HOME BANCSHARES INC
Form DEF 14A
March 10, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

Home BancShares, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.
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(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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HOME BANCSHARES, INC.
719 Harkrider Street, Suite 100
Conway, Arkansas 72032
(501) 328-4770
Internet Site: *www.homebancshares.com*

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held on April 21, 2011

The Annual Meeting of Shareholders of Home BancShares, Inc. (the Company) will be held on April 21, 2011, at 6:30 p.m. (CDT) at Agora Conference Center, located at 705 East Siebenmorgan Road, Conway, Arkansas, for the following purposes:

(1) To elect eleven directors for a term of one year.
(2) To ratify the appointment of BKD, LLP as the Company s independent registered public accounting firm for the next fiscal year.
(3) To provide an advisory (non-binding) vote approving the Company s executive compensation.
(4) To transact such other business as may properly come before the meeting or any adjournments thereof.

Only shareholders of record on March 4, 2011, will be entitled to vote at the meeting or any adjournments thereof. A list of shareholders will be available for inspection at the office of the Company at 719 Harkrider Street, Suite 100, Conway, Arkansas, 72032, beginning two business days after the date of this notice and continuing through the meeting. The stock transfer books will not be closed.

The 2010 Annual Report to Shareholders is included in this publication.

By Order of the Board of Directors
C. RANDALL SIMS
Chief Executive Officer

Conway, Arkansas
March 14, 2011

YOUR VOTE IS IMPORTANT
PLEASE EXECUTE YOUR PROXY WITHOUT DELAY

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HOW TO VOTE IF YOU ARE A SHAREHOLDER OF RECORD

Your vote is important. You can save the Company the expense of a second mailing by voting promptly. Shareholders of record can vote by telephone, on the Internet, by mail or by attending the Meeting and voting by ballot as described below. (Please note: if you are a beneficial owner of shares held in the name of a bank, broker or other holder, please refer to your proxy card or the information forwarded by your bank, broker or other holder of record to see which options are available to you.)

The Internet and telephone voting procedures are designed to authenticate shareholders by use of a control number and to allow you to confirm that your instructions have been properly recorded. ***If you vote by telephone or on the Internet, you do not need to return your proxy card.*** *Telephone and Internet voting facilities for shareholders of record will be available 24 hours a day and will close at 1:00 a.m. Central time on April 21, 2011.*

VOTE BY TELEPHONE

You can vote by calling the toll-free telephone number on your proxy card. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded.

VOTE ON THE INTERNET

You also can choose to vote on the Internet. The website for Internet voting is *www.envisionreports.com/HOMB*. Easy-to-follow prompts allow you to vote your shares and confirm that your instructions have been properly recorded. If you vote on the Internet, you can also request electronic delivery of future proxy materials.

VOTE BY MAIL

If you choose to vote by mail, simply mark your proxy, date and sign it, and return it to Computershare in the postage-paid envelope provided. If the envelope is missing, please mail your completed proxy card to Home BancShares, Inc., c/o Computershare, P. O. Box 43101, Providence, Rhode Island, 02940-5067.

VOTING AT THE ANNUAL MEETING

The method by which you vote will not limit your right to vote at the Annual Meeting if you decide to attend in person. If your shares are held in the name of a bank, broker or other holder of record, you must obtain a legal proxy, executed in your favor, from the holder of record to be able to vote at the Meeting.

All shares that have been properly voted and not revoked will be voted at the Annual Meeting. If you sign and return your proxy card but do not give voting instructions, the shares represented by that proxy will be voted as recommended by the Board of Directors.

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HOME BANCSHARES, INC.
719 Harkrider Street, Suite 100
Conway, Arkansas 72032
(501) 328-4770
Internet Site: *www.homebancshares.com*

PROXY STATEMENT

This Proxy Statement and the accompanying proxy card are being mailed in connection with the solicitation of proxies by the Board of Directors (the Board) of Home BancShares, Inc. (the Company) for use at the Annual Meeting of Shareholders. This Proxy Statement and the accompanying proxy card were first mailed to shareholders of the Company on or about March 14, 2011.

This introductory section is a summary of selected information from this Proxy Statement and may not contain all of the information that is important to you. To better understand the nominees being solicited for directors and the proposals that are submitted for a vote, you should carefully read this entire document and other documents to which we refer.

The proxies being solicited by this Proxy Statement are being solicited by the Company. The expense of soliciting proxies, including the cost of preparing, assembling and mailing the material submitted with this Proxy Statement, will be paid by the Company. The Company will also reimburse brokerage firms, banks, trustees, nominees and other persons for the expense of forwarding proxy material to beneficial owners of shares held by them of record. Solicitations of proxies may be made personally or by telephone, electronic communication or facsimile, by directors, officers and regular employees, who will not receive any additional compensation in respect of such solicitations.

Important Notice Regarding the Availability of Proxy Materials
for the Shareholder Meeting to be Held on April 21, 2011:
The Notice and Proxy Statement and the Annual Report on Form 10-K
are available at www.edocumentview.com/homb.

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ABOUT THE ANNUAL MEETING

When and Where Is the Annual Meeting?

Date: Thursday, April 21, 2011
Time: 6:30 p.m., Central Daylight Time
Location: Agora Conference Center, 705 East Siebenmorgan Road, Conway, Arkansas

What Matters Will Be Voted Upon at the Annual Meeting?

At our Annual Meeting, shareholders will be asked to:

- elect eleven directors for a term of one year;
- ratify the appointment of BKD, LLP as the Company s independent registered public accounting firm for the next fiscal year;
- approve, on an advisory (non-binding) basis, the Company s executive compensation; and
- transact such other business as may properly come before the meeting or any adjournments thereof.

Who Is Entitled to Vote?

Only shareholders of record at the close of business on the record date, March 4, 2011, are entitled to receive the Notice of Annual Meeting and to vote the shares of common stock that they held on that date at the Meeting or at any postponement or adjournment of the Meeting. Each outstanding share entitles its holder to cast one vote on each matter to be voted on. As of the close of business on March 4, 2011, there were 28,477,160 shares of the Company s common stock outstanding.

Who Can Attend the Meeting?

All shareholders as of the record date, or their duly appointed proxies, may attend the Meeting, and each may be accompanied by one guest. Seating is limited and will be on a first-come, first-served basis. Registration will begin at 5:30 p.m., and seating will be available at approximately 6:00 p.m.

No cameras, electronic devices, large bags, briefcases or packages will be permitted at the Meeting.

Please note that if you hold your shares in street name (that is, through a broker or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the record date and check in at the registration desk at the Meeting.

What Constitutes a Quorum?

The presence at the Meeting, in person or by proxy, of the holders of a majority of the shares of common stock outstanding on the record date will constitute a quorum, permitting the Company to conduct its business. As of the record date, 28,477,160 shares of common stock of the Company were outstanding. Proxies received, but marked as abstentions and broker non-votes, will be included in the calculation of the number of shares considered to be present at the Meeting.

Can a Shareholder Nominate a Director?

The Nominating and Corporate Governance Committee (Nominating Committee) of the Board of Directors will consider a candidate properly and timely recommended for directorship by a shareholder or group of shareholders of the Company. The recommendation must be submitted by one or more shareholders that have beneficially owned, individually or as a group, 2% or more of the outstanding common stock for at least one year as of the date the recommendation is submitted. Shareholder recommendations must be submitted to the Secretary of the Company in writing via certified U.S. mail not less than 120 days prior to the first anniversary of the date of the Proxy Statement relating to the Company s previous Annual Meeting. Shareholder recommendations for the Annual Meeting of Shareholders in 2012 must be received by the Company by November 12, 2011. Recommendations must be addressed as follows:

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Home BancShares, Inc.
Attn: Corporate Secretary
P.O. Box 966
Conway, Arkansas 72033
DIRECTOR CANDIDATE RECOMMENDATION

Generally, candidates for a director position should possess:

- relevant business and financial expertise and experience, including an understanding of fundamental financial statements;
- the highest character and integrity and a reputation for working constructively with others;
- sufficient time to devote to meetings and consultation on Board matters; and
- freedom from conflicts of interest that would interfere with their performance as a director.

