | 7,120      | 8,935          |              | 42,361     |
| Total current assets                                 | 264,542   | 100,718    | 350,162        |              | 715,422    |
| Property, plant and equipment, at cost               | 408,411   | 94,139     | 172,896        |              | 675,446    |
| Less accumulated depreciation and amortization       | 257,632   | 44,272     | 90,454         |              | 392,358    |
| Net property, plant and equipment                    | 150,779   | 49,867     | 82,442         |              | 283,088    |
| Goodwill                                             | 20,108    | 107,542    | 50,670         |              | 178,320    |
| Other intangible assets                              | 985       | 74,319     | 21,074         |              | 96,378     |
| Investment in subsidiaries and intercompany accounts | 672,135   | 73,905     | (34,722)       | (711,318)    |            |
| Other assets                                         | 22,705    |            | 6,256          |              | 28,961     |
| Total assets                                         | 1,131,254 | 406,351    | 475,882        | (711,318)    | 1,302,169  |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>          |           |            |                |              |            |
| Current liabilities:                                 |           |            |                |              |            |
| Current installments of long-term debt               | \$ 187    |            | \$ 44          |              | \$ 231     |
| Notes payable to banks                               |           | 13         | 11,887         |              | 11,900     |
| Accounts payable                                     | 36,608    | 13,611     | 67,991         |              | 118,210    |
| Accrued expenses                                     | 61,129    | 17,836     | 43,567         |              | 122,532    |
| Dividends payable                                    | 3,944     |            |                |              | 3,944      |
| Total current liabilities                            | 101,868   | 31,460     | 123,489        |              | 256,817    |
| Deferred income taxes                                | 32,389    | 9,620      | 7,272          |              | 49,281     |
| Long-term debt, excluding current installments       | 159,698   |            | 553            |              | 160,251    |
| Other noncurrent liabilities                         | 23,739    |            | 3,774          |              | 27,513     |
| Commitments and contingencies                        |           |            |                |              |            |
| Shareholders' equity:                                |           |            |                |              |            |
| Common stock of \$1 par value                        | 27,900    | 14,249     | 3,494          | (17,743)     | 27,900     |
| Additional paid-in capital                           |           | 181,542    | 139,577        | (321,119)    |            |
| Retained earnings                                    | 811,650   | 169,480    | 158,724        | (372,205)    | 767,398    |
| Accumulated other comprehensive income               |           |            | 16,953         |              | 16,953     |
| Treasury stock                                       | (25,990)  |            |                |              | (25,990)   |

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|                                                      |              |            |            |              |              |
|------------------------------------------------------|--------------|------------|------------|--------------|--------------|
| Total Valmont Industries, Inc shareholders' equity   | 813,560      | 365,271    | 318,748    | (711,318)    | 786,261      |
| Noncontrolling interest in consolidated subsidiaries |              |            | 22,046     |              | 22,046       |
| Total shareholders' equity                           | 813,560      | 365,271    | 340,794    | (711,318)    | 808,307      |
| Total liabilities and shareholders' equity           | \$ 1,131,254 | \$ 406,351 | \$ 475,882 | \$ (711,318) | \$ 1,302,169 |

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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. Guarantor/Non-Guarantor Financial Information (Continued)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Thirteen Weeks Ended March 27, 2010