The full text of our Policy Regarding Director Recommendations by Stockholders and Nominating and Corporate Governance Committee Directorship Guidelines and Selection Policy are published on our website at *www.homebancshares.com* and can be found under the caption Investor Relations / Corporate Profile / Governance Documents.

How Can I Communicate Directly with the Board?

Shareholder communications to the Board of Directors, any committee of the Board of Directors, or any individual director must be sent in writing via certified U.S. mail to the Corporate Secretary at the following address:

Home BancShares, Inc.
Attn: Corporate Secretary
P.O. Box 966
Conway, Arkansas 72033

Our Stockholder Communications Policy is published on the Company s website at *www.homebancshares.com* and can be found under the caption Investor Relations / Corporate Profile / Governance Documents.

How Do I Vote?

The enclosed proxy card indicates the number of shares you own. There are four ways to vote:

- By Internet at *www.envisionreports.com/HOMB*; we encourage you to vote this way.
- By toll-free telephone at the number shown on your proxy card.
- By completing and mailing your proxy card.
- By written ballot at the Meeting.

If you vote by Internet or telephone, your vote must be received by 1:00 a.m. Central time on April 21, 2011. Your shares will be voted as you indicate. *If you do not indicate your voting preferences, Randy E. Mayor and Brian S. Davis will vote your shares* FOR *all of the director nominees and* FOR *Proposals 2 and 3.*

If You Vote by Telephone or on the Internet, You Do NOT Need to Return Your Proxy Card.

If you complete and properly sign the accompanying proxy card and return it to the Company, or tender your vote via telephone or the Internet, it will be voted as you direct. If you attend the Meeting, you may deliver your completed proxy card in person. A proxy duly executed and returned by a shareholder, and not revoked prior to or at the Meeting, will be voted in accordance with the shareholder s instructions on such proxy.

If your shares are held in street name, you will need to contact your broker or other nominee to determine whether you will be able to vote by telephone or Internet.

What Are the Board s Recommendations?

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board of Directors. The Board s recommendation is set forth together with each proposal in this Proxy Statement. In summary, the Board recommends a vote:

For the election of the nominated slate of directors (see pages 6-44).

For the ratification of the appointment of BKD, LLP as the Company s independent registered public accounting firm (see pages 45-46).

For the approval, on an advisory (non-binding) basis, of the Company s executive compensation (see page 47).

As of the date of this Proxy Statement, the Board knows of no other business that may properly be, or is likely to be, brought before the Annual Meeting. With respect to any other matter that properly comes before the Meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, at their own discretion.

What Vote Is Required to Approve Each Proposal?

Election of Directors. The affirmative vote of a plurality of the votes cast in person or by proxy at the Meeting is required for the election of directors. A properly executed proxy marked WITHHOLD AUTHORITY with respect to the election of one or more of the directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum.

Other Proposals. For each other proposal, the affirmative vote of a majority of the votes cast in person or by proxy at the Annual Meeting, assuming a quorum is present, will be required for approval. A properly executed proxy marked ABSTAIN with respect to any such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have no effect on the outcome of the vote.

The authorized common stock of the Company consists of 50,000,000 shares at $0.01 par value. As of the close of business on March 4, 2011, there were 28,477,160 shares eligible to vote.

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If My Shares Are Held By a Broker or Nominee, Do I Need to Instruct the Broker or Nominee How to Vote My Shares?

Yes. If you hold shares in street name through a broker or other nominee, your broker or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon. Under a 2009 amendment to the New York Stock Exchange (NYSE) rules, brokers no longer have the discretion to vote on the election of directors because director elections, even if uncontested, are no longer considered a routine matter. Even though the Company s stock is listed on the NASDAQ Global Select Market, it is expected that brokers who are members of the NYSE will follow the NYSE rules governing proxy voting with respect to all proxies for publicly traded companies. In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act enacted on July 21, 2010, directs national securities exchanges to prohibit broker discretionary voting of uninstructed shares for certain matters, including shareholder votes on executive compensation. The NYSE and NASDAQ have amended or are in the process of amending their rules accordingly. ***Thus, if you do not give your broker or nominee specific instructions, including with respect to the election of directors and the advisory vote on the Company s executive compensation, your shares may not be voted on those matters and will not be counted in determining the number of shares necessary for approval.*** Shares represented by such broker non-votes will, however, be counted in determining whether there is a quorum.

Can I Change My Vote After I Return the Proxy Card?

Yes. Even after you have submitted your proxy, you may change your vote at any time before the proxy is exercised by filing with the Secretary of the Company either a notice of revocation or a duly executed proxy bearing a later date. The powers of the proxy holders will be suspended if you attend the Meeting in person and so request, although attendance at the Meeting will not by itself revoke a previously granted proxy.

How Many Directors Are There?

Our Restated Articles of Incorporation provide that the number of directors shall not be less than two nor more than fifteen, with the exact number to be fixed by the shareholders or the Board. Currently, we have eleven directors.

How Long Do Directors Serve?

Our Bylaws provide that the directors shall serve a term of one year and until their successors are duly elected and qualified. The shareholders of the Company elect successors for directors whose terms have expired at the Annual Meeting. The Board elects members to fill new membership positions and vacancies in unexpired terms on the Board.

Do the Shareholders Elect the Executive Officers?

No. Executive officers are elected by the Board and hold office until their successors are elected and qualified or until the earlier of their death, retirement, resignation or removal.

You Should Carefully Read this Proxy Statement in its Entirety.

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PROPOSAL ONE ELECTION OF DIRECTORS

Our Restated Articles of Incorporation provide that the number of directors shall not be less than two nor more than fifteen, with the exact number to be fixed by the shareholders or the Board. The Board of Directors proposes that the nominees for directors described below be re-elected for a new term of one year and until their successors are duly elected and qualified. All nominees are currently serving as directors.

Each of the nominees has consented to serve the term for which he is nominated. If any nominee becomes unavailable for election, which is not anticipated, the directors proxies will vote for the election of such other person as the Board may nominate, unless the Board resolves to reduce the number of directors to serve on the Board and thereby reduce the number of directors to be elected at the meeting.

The Board of Directors Recommends that Shareholders Vote
FOR
Each of the Nominees Listed Herein

DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

The names of the Company s directors and executive officers as of March 4, 2011, and their respective ages and positions are listed in the table below.

During 2008 and 2009, the Company combined the charters of the Company s former bank subsidiaries First State Bank, Community Bank, Twin City Bank, Marine Bank, Bank of Mountain View and Centennial Bank (of Little Rock) into a single charter and adopted Centennial Bank as the common name. As used hereinafter in this Proxy Statement, any reference to our former bank subsidiaries or to any of the six banks named in this paragraph refers to the Company s separately chartered bank subsidiary or subsidiaries as they existed prior to the merger of the banks into a single charter.

[Table follows on next page.]