|                                                                         | Parent    | Guarantors | Non-Guarantors | Eliminations | Total     |
|-------------------------------------------------------------------------|-----------|------------|----------------|--------------|-----------|
| Cash flows from operations:                                             |           |            |                |              |           |
| Net earnings                                                            | \$ 16,635 | \$ 2,562   | \$ 7,550       | \$ (10,112)  | \$ 16,635 |
| Adjustments to reconcile net earnings to net cash flow from operations: |           |            |                |              |           |
| Depreciation                                                            | 4,988     | 3,183      | 3,038          |              | 11,209    |
| Stock-based compensation                                                | 1,599     |            |                |              | 1,599     |
| Loss on sales of property, plant and equipment                          | 8         |            | 56             |              | 64        |
| Equity in losses of nonconsolidated subsidiaries                        | (114)     |            |                |              | (114)     |
| Deferred income taxes                                                   | 1,585     | (29)       | 1,184          |              | 2,740     |
| Other adjustments                                                       |           |            | 20             |              | 20        |
| Changes in assets and liabilities:                                      |           |            |                |              |           |
| Receivables                                                             | (12,826)  | 8,433      | 4,048          |              | (345)     |
| Inventories                                                             | (514)     | 3,200      | (5,482)        |              | (2,796)   |
| Prepaid expenses                                                        | (243)     | (55)       | 1,761          |              | 1,463     |
| Accounts payable                                                        | 1,429     | (2,647)    | (913)          |              | (2,131)   |
| Accrued expenses                                                        | (5,071)   | (7,554)    | 1,877          |              | (10,748)  |
| Other noncurrent liabilities                                            | 111       |            | (271)          |              | (160)     |
| Income taxes payable/refundable                                         | 1,851     |            | (19)           |              | 1,832     |
| Net cash flows from operations                                          | 9,438     | 7,093      | 12,849         | (10,112)     | 19,268    |
| Cash flows from investing activities:                                   |           |            |                |              |           |
| Purchase of property, plant and equipment                               | (2,605)   | (48)       | (1,902)        |              | (4,555)   |
| Proceeds from sale of property and equipment                            |           | 3          | 93             |              | 96        |
| Acquisitions, net of cash acquired                                      |           |            | (7,460)        |              | (7,460)   |
| Cash restricted for acquisitions                                        | (264,000) |            |                |              | (264,000) |
| Dividends to minority interests                                         |           |            | (295)          |              | (295)     |
| Other, net                                                              | 2,958     | (7,997)    | (2,526)        | 10,112       | 2,547     |
| Net cash flows from investing activities                                | (263,647) | (8,042)    | (12,090)       | 10,112       | (273,667) |
| Cash flows from financing activities:                                   |           |            |                |              |           |
| Net repayments under short-term agreements                              |           |            | (1,458)        |              | (1,458)   |
| Proceeds from long-term borrowings                                      | 191,000   |            |                |              | 191,000   |
| Principal payments on long-term obligations                             |           |            | (39)           |              | (39)      |
| Dividends paid                                                          | (3,944)   |            |                |              | (3,944)   |
| Proceeds from exercises under stock plans                               | 1,803     |            |                |              | 1,803     |
| Excess tax benefits from stock option exercises                         | 1,010     |            |                |              | 1,010     |
| Purchase of treasury shares                                             | (877)     |            |                |              | (877)     |
| Purchase of common treasury shares stock plan exercises                 | (1,595)   |            |                |              | (1,595)   |

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|                                                              |           |        |           |            |
|--------------------------------------------------------------|-----------|--------|-----------|------------|
| Net cash flows from financing activities                     | 187,397   |        | (1,497)   | 185,900    |
| Effect of exchange rate changes on cash and cash equivalents |           |        | (2,300)   | (2,300)    |
| Net change in cash and cash equivalents                      | (66,812)  | (949)  | (3,038)   | (70,799)   |
| Cash and cash equivalents beginning of year                  | 82,017    | 1,666  | 97,103    | 180,786    |
| Cash and cash equivalents end of period                      | \$ 15,205 | \$ 717 | \$ 94,065 | \$ 109,987 |

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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. Guarantor/Non-Guarantor Financial Information (Continued)**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Thirteen Weeks Ended March 28, 2009**

|                                                                         | Parent    | Guarantors | Non-Guarantors | Eliminations | Total     |
|-------------------------------------------------------------------------|-----------|------------|----------------|--------------|-----------|
| Cash flows from operations:                                             |           |            |                |              |           |
| Net earnings                                                            | \$ 34,687 | \$ 9,614   | \$ 7,627       | \$ (16,048)  | \$ 35,880 |
| Adjustments to reconcile net earnings to net cash flow from operations: |           |            |                |              |           |
| Depreciation                                                            | 4,528     | 3,153      | 3,154          |              | 10,835    |
| Stock-based compensation                                                | 1,499     |            |                |              | 1,499     |
| Loss on sales of property, plant and equipment                          | (3)       | 48         | 76             |              | 121       |
| Equity in losses of nonconsolidated subsidiaries                        | (566)     |            |                |              | (566)     |
| Deferred income taxes                                                   | 3,631     | (121)      | 1,445          |              | 4,955     |
| Other adjustments                                                       | (525)     |            | 1,234          |              | 709       |
| Changes in assets and liabilities:                                      |           |            |                |              |           |
| Receivables                                                             | (8,191)   | (8,634)    | 21,166         |              | 4,341     |
| Inventories                                                             | (7,852)   | 4,492      | (2,236)        |              | (5,596)   |
| Prepaid expenses                                                        | (25)      | (484)      | (658)          |              | (1,167)   |
| Accounts payable                                                        | 9,138     | (3,703)    | (6,337)        |              | (902)     |
| Accrued expenses                                                        | (10,853)  | (4,032)    | (1,787)        |              | (16,672)  |
| Other noncurrent liabilities                                            | 1,695     |            | (180)          |              | 1,515     |
| Income taxes payable/refundable                                         | 4,236     |            | (1,710)        |              | 2,526     |
| Net cash flows from operations                                          | 31,399    | 333        | 21,794         | (16,048)     | 37,478    |
| Cash flows from investing activities:                                   |           |            |                |              |           |
| Purchase of property, plant and equipment                               | (6,391)   | (2,687)    | (4,964)        |              | (14,042)  |
| Proceeds from sale of property and equipment                            | 6         |            | 16             |              | 22        |
| Dividends to minority interests                                         |           |            | (195)          |              | (195)     |
| Other, net                                                              | (11,226)  | 2,380      | (9,465)        | 16,048       | (2,263)   |
| Net cash flows from investing activities                                | (17,611)  | (307)      | (14,608)       | 16,048       | (16,478)  |
| Cash flows from financing activities:                                   |           |            |                |              |           |
| Net repayments under short-term agreements                              |           | (3)        | (5,706)        |              | (5,709)   |
| Proceeds from long-term borrowings                                      |           | 3          | 69             |              | 72        |
| Principal payments on long-term obligations                             | (6,175)   | (9)        | (129)          |              | (6,313)   |
| Dividends paid                                                          | (3,402)   |            |                |              | (3,402)   |
| Proceeds from exercises under stock plans                               | 1,394     |            |                |              | 1,394     |
| Excess tax benefits from stock option exercises                         | 855       |            |                |              | 855       |
| Purchase of common treasury shares                                      | (140)     |            |                |              | (140)     |
| Net cash flows from financing activities                                | (7,468)   | (9)        | (5,766)        |              | (13,243)  |

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|                                                              |           |          |           |    |           |
|--------------------------------------------------------------|-----------|----------|-----------|----|-----------|
| Effect of exchange rate changes on cash and cash equivalents |           |          | (502)     |    | (502)     |
| Net change in cash and cash equivalents                      | 6,320     | 17       | 918       |    | 7,255     |
| Cash and cash equivalents beginning of year                  | 18,989    | 1,503    | 48,075    |    | 68,567    |
| Cash and cash equivalents end of period                      | \$ 25,309 | \$ 1,520 | \$ 48,993 | \$ | \$ 75,822 |

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

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

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

This discussion should be read in conjunction with the financial statements and the notes thereto, and the management's discussion and analysis, included in the Company's Annual Report on Form 10-K for the fiscal year ended December 26, 2009. We aggregate our businesses into four reportable segments. See Note 7 to the Condensed Consolidated Financial Statements.

In the fourth quarter of 2009, we reorganized our Utility Support Structures reporting structure to include oversight of sales and operating income of utility structures on a world-wide basis. Accordingly, we have changed our segment reporting to match our internal reporting structure. Previously, sales and operating profit associated with utility support structure sales outside of North America were included in the Engineered Support Structures segment. Financial information for 2009 has been reclassified to conform to the 2010 presentation.

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Dollars in thousands, except per share amounts