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Name	Age	Positions Held with Home BancShares, Inc.	Positions Held with Centennial Bank
John W. Allison	64	Chairman of the Board	Chairman of the Board
C. Randall Sims	56	Chief Executive Officer and Director	Chief Executive Officer, President, and Director
Randy E. Mayor	46	Chief Financial Officer, Treasurer, and Director	Chief Financial Officer and Director
Brian S. Davis	45	Chief Accounting Officer and Investor Relations Officer	
Kevin D. Hester	47	Chief Lending Officer	Chief Lending Officer and Director
Robert H. Adcock, Jr.	62	Vice Chairman of the Board	Vice Chairman of the Board
Richard H. Ashley	55	Director	Director
Dale A. Bruns	68	Director	Director
Richard A. Buckheim	67	Director	
Jack E. Engelkes	61	Director	Director
James G. Hinkle	62	Director	
Alex R. Lieblong	60	Director	Advisory Director
William G. Thompson	63	Director	
Robert F. Birch, Jr.	61		Regional President
Tracy M. French	49		Regional President

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NOMINEES FOR DIRECTOR

The eleven director nominees consist of the current eleven members of the Board. The biography of each of the nominees below contains information regarding the person s service as director, business experience, director positions held currently or at any time during the last five years, and the experiences, qualifications, attributes or skills that caused the Nominating Committee and the Board to determine that the person should serve as a director.

John W. Allison **Director Since 1998**

John W. Allison is the founder and has been Chairman of the Board of Home BancShares since 1998. He also serves on the Asset Quality Committee and Asset/Liability Committee of Home BancShares. From 1998 to July 2009, he served as Chief Executive Officer of Home BancShares. Mr. Allison has more than 27 years of banking experience, including service as Chairman of First National Bank of Conway from 1983 until 1998, and as a director of First Commercial Corporation from 1985 (when First Commercial acquired First National Bank of Conway) until 1998. At various times during his tenure on First Commercial s board, Mr. Allison served as the Chairman of that company s Executive Committee and as Chairman of its Asset Quality Committee. Prior to its sale to Regions Financial Corporation in 1998, First Commercial was a publicly traded company and the largest bank holding company headquartered in Arkansas, with approximately $7.3 billion in assets. Mr. Allison is a successful business owner with extensive experience in the management of banks and bank holding companies. As the founder and former Chief Executive Officer of Home BancShares, he has intimate knowledge of the issues facing our management, and he has been a guiding figure in the development of Home BancShares and its growth strategy. He is also the largest individual shareholder of Home BancShares, which the Board of Directors believes aligns his interests with those of our shareholders.

C. Randall Sims **Director Since 1998**

C. Randall Sims was named Chief Executive Officer of Home BancShares in 2009. Since 1998, Mr. Sims has been and continues to be Chief Executive Officer and President of Centennial Bank (formerly First State Bank) and a director of Home BancShares. He also serves as Chairman of the Asset Quality Committee and as a member of Asset/Liability Committee of Home BancShares. From 1998 to 2009, he served as Secretary of Home BancShares. Prior to joining First State Bank, Mr. Sims was an executive vice president with First National Bank of Conway. He holds a Juris Doctor degree from the University of Arkansas at Little Rock School of Law and a Bachelor of Arts degree in accounting and business administration from Ouachita Baptist University in Arkadelphia, Arkansas. He attended the Graduate School of Banking at the University of Wisconsin and is an honor graduate of the American Bankers Association National Commercial Lending School held at the University of Oklahoma. Mr. Sims currently serves as a Trustee at the University of Central Arkansas and was Chairman of the Conway Christian School Board for 17 years. Mr. Sims educational background in accounting, business, law and banking provides him a wide-ranging set of skills for the management of a public company such as Home BancShares. He has served as Chief Executive Officer for our bank subsidiary for over 12 years and has extensive banking and executive experience. As Chief Executive Officer of the holding company and the bank and as a long-time director of both entities and other organizations, he brings knowledge of the day-to-day management of the Company as well as expertise in many areas, including financial, corporate governance, risk assessment, and operational matters.

Randy E. Mayor **Director Since 2009**

Randy E. Mayor joined Home BancShares in 1998 as Executive Vice President and Finance Officer and became our first Chief Financial Officer in 2004. Mr. Mayor has been Chief Financial Officer and Treasurer of Home BancShares since 2004 and a director of Home BancShares since 2009. He currently serves as Chairman of the Asset/Liability Committee and as a member of the Asset Quality Committee. Since 1998, he has also served as Chief Financial Officer and as a director of Centennial Bank (formerly First State Bank). Mr. Mayor is a certified public accountant and has more than 24 years of banking experience. From 1988 to 1998, he held various positions at First National Bank of Conway, a subsidiary of First Commercial, including Senior Vice President and Finance Officer from 1992 to 1998. He holds a bachelor of business administration degree from the University of Central Arkansas and is a graduate of the American Bankers Association National Commercial Lending School held at the University of Oklahoma. Mr. Mayor has extensive experience in financial and accounting matters relating to banks and bank holding companies. As our first and only Chief Financial Officer, he provides an in-depth understanding of the Company s financial condition on a current and historical basis, as well as experience with internal controls, risk assessment, and management of the financial affairs of a public company.

Robert H. Adcock, Jr. **Director From 1998 to 2003 and Since 2007**

Robert H. Adcock, Jr. has been a director and Vice Chairman of Home BancShares since July 2007. He also serves on the Asset Quality Committee, Audit Committee, Asset/Liability Committee and Nominating and Corporate Governance Committee of Home BancShares. Mr. Adcock is a co-founder of Home BancShares with Mr. Allison. He previously served as a director and Vice Chairman of Home BancShares from 1998 to 2003. In June 2003, Mr. Adcock stepped down from the Board of Directors of Home BancShares to become the Arkansas State Bank Commissioner. He was reappointed as Vice Chairman of Home BancShares in July 2007 upon completion of his four-year term as Arkansas State Bank Commissioner. Mr. Adcock retired from the First National Bank of Conway, Arkansas (now Regions Bank), in 1996 after more than 20 years of service. He presently operates a farming operation in Gould (Lincoln County), Arkansas, and has many real estate holdings in the Conway, Arkansas, area. Mr. Adcock has an extensive background in banking, and as a co-founder of Home BancShares, he has a vast knowledge of the Company and our markets. His experience as Arkansas State Bank Commissioner gives him particular insight into regulatory matters affecting the Company and the bank, as well as contacts in the banking industry throughout Arkansas.

Richard H. Ashley **Director Since 2004**

Richard H. Ashley has been a director of Home BancShares since 2004 and served as Vice Chairman from 2006 to July 2007. He also serves on the Asset Quality Committee, Asset/Liability Committee and the Compensation Committee of Home BancShares. He has served as a director of Centennial Bank (formerly First State Bank) since February 2009. He served as a director of the former Twin City Bank from 2000 until its charter was merged into Centennial Bank in 2009, and as Chairman of Twin City Bank from 2002 to 2009. Since March 2007, he has been a director of Entergy Arkansas, Inc., an electric public utility company. Mr. Ashley is President and owner of the Ashley Company, a privately held company involved in land development and investment in seven states throughout the United States since 1978. Mr. Ashley has extensive experience and knowledge with respect to real estate and real estate financing, which is a significant part of our lending. He has substantial banking experience through his over 10 years of service on the boards of Centennial Bank and our former subsidiary bank, Twin City Bank. In addition, his service on the Compensation Committee of Home BancShares has enhanced his knowledge of public company executive compensation matters.

Dale A. Bruns **Director Since 2004**

Dale A. Bruns has been a director of Home BancShares since 2004 and a director of Centennial Bank (formerly First State Bank) since 1998. Mr. Bruns also served as a director of the former Twin City Bank from 2000 to 2009. Mr. Bruns is the chairman of the Compensation Committees for Home BancShares and Centennial Bank (formerly First State Bank), and is a member of the Nominating and Corporate Governance Committee, the Asset Quality Committee and the Asset/Liability Committee of Home BancShares. Prior to his service with First State Bank, he served as a director of the First National Bank of Conway from 1985 to 1998. Mr. Bruns has owned and operated several McDonald s restaurants located in central Arkansas. He is also the owner of Central Arkansas Sign Company, Inc. He currently serves on the board of the Arkansas McDonald s Self Insurance Trust and on the impact committee for the McDonald s Great Southern Region. He is a past member of the McDonald s National Operator advisory board of directors. Mr. Bruns is an experienced business person, owning and operating multiple businesses. He has significant experience in the banking industry and knowledge of our local markets, having served as a bank director in central Arkansas for over 25 years. As Chairman of our Compensation Committee for the past five years, he has substantial knowledge of issues relating to public company oversight of executive compensation matters.

Richard A. Buckheim **Director Since 2005**

Richard A. Buckheim has been a director of Home BancShares since 2005. He also serves on the Compensation Committee of Home BancShares. From 2000 until December 2008 when the Marine Bank charter was merged into Centennial Bank (formerly First State Bank), he served as Chairman of the Board of Marine Bank and served on the bank s compensation committee. He currently serves as Regional Chairman of Centennial Bank (formerly First State Bank) for the bank s Florida region. Mr. Buckheim formerly owned two restaurants in Key West, Florida. Prior to moving to Key West, he founded and served as President of Buckheim and Rowland, Inc., a Michigan-based advertising and marketing company with offices in Ann Arbor, Detroit, New York, New York, and Melbourne, Florida. Mr. Buckheim has extensive experience in banking and a particular knowledge of our south Florida market area through his service as Chairman of our former bank subsidiary, Marine Bank. He also provides a valuable background in advertising and marketing, as well as executive experience, as former president of the multistate advertising and marketing company that he founded and as a former business owner.

Jack E. Engelkes **Director Since 2004**

Jack E. Engelkes has been a director of Home BancShares since 2004 and a director of Centennial Bank (formerly First State Bank) since 1998. He also serves as Chairman of the Audit Committee and a member of the Compensation Committee of Home BancShares. From 1995 to 1998, he served as a director of First National Bank of Conway. Since 1990, Mr. Engelkes has served as managing partner in the accounting firm of Engelkes and Felts, Ltd. He became President of the Board of Conway Regional Health Foundation in 2006. He has also been a director of the Conway Regional Medical Center since 2005 and the Conway Development Corporation since 2000. Mr. Engelkes holds a bachelor s degree in Business and Economics from Hendrix College in Conway. Mr. Engelkes is a certified public accountant and has extensive knowledge and experience in accounting, auditing and financial reporting. He has a strong understanding of the banking business, and particularly the Company, through his combined service over the past 15 years as a director of Home BancShares, our subsidiary bank and First National Bank of Conway. Based on that service and his other directorships, he offers valuable experience with respect to corporate governance and compensation matters.

James G. Hinkle **Director Since 2005**

James G. Hinkle has been a director of Home BancShares since 2005. Mr. Hinkle currently serves as a member of the Audit Committee of Home BancShares and has previously served on our Asset/Liability Committee. He has over 29 years of banking experience. He served as Chairman of the former Bank of Mountain View from 2005 until its charter was merged into Centennial Bank in 2009. From 1995 to 2005, he served as President of Mountain View BancShares, Inc., until the company s merger into Home BancShares. He served as President of the Bank of Mountain View from 1981 to 2005. In 2003, Mr. Hinkle became a director of the National Wild Turkey Federation, a national nonprofit conservation and hunting organization. Mr. Hinkle has a lengthy background in banking and executive management through his long-time service as an officer and director of the former Bank of Mountain View and Mountain View Bancshares. In addition, he has particular knowledge of the Company s customer base in our north central Arkansas market.

Alex R. Lieblong **Director Since 2003**

Alex R. Lieblong has been a director of Home BancShares since 2003. He has served as an advisory director of Centennial Bank (formerly First State Bank) since 2002, and he served as a director of First State Bank from 1998 to 2002. He also serves as Chairman of the Nominating and Corporate Governance Committee and a member of the Audit Committee of Home BancShares. Mr. Lieblong became a director of Lodgian, Inc., a publicly traded owner and operator of hotels, in 2006. He also currently serves on the board of directors of Ballard Petroleum, a privately held energy company. Since 1997, Mr. Lieblong has been an owner and general principal in the brokerage firm of Lieblong & Associates, Inc. Prior to Lieblong & Associates, Inc., he held management positions with Paine Webber, Merrill Lynch, and E.F. Hutton. Mr. Lieblong was a founder and has been managing partner of Key Colony Fund, L.P., a hedge fund, since 1998. He served as a director of Deltic Timber from 1997 to February 2007. Mr. Lieblong has extensive experience in the financial services industry and over a decade of experience as a director of other publicly traded and privately held companies. He has substantial knowledge of financial, regulatory, corporate governance and other matters affecting public companies which the Board of Directors believes is valuable to the Company.

William G. Thompson **Director Since 2004**

William G. Thompson has been a director of Home BancShares since 2004. He also serves on the Audit Committee and the Nominating and Corporate Governance Committee of Home BancShares. Mr. Thompson has over 29 years of banking experience. He served as a director of the former Community Bank from 1988 until its charter was merged into Centennial Bank in 2009. From 2002 to 2004, he served as Chairman of the Board of Community Bank. Mr. Thompson owns several privately held businesses located in Cabot, Arkansas, including Transloading Service Inc., Thompson Service Inc., and Thompson Sales Inc. Mr. Thompson is a business owner with many years of involvement in the banking industry. He has particular knowledge of the Company s customer base in our east central

Arkansas market and has extensive experience in dealing with financial, operational and governance matters of a community banking corporation.

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CORPORATE GOVERNANCE

Duties of the Board

The Board of Directors has the responsibility to serve as the trustee for the shareholders. It also has the responsibility for establishing broad corporate policies and for the overall performance of the Company. The Board, however, is not involved in day-to-day operating details. Members of the Board are kept informed of the Company s business through discussion with the Chief Executive Officer and other officers, by reviewing analyses and reports sent to them quarterly, and by participating in Board and Committee meetings.

Corporate Governance Guidelines and Policies

We believe that good corporate governance helps ensure that the Company is managed for the long-term benefit of its shareholders. We continue to review our corporate governance policies and practices, corporate governance rules and regulations of the Securities and Exchange Commission (the SEC), and the listing standards of the NASDAQ Global Select Market on which our common stock is traded. The Board has adopted various corporate governance guidelines and policies to assist the Board in the exercise of its responsibilities to the Company and its shareholders. The guidelines and policies address, among other items, director independence and director qualifications. You can access and print our corporate governance guidelines and policies, including the charters of our Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee, our Corporate Code of Ethics for Directors, Executive Officers and Employees and other Company policies and procedures required by applicable law or regulation on our website at *www.homebancshares.com* under the caption Investor Relations / Corporate Profile / Governance Documents.

Director Independence

NASDAQ rules require that a majority of the directors of NASDAQ-listed companies be independent. An independent director generally means a person other than an officer or employee of the listed company or its subsidiaries, or any other individual having a relationship, which, in the opinion of the listed company s board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Certain categories of persons are deemed not to be independent under the NASDAQ rules, such as persons employed by the listed company within the last three years, and persons who have received (or whose immediate family members have received) payments exceeding a specified amount from the listed company within the last three years, excluding payments that are not of a disqualifying nature (such as compensation for board service, payments arising solely from investments in the listed company s securities, and benefits under a tax-qualified retirement plan). NASDAQ rules impose somewhat more stringent independence requirements on persons who serve as members of the audit committee of a listed company.

Of the eleven persons who currently serve on our Board of Directors, we believe that eight are independent for purposes of NASDAQ rules. Messrs. Allison, Mayor and Sims are not considered independent because they are officers of Home BancShares. The Board has also determined that no member of the Audit Committee, Compensation Committee or Nominating and Corporate Governance Committee has any material relationship with the Company (either directly or indirectly as a partner, shareholder or officer of an organization that has a relationship with the Company) and that all members of these committees meet the criteria for independence under the NASDAQ listing standards.