|                                                                           | Thirteen Weeks Ended |                   |                             |
|---------------------------------------------------------------------------|----------------------|-------------------|-----------------------------|
|                                                                           | March 27,<br>2010    | March 28,<br>2009 | %<br>Increase<br>(Decrease) |
| <b>Consolidated</b>                                                       |                      |                   |                             |
| Net sales                                                                 | \$ 367,402           | \$ 455,154        | -19.3%                      |
| Gross profit                                                              | 100,730              | 128,316           | -21.5%                      |
| as a percent of sales                                                     | 27.4%                | 28.2%             |                             |
| SG&A expense                                                              | 69,080               | 69,997            | -0.1%                       |
| as a percent of sales                                                     | 18.8%                | 15.4%             |                             |
| Operating income                                                          | 31,650               | 58,319            | -45.7%                      |
| as a percent of sales                                                     | 8.6%                 | 12.8%             |                             |
| Net interest expense                                                      | 5,606                | 3,952             | 41.9%                       |
| Effective tax rate                                                        | 36.4%                | 32.8%             |                             |
| Net earnings attributable to<br>Valmont Industries, Inc.                  | 16,463               | 35,864            | -54.1%                      |
| Earnings per share<br>attributable to Valmont<br>Industries, Inc. diluted | \$ 0.62              | \$ 1.37           | -54.7%                      |
| <b>Engineered Support Structures<br/>segment</b>                          |                      |                   |                             |
| Net sales                                                                 | \$ 105,904           | \$ 130,359        | -18.8%                      |
| Gross profit                                                              | 27,904               | 31,884            | -12.5%                      |
| SG&A expense                                                              | 25,293               | 25,462            | -0.7%                       |
| Operating income                                                          | 2,611                | 6,422             | -59.3%                      |
| <b>Utility Support Structures<br/>segment</b>                             |                      |                   |                             |
| Net sales                                                                 | \$ 112,929           | \$ 183,402        | -38.4%                      |
| Gross profit                                                              | 30,474               | 56,993            | -46.5%                      |
| SG&A expense                                                              | 15,768               | 16,518            | -4.5%                       |
| Operating income                                                          | 14,706               | 40,475            | -63.7%                      |
| <b>Coatings segment</b>                                                   |                      |                   |                             |
| Net sales                                                                 | \$ 22,166            | \$ 23,869         | -7.1%                       |
| Gross profit                                                              | 7,657                | 9,479             | -19.2%                      |
| SG&A expense                                                              | 3,125                | 3,488             | -10.4%                      |
| Operating income                                                          | 4,532                | 5,991             | -24.4%                      |
| <b>Irrigation segment</b>                                                 |                      |                   |                             |
| Net sales                                                                 | \$ 108,636           | \$ 103,057        | 5.4%                        |
| Gross profit                                                              | 28,377               | 24,216            | 17.2%                       |
| SG&A expense                                                              | 12,979               | 12,246            | 6.0%                        |
| Operating income                                                          | 15,398               | 11,970            | 28.6%                       |
| <b>Other</b>                                                              |                      |                   |                             |
| Net sales                                                                 | \$ 17,767            | \$ 14,467         | 22.8%                       |
| Gross profit                                                              | 6,186                | 5,727             | 8.0%                        |
| SG&A expense                                                              | 1,922                | 2,124             | -9.5%                       |
| Operating income                                                          | 4,264                | 3,603             | 18.3%                       |
| <b>Net Corporate expense</b>                                              |                      |                   |                             |
| Gross profit                                                              | 132                  | \$ 17             | NM                          |
| SG&A expense                                                              | 9,993                | 10,159            | -1.6%                       |
| Operating loss                                                            | (9,861)              | (10,142)          | -2.8%                       |

NM

= Not meaningful

*Overview*

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On a consolidated basis, the sales decrease in the first quarter of fiscal 2010, as compared with 2009, was mainly due to a combination of lower sales unit volumes and lower average selling prices.

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These decreases were offset somewhat by currency translation effects (approximately \$8.4 million), as the U.S. dollar, on average, was weaker in relation to the euro, Brazilian real and South Africa rand in the first quarter of 2010, as compared with the same period in 2009. For the company as a whole our 2010 sales unit volumes were approximately 11% lower than 2009. On a reportable segment basis, we realized a significant sales unit volume decrease in the Utility Support Structures ("Utility"), Engineered Support Structures (ESS) and Coatings segments. These decreases were somewhat offset by increased unit sales volumes in the Irrigation segment. Lower unit sales prices and unfavorable sales mix also contributed the lower net sales recorded in the first quarter of 2010, as compared with 2009. Sales price decreases in 2010, as compared with 2009, resulted from a combination of weaker sales demand in most of our businesses and falling steel prices throughout much of 2009.

The gross profit margin (gross profit as a percent of sales) in the first quarter of 2010 was slightly lower than 2009. We were able to maintain gross profit margins to some extent due to cost control and productivity measures in our manufacturing facilities and lower average steel unit costs in 2010, as compared with 2009.

Selling, general and administrative (SG&A) spending in the first quarter of 2010 was comparable to 2009. SG&A expense increases in 2010 included approximately \$2.2 million of expenses incurred as part of the proposed Delta acquisition and approximately \$1.2 million due to currency translation. These increases were more than offset by lower employee incentive expenses in 2010, as compared with 2009 (approximately \$2.9 million), and lower sales commissions related to lower net sales in 2010, as compared with 2009 (approximately \$1.0 million).

On a reportable segment basis, all segments except the Irrigation segment reported lower operating income in 2010, as compared with 2009.

The increase in net interest expense in the first quarter of 2010, as compared with 2009, was due to approximately \$2.8 million bank fees and borrowing costs incurred related to the Delta acquisition. Aside from the impact of the proposed Delta acquisition, net interest expense was lower in 2010, as compared with 2009, due to average lower borrowing levels in 2010, as compared with 2009. "Other" expense was lower in 2010, as compared with 2009, mainly due to foreign currency transaction losses incurred in 2009 that did not repeat in 2010.

The increase in the effective income tax rate in the first quarter of 2010, as compared with the same period in 2009, was due to a combination of lower tax credits in 2010, the non-deductibility of a portion of the Delta acquisition expenses incurred in 2010 and the benefit of the reduction of income tax contingencies realized in the first quarter of 2009. Our cash flows provided by operations were approximately \$19.3 million in the first quarter of 2010, as compared with \$37.5 million in the first quarter of 2009. Lower net earnings in 2010, as compared with 2009, was the main reason for the lower operating cash flow in 2010.

***Proposed acquisition of Delta plc***

On March 4, 2010, we made an offer to acquire all the ordinary shares of Delta plc ("Delta"), a public company traded on the London Stock exchange under the symbol "DLTA". The offer price was £1.85 per ordinary share, with a total estimated purchase price of \$439 million, based on an average exchange rate of \$1.543/£. To manage the foreign exchange risk associated with the offer, we executed a forward foreign exchange contract with a multinational bank, whereby, if the acquisition is completed, the required British pound sterling would be delivered to us at a fixed exchange rate of \$1.543/£ to complete the acquisition. If the acquisition is not completed, the contract will be terminated at no cost to us. In accordance with takeover rules in the United Kingdom, we established funding for the purchase price and related acquisition costs by a combination of \$264 million in restricted cash (comprised of cash balances of \$83 million and \$181 million in borrowings under our revolving credit agreement) and a \$200 million bank bridge loan commitment. In April 2010, we issued \$300 million of

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senior unsecured notes, terminated the bridge loan and reduced our revolving credit agreement borrowings to approximately \$85 million.

In the first quarter of 2010, certain expenses were incurred in our condensed consolidated statement of operations that were associated with the proposed Delta acquisition. These expenses included:

SG&A expenses of \$2.2 million related to acquisition costs, including costs associated with our review of Delta's operations and financial statements. These costs, under applicable accounting standards, are required to be recorded as expenses as incurred.

Interest expenses aggregating \$2.8 million related to fees and expenses to establish the bridge loan and borrowing costs incurred in relation to the \$181 million borrowed under our revolving credit agreement.

The after-tax impact of these expenses on our net income for the quarter ended March 27, 2010 was approximately \$3.4 million.

***Engineered Support Structures (ESS) segment***

The decrease in net sales in the first quarter of 2010, as compared with the same period in 2009, was mainly due to lower sales volumes in both the lighting and communication structures product lines. In the Lighting product line in North America, sales were lower in both the transportation and commercial markets. In the transportation market, sales were hampered by the lack of a long-term federal highway funding legislation and state budget deficits. While legislation was passed late in the quarter to extend the current program to the end of 2010, there was no related impact to 2010 sales. We believe the lack of long-term funding legislation does not give the various states ample visibility to implement long-term initiatives. Furthermore, highway spending sponsored under the federal program requires the various states to provide part of required funding. Many states are in budget deficits and may constrain their ability to access federal matching funds to implement roadway projects. The commercial lighting market remains weak, due to continued softness in the commercial construction market. In Europe, sales were modestly lower in 2010, as compared with 2009, due to economic weakness in most of our markets and, to some extent, less favorable weather conditions across the continent. Lighting structure sales in China, while a relatively small portion of global lighting sales, improved in 2010, as compared with 2009, due to increased sales efforts.

Sales in the communication structures product line were lower in 2010, as compared with 2009, in both North America and China. In North America, general slowness in the wireless communication market, severe winter weather conditions and our exit from the sign structure market all contributed to lower sales this year. In China, sales of wireless communication structures likewise were lower in 2010, as compared with 2009. In 2010, annual supply contracts with the various carriers are being settled later than in the past and we believe there is some continuing coordination of the wireless networks in China that is impacting network development at this time.