Board Structure and Role in Risk Oversight

In July 2009, the Board of Directors separated the positions of Chairman and Chief Executive Officer (CEO) when the Board promoted Mr. Sims to CEO. Mr. Allison, formerly the Chairman and CEO of the Company, now serves as Chairman of the Board. Prior to that time, Mr. Allison had been the only CEO for the Company since its founding. The primary purpose of installing a separate CEO with Mr. Allison continuing to serve as Chairman was to facilitate and strengthen the succession of management of the Company. This separation of Chairman and CEO also allows for greater oversight of the Company by the Board. The Board is actively involved in oversight of risks that could affect the Company. This oversight is conducted primarily through committees of the Board, as disclosed in the description of each of the committees below and in the charters of each of the committees, but the full Board has retained responsibility for general oversight of risks. The Board satisfies this responsibility through full reports by each committee chair regarding the committee s considerations and actions, as well as through regular reports directly from officers responsible for oversight of particular risks within the Company.

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Code of Ethics

We have adopted a Code of Ethics that applies to all of our directors, officers, and employees. We believe our Code of Ethics is reasonably designed to deter wrongdoing and to promote honest and ethical conduct, including the ethical handling of conflicts of interest, full, fair and accurate disclosure in filings and other public communications made by us, compliance with applicable laws, prompt internal reporting of ethics violations, and accountability for adherence to the Code of Ethics. This Code of Ethics is published in its entirety on our website at *www.homebancshares.com* under the caption Investor Relations / Corporate Profile / Governance Documents. We will post on our website any amendment to this code and any waivers of any provision of this code made for the benefit of any of our senior executive officers or directors.

BOARD MEETINGS AND COMMITTEES OF THE BOARD

The business of the Company is managed under the direction of the Board of Directors, who meet on a regularly scheduled basis during the calendar year to review significant developments affecting the Company and to act on matters that require Board approval. Special meetings are also held when Board action is required on matters arising between regularly scheduled meetings. Written consents to action without a meeting may be obtained if the Company deems it more appropriate.

All members of the Board are strongly encouraged to attend each meeting of the Board and meetings of the Board Committees on which they serve, as well as the Annual Meeting. The Board of Directors held four regularly scheduled meetings and one special meeting during calendar year 2010. During this period all current members of the Board participated in over 75% of the Board and committee meetings, and all of the current Board members except one attended the Company s Annual Meeting in 2010. Our Director Attendance Policy is published on our website at *www.homebancshares.com* under the caption Investor Relations / Corporate Profile / Governance Documents.

Our Board of Directors has five standing committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, the Asset/Liability Committee and the Asset Quality Committee. Committee members are elected annually by the Board and serve until their successors are elected and qualified or until their earlier resignation or removal.

The following table discloses the Board members who serve on each of the Board s committees and the number of meetings held by each committee during calendar year 2010.

[Table follows on next page.]

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Committees of the Board

	Audit	Compensation	Nominating and Corporate Governance	Asset/Liability	Asset Quality
Robert H. Adcock, Jr.	X		X	X	X
John W. Allison				X	X
Richard H. Ashley		X		X	X
Dale A. Bruns(1)		Chair	X	X	X
Richard A. Buckheim		X			
Jack E. Engelkes	Chair	X			
James G. Hinkle(2)	X				
Alex R. Lieblong	X		Chair		
Randy E. Mayor				Chair	X
C. Randall Sims				X	Chair
William G. Thompson	X		X		
Number of Meetings	**5**	**2**	**2**	**4**	**3**

(1) Mr. Bruns was appointed to the Asset/Liability and Asset Quality committees on January 21, 2011.

(2) Mr. Hinkle resigned from the Asset/Liability Committee and was appointed to the Audit Committee on January 21, 2011.

Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibility relating to the integrity of our accounting and financial reporting processes and our financial statements, our compliance with legal and regulatory requirements, the independent auditor s qualifications and independence, and the performance of our internal audit function and our independent auditors. In fulfilling its duties, the Audit Committee, among other things:

prepares the Audit Committee report for inclusion in the annual proxy statement;

appoints, compensates, retains and oversees the independent auditors;

pre-approves all auditing and appropriate non-auditing services performed by the independent auditor;

discusses with the internal and independent auditors the scope and plans for their respective audits;

reviews the results of each quarterly review and annual audit by the independent auditors;

reviews the Company s financial statements and related disclosures in the Company s quarterly and annual reports prior to filing with the SEC;

reviews the Company s policies with respect to risk assessment and risk management;

reviews the Company s internal controls, the results of the internal audit program, and the Company s disclosure controls and procedures and quarterly assessment of such controls and procedures;

establishes procedures for handling complaints regarding accounting, internal accounting controls, and auditing matters, including procedures for confidential, anonymous submission of concerns by employees regarding such matters; and

reviews the Company s legal and regulatory compliance programs.

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The Board of Directors has adopted a written charter for the Audit Committee that meets the applicable standards of the SEC and NASDAQ. A copy of the Audit Committee Charter is published on our website at *www.homebancshares.com* under the caption Investor Relations / Corporate Profile / Governance Documents.

The Audit Committee is comprised of Jack E. Engelkes, Chairman, Robert H. Adcock, Jr., James G. Hinkle, Alex R. Lieblong and William G. Thompson. The Board has determined that each member of the Committee satisfies the independence requirements of the NASDAQ listing standards, that each member of the Committee is financially literate, knowledgeable and qualified to review financial statements, and that Mr. Engelkes has the attributes of an audit committee financial expert as defined by the regulations of the SEC.

Compensation Committee

The Compensation Committee aids the Board in discharging its responsibility with respect to the compensation of our executive officers and directors. The Compensation Committee is responsible for evaluating and approving the Company s compensation plans and policies and for communicating the Company s compensation policies to shareholders in our annual proxy statement. In fulfilling its duties, the Compensation Committee, among other things:

- reviews and approves corporate goals and objectives relevant to the compensation of our CEO;
- evaluates the performance and determines the annual compensation of the CEO in accordance with these goals and objectives;
- reviews and approves the amounts and terms of the annual compensation for our other executive officers;
- reviews and approves employment agreements, severance agreements or arrangements, retirement arrangements, change in control agreements/provisions and special supplemental benefits for the executive officers;
- reviews and makes recommendations to the Board with respect to incentive based compensation plans and equity based plans, and establishes criteria for and grants awards to participants under such plans;
- reviews and recommends to the Board the compensation for our directors; and
- reviews and recommends to the Board that the Compensation Discussion and Analysis be included in the annual proxy statement and Form 10-K annual report.

The Board of Directors has adopted a written charter for the Compensation Committee that meets the applicable standards of the SEC and NASDAQ. The Compensation Committee Charter is published on our website at *www.homebancshares.com* under the caption Investor Relations / Corporate Profile / Governance Documents.

The Compensation Committee is comprised of Dale A. Bruns, Chairman, Richard H. Ashley, Richard A. Buckheim and Jack E. Engelkes. The Board has determined that each member of the Committee satisfies independence requirements of the NASDAQ listing standards and Section 162(m) of the Internal Revenue Code of 1986, as amended.

The Compensation Committee charter authorizes the Committee to delegate to subcommittees of the Committee any responsibility the Committee deems necessary or appropriate. The Committee shall not, however, delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

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The Chairman, after consulting with executive officers and others, makes recommendations to the Committee regarding the form and amount of compensation paid to each executive officer. Additionally, the Chairman, the CEO and our Chief Financial Officer (CFO) attend the Committee meetings and answer questions and provide information to the Committee as requested. This normally includes a history of the primary compensation components for each executive officer, including an internal pay equity analyses. The Committee then considers the recommendations of the Chairman, the information provided by the CEO and CFO, historical compensation of each executive, and other factors. Based on this information, the Committee sets the compensation for the executive officers, except for the CEO and CFO, which it recommends to the Board of Directors. The executive officers do not make any recommendations with regard to director compensation. Although the executive officers are involved in the process of evaluating compensation, including their own, the final decision is made by the Committee or the Board. The Committee understands the inherit conflict in obtaining information from the Chairman and executive officers, but believes that this information is valuable in determining the appropriate compensation.

Historically, the Committee meets subsequent to year end to finalize discussion regarding the Company s performance goals for the previous and current year with respect to performance-based compensation to be paid to executive officers and to approve its report for the annual proxy statement. These goals are approved within 90 days of the beginning of the year. Each year in December and/or January, the Committee generally discusses any new compensation issues, the compensation, bonus and incentive plan award analyses and the engagement of a compensation consultant for annual executive and director compensation. The Committee also meets in December and/or January to:

1. review and discuss the recommendations made by the Chairman;

2. review the performance of the Company and the individual officers;

3. review the level to which the Company s performance goals were attained and approve short-term cash bonus and long-term incentive awards;

4. determine the executive officers base salaries for the following year.

5. discuss, evaluate and review with the Company s senior risk officer(s) the compensation plans of the Company s senior executive officers to ensure that such plans do not encourage the senior executives to take unnecessary and excessive risks that threaten the value of the Company;

6. discuss, evaluate and review with the Company s senior risk officer(s) the employee compensation plans of the Company in light of the risks posed to the Company by such plans and how to limit such risks; and

7. discuss, evaluate and review with the Company s senior risk officer(s) the employee compensation plans of the Company to ensure that such plans do not encourage manipulation of reported earnings of the Company to enhance the compensation of any of the Company s employees.

Management also advises the full Board, including the Committee members, throughout the year of new issues and developments regarding executive compensation.

Compensation Committee Interlocks And Insider Participation

During 2010, Messrs. Bruns, Ashley, Buckheim and Engelkes served as members of the Compensation Committee. None of these four directors during 2010 or at any previous time served as an officer or employee of Home BancShares or our bank subsidiary. During 2010, none of our executive officers served as a director or member of the compensation committee (or group performing equivalent functions) of any other entity for which any of our independent directors served as an executive officer. See CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS for information concerning transactions during 2010 involving Mr. Ashley.

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Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee develops and maintains the corporate governance policies of the Company. The Committee s responsibilities include, among other things:

- developing and maintaining the Company s corporate governance policies;
- identifying, screening and recruiting qualified individuals to become Board members;
- making recommendations regarding the composition of the Board and its committees;
- assisting the Board in assessing the Board s effectiveness;
- assisting management in preparing the disclosures regarding the Committee s operation to be included in the Company s annual proxy statement; and
- reviewing and approving all related party transactions.

The Board of Directors has adopted a written charter for the Nominating and Corporate Governance Committee that meets the applicable standards of the SEC and NASDAQ. The Nominating and Corporate Governance Committee Charter is published on our website at *www.homebancshares.com* under the caption Investor Relations / Corporate Profile / Governance Documents.

The Nominating and Corporate Governance

Authorized 500,000 shares; none issued

Common stock of $1 par value

Authorized 75,000,000 shares; 27,900,000 issued

27,900 27,900

Retained earnings

1,238,840 1,079,698

Accumulated other comprehensive income

87,149 64,052

Treasury stock

(23,018) (24,688)

Total Valmont Industries, Inc. shareholders' equity

1,330,871 1,146,962

Noncontrolling interest in consolidated subsidiaries

	57,023	50,949
Total shareholders' equity	1,387,894	1,197,911
Total liabilities and shareholders' equity	$2,494,460	$2,306,076

See accompanying notes to condensed consolidated financial statements.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

(Unaudited)

	Thirty-nine Weeks Ended	
	September 29, 2012	September 24, 2011
Cash flows from operating activities:		
Net earnings	$ 172,189	$ 119,278
Adjustments to reconcile net earnings to net cash flows from operations:		
Depreciation and amortization	52,262	53,193
Stock-based compensation	4,517	3,962
Defined benefit pension plan expense	3,076	4,544
Contribution to defined benefit pension plan	(11,591)	(11,754)
Gain on sale of property, plant and equipment	(187)	(295)
Equity in earnings in nonconsolidated subsidiaries	(5,311)	(4,509)
Deferred income taxes	(3,937)	(11,544)
Changes in assets and liabilities:		
Receivables	(46,663)	(41,606)
Inventories	(36,507)	(99,559)
Prepaid expenses	(3,657)	(5,378)
Accounts payable	(35)	33,782
Accrued expenses	15,989	11,484
Other noncurrent liabilities	(723)	(4,492)
Income taxes payable	(21,740)	17,009
Net cash flows from operating activities	117,682	64,115
Cash flows from investing activities:		
Purchase of property, plant and equipment	(58,700)	(46,366)
Proceeds from sale of assets	5,597	2,903
Acquisitions, net of cash acquired		(1,539)
Dividends from nonconsolidated subsidiaries		590
Other, net	80	793
Net cash flows from investing activities	(53,023)	(43,619)
Cash flows from financing activities:		
Net borrowings under short-term agreements	4,096	2,152
Proceeds from long-term borrowings	39,126	213,832
Principal payments on long-term borrowings	(39,280)	(187,234)
Purchase of noncontrolling interest		(25,253)
Proceeds from sale of partial ownership interest	1,404	
Settlement of financial derivative		(3,568)
Dividends paid	(15,530)	(13,467)
Dividends to noncontrolling interest	(1,379)	(4,958)
Debt issuance costs	(1,703)	(1,284)
Proceeds from exercises under stock plans	19,527	18,659
Excess tax benefits from stock option exercises	4,212	2,799
Purchase of treasury shares		(4,802)
Purchase of common treasury shares stock plan exercises	(19,116)	(19,829)

Net cash flows from financing activities	(8,643)	(22,953)
Effect of exchange rate changes on cash and cash equivalents	8,170	(7,539)
Net change in cash and cash equivalents	64,186	(9,996)
Cash and cash equivalents beginning of year	362,894	346,904
Cash and cash equivalents end of period	$ 427,080	$ 336,908

See accompanying notes to condensed consolidated financial statements.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Dollars in thousands)

(Unaudited)

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Noncontrolling interest in consolidated subsidiaries	Total shareholders' equity
Balance at December 25, 2010	$ 27,900	$	$ 850,269	$ 63,645	$ (25,922)	$ 94,235	$ 1,010,127
Net earnings			113,577			5,701	119,278
Other comprehensive income (loss)				(21,877)		(1,831)	(23,708)
Cash dividends declared			(13,875)				(13,875)
Dividends to noncontrolling interests						(4,958)	(4,958)
Purchase of noncontrolling interest		16,592				(41,845)	(25,253)
Acquisitions						524	524
Purchase of 53,847 treasury shares					(4,802)		(4,802)
Stock plan exercises; 181,603 shares acquired					(19,829)		(19,829)
Stock options exercised; 291,208 shares issued		(23,353)	16,901		25,111		18,659
Tax benefit from stock option exercises		2,799					2,799
Stock option expense		3,732					3,732
Stock awards; 2,992 shares issued		230			325		555
Balance at September 24, 2011	$ 27,900	$	$ 966,872	$ 41,768	$ (25,117)	$ 51,826	$ 1,063,249
Balance at December 31, 2011	$ 27,900	$	$ 1,079,698	$ 64,052	$ (24,688)	$ 50,949	$ 1,197,911
Net earnings			169,036			3,153	172,189
Other comprehensive income				23,097		2,286	25,383
Cash dividends declared			(16,754)				(16,754)
Dividends to noncontrolling interests						(1,379)	(1,379)
Sale of partial ownership interest		(610)				2,014	1,404
Stock plan exercises; 159,555 shares acquired					(19,116)		(19,116)
Stock options exercised; 295,570 shares issued		(8,027)	6,860		20,694		19,527
Tax benefit from stock option exercises		4,212					4,212
Stock option expense		3,735					3,735
Stock awards; 402 shares issued		690			92		782