Operating income in the ESS segment was lower in the first quarter of 2010, as compared with 2009, due mainly to lower sales volumes in the segment. The impact of lower sales on operating profit was mitigated to an extent by lower material costs in 2010, as compared with 2009, and factory operational improvements. SG&A expenses were lower in 2010, as compared with 2009, due to various cost containment actions in the segment this year.

***Utility Support Structures (USS) segment***

In the USS segment, the sales decrease in 2010, as compared with 2009, was due to the combination of lower sales unit volumes in the U.S. and lower average unit selling prices. The record sales performance realized in 2009 was in part related to the large backlog at the end of the 2008 fiscal

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year, which was the result of substantial order intake in the last half of 2008. At the end of fiscal 2009, our sales order backlog was less than half of the year-end 2008 backlog. During 2009 and continuing into 2010, the economic recession in the U.S. resulted in a drop in electricity demand. Accordingly, our customers reduced their purchases of structures and delayed scheduled projects. In addition, price competition became more significant, especially in light of falling steel prices throughout most of 2009. In international markets, sales in the first quarter of 2010 improved over 2009, the result of increased project sales into new markets and improved sales volumes in China.

The decrease in operating income in 2010, as compared with 2009, was a result of lower sales volumes, lower average selling prices and an unfavorable sales mix. The decrease in SG&A expenses primarily resulted from lower employee incentives (approximately \$1.6 million) in 2010, as compared with 2009, due to lower operating income this year.

***Coatings segment***

The decrease in Coatings segment sales in 2010, as compared with 2009, resulted mainly from lower sales unit volumes in our galvanizing operations, especially intersegment sales to the ESS and USS segments. Galvanizing unit volumes in 2010 were lower than 2009 by approximately 10%, as demand for galvanizing services in our market areas continued to be impacted by weak industrial demand.

Operating income in the Coatings segment was lower in 2010, as compared with 2009, due to lower galvanizing volumes and rising zinc costs that were not recovered through sales price increases. SG&A expenses for the segment in 2010 were comparable with 2009.

***Irrigation segment***

Irrigation segment net sales improved in 2010, as compared with 2009, due to stronger sales volumes in North America and currency translation effects on international sales (approximately \$3.4 million). In North America, we believe improved demand for irrigation equipment in 2010 over a weak 2009 resulted from improvement in grower sentiment and expected net farm income. North American sales of service parts in 2010 lagged 2009, which we believe were due to poor winter weather conditions. In international markets, sales unit volumes were slightly lower in 2010, as compared with 2009, due mainly to lower multi-system project sales in 2010, offset somewhat by stronger market conditions in Latin America and Argentina.

Operating income for the segment improved in 2010 over 2009, due to improved sales unit volumes in North America, lower raw material prices and a stronger international sales mix. SG&A expenses increased mainly due to the costs associated with business development activities.

***Other***

This unit mainly includes our industrial tubing and fasteners operations. The increase in sales and operating income in 2010, as compared with 2009, primarily was due to improved sales demand for tubing products.

***Net corporate expense***

Net corporate expense decreased in the first quarter of 2010 as compared with the first quarter of 2009. Expense decreases associated with lower employee incentive accruals (approximately \$2.1 million) and other discretionary cost reductions were somewhat offset by expenses incurred related to the proposed acquisition of Delta.

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**Liquidity and Capital Resources**

***Cash Flows***

*Working Capital and Operating Cash Flows* Net working capital was \$665.7 million at March 27, 2010, as compared with \$458.6 million at December 26, 2009. The increase in net working capital in 2010 mainly resulted from \$181.0 million in additional borrowing under our revolving credit agreement related to the proposed Delta acquisition that is reflected in our cash balances at March 27, 2010. Operating cash flow was \$19.3 million for the thirteen week period ended March 27, 2010, as compared with \$37.5 million for the same period in 2009. The decrease in operating cash flow in 2010 mainly was the result of lower net earnings 2010, as compared with 2009. Accounts receivable turnover in the first quarter of 2010 was comparable with the same period in 2009.

*Investing Cash Flows* Capital spending during the thirteen weeks ended March 27, 2010 was \$4.6 million, as compared with \$14.0 million for the same period in 2009. We expect our capital spending for the 2010 fiscal year to be approximately \$50 million. Investing cash flows for fiscal 2010 included \$264.0 million of restricted cash associated with the proposed acquisition of Delta. Investing cash flows for 2010 also include an aggregate of approximately \$7.5 million associated with increasing our ownership interest in West Coast Engineering, Ltd. from 70% to 80% and the additional purchase price paid to the former shareholders of Stainton related to the performance of the operation after its acquisition in November 2008.

*Financing Cash Flows* Our total interest-bearing debt increased from \$172.4 million at December 26, 2009 to \$361.8 million as of March 27, 2010. The increase in borrowings in the first quarter of 2010 was predominantly associated with borrowings under our revolving credit agreement to establish the required escrow funding associated with the Delta acquisition.

***Sources of Financing and Capital***

We have historically funded our growth, capital spending and acquisitions through a combination of operating cash flows and debt financing. We have an internal long-term objective to maintain long-term debt as a percent of invested capital at or below 40%. At March 27, 2010, our long-term debt to invested capital ratio was 28.0%, as compared with 15.2% at December 26, 2009. Subject to our level of acquisition activity and steel industry operating conditions (which could affect the levels of inventory we need to fulfill customer commitments), we plan to maintain this ratio below 40% in 2010.

Our debt financing at March 27, 2010 consisted primarily of long-term debt. We also maintain certain short-term bank lines of credit totaling \$37.9 million, \$33.0 million of which was unused at March 27, 2010. Our long-term debt principally consists of:

\$150 million of senior subordinated notes that bear interest at 6.875% per annum and are due in May 2014. We are allowed to repurchase the notes at specified prepayment premiums. These notes are guaranteed by certain of our U.S. subsidiaries.

\$280 million revolving credit agreement with a group of banks. We may increase the credit facility by up to an additional \$100 million at any time, subject to participating banks increasing the amount of their lending commitments. The interest rate on our borrowings will be, at our option, either:

- (a) LIBOR (based on a 1, 2, 3 or 6 month interest period, as selected by us) plus 125 to 200 basis points (inclusive of facility fees), depending on our ratio of debt to earnings before taxes, interest, depreciation and amortization (EBITDA), or;
- (b) the higher of

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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 our 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 our ratio of debt to EBITDA

In April 2010, we issued \$300 million of senior unsecured notes that bear interest at 6.625% per annum and mature on April 20, 2020. The proceeds of the notes are anticipated to be used toward the purchase of the outstanding ordinary shares of Delta. In the event that the Delta acquisition is not completed, the proceeds of the notes will be used for general corporate purposes, including debt repayment.

At March 27, 2010, we had \$191.0 in outstanding borrowings under the revolving credit agreement, at a weighted average annual interest rate of 1.33%, not including facility fees. These outstanding borrowings were associated with funding requirements related to the proposed Delta acquisition. The revolving credit agreement has a termination date of October 16, 2013 and contains certain financial covenants that may limit our additional borrowing capability under the agreement. At March 27, 2010, we had the ability to borrow an additional \$64 million under this facility. Subsequent to the issuance of our senior unsecured notes in April 2010, our borrowings under our revolving credit agreement were reduced to \$85.0 million.

These debt agreements contain covenants that require us to maintain certain coverage ratios and may limit us with respect to certain business activities, including capital expenditures. Our key debt covenants are that interest-bearing debt is not to exceed 3.75x EBITDA of the prior four quarters and that our EBITDA over our prior four quarters must be at least 2.50x our interest expense over the same period. At March 27, 2010, we were in compliance with all covenants related to these debt agreements.

Our businesses are cyclical, but we have diversity in our markets, from a product, customer and a geographical standpoint. We have demonstrated the ability to effectively manage through business cycles and maintain liquidity. We have consistently generated operating cash flows in excess of our capital expenditures. Based on our available credit facilities, recent issuance of senior unsecured notes and our history of positive operational cash flows, we believe that we have adequate liquidity to meet our needs.

**Financial Obligations and Financial Commitments**

Other than our additional borrowings under our revolving credit agreement related to the Delta offer and the contingent forward foreign exchange contract in place associated with the proposed Delta acquisition, there have been no material changes to our financial obligations and financial commitments as described beginning on page 37 in our Form 10-K for the year ended December 26, 2009.