Balance at September 29, 2012	$ 27,900	$	$ 1,238,840	$ 87,149	$ (23,018)	$ 57,023	$ 1,387,894

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 September 29, 2012, the Condensed Consolidated Statements of Earnings and Comprehensive Income for the thirteen and thirty-nine weeks ended September 29, 2012 and September 24, 2011, and the Condensed Consolidated Statements of Cash Flows and Shareholders' Equity for the thirty-nine 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 September 29, 2012 and for all periods presented.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These Condensed Consolidated Financial Statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011. The accounting policies and methods of computation followed in these interim financial statements are the same as those followed in the financial statements for the year ended December 31, 2011. The results of operations for the period ended September 29, 2012 are not necessarily indicative of the operating results for the full year.

Inventories

Approximately 38% and 40% of inventory is valued at the lower of cost, determined on the last-in, first-out (LIFO) method, or market as of September 29, 2012 and December 31, 2011, respectively. All other inventory is valued at the lower of cost, determined on the first-in, first-out (FIFO) method or market. Finished goods and manufactured goods inventories include the costs of acquired raw materials and related factory labor and overhead charges required to convert raw materials to manufactured and finished goods. The excess of replacement cost of inventories over the LIFO value is approximately $47,406 and $49,536 at September 29, 2012 and December 31, 2011, respectively.

Inventories consisted of the following:

	September 29, 2012	December 31, 2011
Raw materials and purchased parts	$ 218,177	$ 202,953
Work-in-process	40,298	28,053
Finished goods and manufactured goods	221,620	212,312
Subtotal	480,095	443,318
Less: LIFO reserve	47,406	49,536
	$ 432,689	$ 393,782

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Earnings before income taxes and equity in earnings of nonconsolidated subsidiaries for the thirteen and thirty-nine weeks ended September 29, 2012 and September 24, 2011, were as follows:

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	2012	**2011**	**2012**	**2011**
United States	$ 48,524	$ 33,005	$ 179,351	$ 95,325
Foreign	36,829	32,828	74,532	70,056
	$ 85,353	$ 65,833	$ 253,883	$ 165,381

Stock Plans

The Company maintains stockbased compensation plans approved by the shareholders, which provide that the Human Resource Committee of the Board of Directors may grant incentive stock options, nonqualified stock options, stock appreciation rights, non-vested stock awards and bonuses of common stock. At September 29, 2012, 623,496 shares of common stock remained available for issuance under the plans. Shares and options issued and available are subject to changes in capitalization.

Under the plans, the exercise price of each option equals the closing market price at the date of the grant. Options vest beginning on the first anniversary of the grant in equal amounts over three to six years or on the fifth anniversary of the grant.

Expiration of grants is from six to ten years from the date of grant. The Company's compensation expense (included in selling, general and administrative expenses) and associated income tax benefits related to stock options for the thirteen and thirty-nine weeks ended September 29, 2012 and September 24, 2011, respectively, were as follows:

	Thirteen Weeks Ended September 29, 2012	Thirteen Weeks Ended September 24, 2011	Thirty-nine Weeks Ended September 29, 2012	Thirty-nine Weeks Ended September 24, 2011
Compensation expense	$ 1,245	$ 1,265	$ 3,735	$ 3,732
Income tax benefits	479	487	1,438	1,437

Fair Value

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

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

Trading Securities: The assets and liabilities recorded for the investments held in the Valmont Deferred Compensation Plan represent mutual funds, invested in debt and equity securities, classified as trading securities in accordance with Accounting Standards Codification 320, *Accounting for Certain Investments in Debt and Equity Securities*, considering the employee's ability to change investment allocation of their deferred compensation at any time. Quoted market prices are available for these securities in an active market and therefore categorized as a Level 1 input.

		Fair Value Measurement Using:		
	Carrying Value September 29, 2012	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets:				
Trading Securities	$ 22,512	$ 22,512	$	$

		Fair Value Measurement Using:		
	Carrying Value December 31, 2011	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets:				
Trading Securities	$ 19,152	$ 19,152	$	$

Comprehensive Income

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

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

liabilities are translated at the exchange rates in effect on the balance sheet dates. Accumulated other comprehensive income (loss) consisted of the following at September 29, 2012 and December 31, 2011:

	September 29, 2012	December 31, 2011
Foreign currency translation adjustment	$ 36,272	$ 16,070
Actuarial gain in defined benefit pension plan	53,912	51,317
Loss on cash flow hedge, net of amortization	(3,035)	(3,335)
	$ 87,149	$ 64,052

(2) GOODWILL AND INTANGIBLE ASSETS

Amortized Intangible Assets

The components of amortized intangible assets at September 29, 2012 and December 31, 2011 were as follows:

	September 29, 2012		
	Gross Carrying Amount	Accumulated Amortization	Weighted Average Life
Customer Relationships	$ 159,060	$ 59,951	13 years
Proprietary Software & Database	3,077	2,773	6 years
Patents & Proprietary Technology	9,796	5,142	8 years
Non-compete Agreements	1,800	1,496	6 years
	$ 173,733	$ 69,362	

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

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(2) GOODWILL AND INTANGIBLE ASSETS (Continued)

Amortization expense for intangible assets for the thirteen and thirty-nine weeks ended September 29, 2012 and September 24, 2011, respectively was as follows:

Thirteen Weeks Ended September 29, 2012	Thirteen Weeks Ended September 24, 2011	Thirty-nine Weeks Ended September 29, 2012	Thirty-nine Weeks Ended September 24, 2011
$ 3,582	$ 3,659	$ 10,751	$ 10,855

Estimated annual amortization expense related to finitelived intangible assets is as follows:

	Estimated Amortization Expense
2012	$ 14,324
2013	13,462
2014	13,045
2015	12,129
2016	11,554

The useful lives assigned to finitelived 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 September 29, 2012 and December 31, 2011 were as follows:

	September 29, 2012	December 31, 2011	Year Acquired
Webforge	$ 17,501	$ 16,659	2010
Newmark	11,111	11,111	2004
Ingal EPS/Ingal Civil Products	9,237	8,792	2010
Donhad	6,968	6,633	2010
PiRod	1,750	1,750	2001
Industrial Galvanizers	4,051	3,856	2010
Other	7,290	7,224	
	$ 57,908	$ 56,025	

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

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(2) GOODWILL AND INTANGIBLE ASSETS (Continued)

The Company's trade names were tested for impairment in the third quarter of 2012. 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.

Goodwill

The carrying amount of goodwill by segment as of September 29, 2012 and December 31, 2011 was as follows:

	Engineered Infrastructure Products Segment	Utility Support Structures Segment	Coatings Segment	Irrigation Segment	Other	Total
Balance at December 31, 2011	$ 151,558	$ 77,141	$ 64,820	$ 2,576	$ 18,567	$ 314,662
Foreign currency translation	4,236		(215)	(54)	428	4,395
Balance at September 29, 2012	$ 155,794	$ 77,141	$ 64,605	$ 2,522	$ 18,995	$ 319,057

The Company's goodwill was tested for impairment during the third quarter of 2012. As a result of that testing, the Company determined that its goodwill was not impaired, as the valuation of the reporting units exceeded their respective carrying values. The Company continues to monitor changes in the global economy that could impact future operating results of its reporting units. If such conditions arise, the Company will test a given reporting unit for impairment prior to the annual test.