**Off Balance Sheet Arrangements**

There have been no changes in our off balance sheet arrangements as described on page 37 in our Form 10-K for the fiscal year ended December 26, 2009.

**Critical Accounting Policies**

There have been no changes in our critical accounting policies during the quarter ended March 27, 2010. We described these policies on pages 39-41 in our Form 10-K for fiscal year ended December 26, 2009.

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**Item 3. Quantitative and Qualitative Disclosure about Market Risk**

There were no material changes in the company's market risk during the quarter ended March 27, 2010. For additional information, refer to the section "Risk Management" beginning on page 38 in our Form 10-K for the fiscal year ended December 26, 2009.

**Item 4. Controls and Procedures**

The Company carried out an evaluation under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Securities Exchange Act Rule 13a-15. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports the Company files or submits under the Securities Exchange Act of 1934 is (1) accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures and (2) recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms.

No changes in the Company's internal control over financial reporting occurred during the quarter covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Table of Contents**PART II. OTHER INFORMATION****Item 2. Unregistered Sales of Equity Securities and Use of Proceeds****Issuer Purchases of Equity Securities**

|                                       | (a)                              | (b)                          | (c)                                                                              | (d)                                                                            |
|---------------------------------------|----------------------------------|------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| Period                                | Total Number of Shares Purchased | Average Price paid per share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs |
| December 27, 2009 to January 23, 2010 |                                  |                              |                                                                                  |                                                                                |
| January 24, 2010 to February 27, 2010 | 20,809                           | \$ 70.68                     |                                                                                  |                                                                                |
| February 28, 2010 to March 27, 2010   | 1,508                            | \$ 82.31                     |                                                                                  |                                                                                |
| Total                                 | 22,317                           | \$ 71.47                     |                                                                                  |                                                                                |

During the first quarter, the only shares reflected above were those delivered to the Company by employees as part of stock option exercises, either to cover the purchase price of the option or the related taxes payable by the employee as part of the option exercise. The price paid per share was the market price at the date of exercise.

**Item 5. Other Information**

Valmont's annual meeting of stockholders was held on April 27, 2010. The stockholders elected three directors to serve three-year terms and ratified the appointment of Deloitte & Touche LLP to audit the Company's financial statements for fiscal 2010. For the annual meeting there were 26,300,415 shares outstanding and eligible to vote of which 23,481,342 were present at the meeting in person or by proxy. The tabulation for each matter voted upon at the meeting was as follows:

## Election of Directors:

|                           | For        | Withheld | Broker Non-Votes |
|---------------------------|------------|----------|------------------|
| Dr. Stephen R. Lewis, Jr. | 22,114,347 | 169,834  | 1,197,161        |
| Kaj den Daas              | 21,805,054 | 479,127  | 1,197,161        |

Proposal to ratify the appointment of Deloitte & Touche LLP as independent auditors for fiscal 2010:

|         |            |
|---------|------------|
| For     | 23,109,837 |
| Against | 223,456    |
| Abstain | 148,049    |

**Item 6. Exhibits**

- (a) Exhibits

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| Exhibit No. | Description                                                                                                                                                                                            |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4.1         | Supplemental Indenture dated as of March 3, 2010 to Indenture dated as of May 4, 2004 between Valmont, the subsidiary guarantors named therein, and Wells Fargo Bank, National Association as Trustee. |
| 31.1        | Section 302 Certificate of Chief Executive Officer                                                                                                                                                     |
| 31.2        | Section 302 Certificate of Chief Financial Officer                                                                                                                                                     |
| 32.1        | Section 906 Certifications of Chief Executive Officer and Chief Financial Officer                                                                                                                      |

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf and by the undersigned hereunto duly authorized.

VALMONT INDUSTRIES, INC.  
(Registrant)

/s/ TERRY J. MCCLAIN

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Terry J. McClain  
*Senior Vice President and Chief Financial Officer*  
*(Principal Financial Officer)*

Dated this 27<sup>th</sup> day of April, 2010.

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**Index of Exhibits**

| <b>Exhibit No.</b> | <b>Description</b>                                                                                                                                                                                     |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
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| 31.1               | Section 302 Certificate of Chief Executive Officer                                                                                                                                                     |
| 31.2               | Section 302 Certificate of Chief Financial Officer                                                                                                                                                     |
| 32.1               | Section 906 Certifications of Chief Executive Officer and Chief Financial Officer                                                                                                                      |