(3) CASH FLOW SUPPLEMENTARY INFORMATION

The Company considers all highly liquid temporary cash investments purchased with an original maturity of three months or less at the time of purchase to be cash equivalents. Cash payments for interest and income taxes (net of refunds) for the thirty-nine weeks ended September 29, 2012 and September 24, 2011 were as follows:

	2012	2011
Interest	$ 15,797	$ 17,597
Income taxes	106,887	46,605

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(4) EARNINGS PER SHARE

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

	Basic EPS	Dilutive Effect of Stock Options	Diluted EPS
Thirteen weeks ended September 29, 2012:			
Net earnings attributable to Valmont Industries, Inc.	$ 56,731	$	$ 56,731
Shares outstanding	26,502	304	26,806
Per share amount	$ 2.14	$ (0.02)	$ 2.12
Thirteen weeks ended September 24, 2011:			
Net earnings attributable to Valmont Industries, Inc.	$ 42,141	$	$ 42,141
Shares outstanding	26,351	228	26,579
Per share amount	$ 1.60	$ (0.01)	$ 1.59
Thirty-nine weeks ended September 29, 2012:			
Net earnings attributable to Valmont Industries, Inc.	$ 169,036	$	$ 169,036
Shares outstanding	26,455	293	26,748
Per share amount	$ 6.39	$ (0.07)	$ 6.32
Thirty-nine weeks ended September 24, 2011:			
Net earnings attributable to Valmont Industries, Inc.	$ 113,577	$	$ 113,577
Shares outstanding	26,318	249	26,567
Per share amount	$ 4.32	$ (0.04)	$ 4.28

At September 29, 2012, there were no outstanding stock options with exercise prices exceeding the market price of common stock. At September 24, 2011 there were 218,007 shares of outstanding stock options with exercise prices exceeding the market price of common stock that were excluded from the computation of diluted earnings per share for the thirteen and thirty-nine weeks ended September 24, 2011.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(5) LONG-TERM DEBT

	September 29, 2012	December 31, 2011
6.625% Senior Unsecured Notes(a)	$ 450,000	$ 450,000
Unamortized premium on senior unsecured notes(a)	13,063	14,100
Revolving credit agreement(b)		
IDR Bonds(c)	8,500	8,500
1.75% to 3.485% notes	1,890	2,050
Total long-term debt	473,453	474,650
Less current installments of long-term debt	226	235
Long-term debt, excluding current installments	$ 473,227	$ 474,415

(a)

The senior unsecured notes include an aggregate principal amount of $450,000 on which interest is paid and an unamortized premium balance of $13,063 at September 29, 2012. The notes bear interest at 6.625% per annum and are due in April 2020. The premium is amortized against interest expense as interest payments are made over the term of the notes. These notes may be repurchased at specified prepayment premiums. These notes are guaranteed by certain subsidiaries of the Company.

(b)

On August 15, 2012, the Company entered into a new five-year multicurrency $400,000 revolving credit agreement with a group of banks. The Company may increase the credit agreement by up to an additional $200,000 at any time, subject to the participating banks increasing the amount of their lending commitments. The interest rate on outstanding borrowings is, at the Company's option, either:

(i)

LIBOR (based on a 1, 2, 3 or 6 month interest period, as selected by the Company) plus 125 to 225 basis points (inclusive of facility fees), depending on the Company's ratio of debt to EBITDA, or;

(ii)

the higher of

The higher of (a) the prime lending rate and (b) the Federal Funds rate plus 50 basis points plus, in each case, 25 to 125 basis points (inclusive of facility fees), depending on the Company's ratio of debt to EBITDA, or

LIBOR (based on a 1 month interest period) plus 125 to 225 basis points (inclusive of facility fees), depending on the Company's ratio of debt to EBITDA

At September 29, 2012, the Company had no outstanding borrowings under the revolving credit agreement. The revolving credit agreement has a termination date of August 15, 2017 and contains certain financial covenants that may limit additional borrowing capability under the agreement. At September 29, 2012, the Company had the ability to borrow an additional $384,866 under this facility.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(5) LONG-TERM DEBT (Continued)

(c) The Industrial Development Revenue Bonds were issued to finance the construction of a manufacturing facility in Jasper, Tennessee. Variable interest is payable until final maturity June 1, 2025. The effective interest rates at September 29, 2012 and December 31, 2011 were 0.34% and 0.24%, respectively.

The lending agreements include certain maintenance covenants, including financial leverage and interest coverage. The Company was in compliance with all debt covenants at September 29, 2012.

The minimum aggregate maturities of long-term debt for each of the four years following 2012 are: $278, $268, $281 and $289.

(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 servicerelated expenses that are allocated to business units generally on the basis of employee headcounts and sales dollars.

Reportable segments are as follows:

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

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

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

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

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

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

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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)

Summary by Business

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	September 29, 2012	September 24, 2011	September 29, 2012	September 24, 2011
SALES:				
Engineered Infrastructure Products segment:				
Lighting, Traffic, and Roadway Products	$ 152,672	$ 157,273	$ 434,510	$ 420,122
Communication Products	36,446	28,612	99,629	77,332
Access Systems	40,192	36,358	118,852	100,136
Engineered Infrastructure Products segment	229,310	222,243	652,991	597,590
Utility Support Structures segment:				
Steel	184,030	140,926	536,073	374,045
Concrete	33,465	18,889	84,891	47,977
Utility Support Structures segment	217,495	159,815	620,964	422,022
Coatings segment	83,713	80,806	251,397	238,417
Irrigation segment	156,452	150,618	547,214	485,367
Other	72,500	88,870	245,757	246,977
Total	759,470	702,352	2,318,323	1,990,373
INTERSEGMENT SALES:				
Engineered Infrastructure Products	9,978	6,611	37,062	18,035
Utility Support Structures	625	4,480	3,072	6,739
Coatings	12,313	11,852	38,262	34,283
Irrigation	67		498	8
Other	6,648	7,217	24,925	22,558
Total	29,631	30,160	103,819	81,623
NET SALES:				
Engineered Infrastructure Products segment	219,332	215,632	615,929	579,555
Utility Support Structures segment	216,870	155,335	617,892	415,283
Coatings segment	71,400	68,954	213,135	204,134
Irrigation segment	156,385	150,618	546,716	485,359
Other	65,852	81,653	220,832	224,419
Total	$ 729,839	$ 672,192	$ 2,214,504	$ 1,908,750
OPERATING INCOME:				
Engineered Infrastructure Products	$ 18,715	$ 17,189	$ 40,907	$ 30,907
Utility Support Structures	30,223	14,731	81,901	41,214
Coatings	18,542	14,238	54,571	39,600
Irrigation	27,140	23,765	103,155	80,623
Other	9,743	12,607	33,413	32,901
Corporate	(13,981)	(10,497)	(43,395)	(39,292)

Total	$	90,382	$	72,033	$	270,552	$	185,953

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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

The Company has $450,000 principal amount of senior unsecured notes outstanding at a coupon interest rate of 6.625% per annum. The notes are guaranteed, jointly, severally, fully and unconditionally by certain of the Company's current and future direct and indirect domestic and foreign subsidiaries (collectively the "Guarantors"), excluding its other current domestic and foreign subsidiaries which do not guarantee the debt (collectively referred to as the "Non-Guarantors"). All Guarantors are 100% owned by the parent company.

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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)

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

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME
For the Thirteen Weeks Ended September 29, 2012

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	$ 301,667	$ 160,318	$ 350,837	$ (82,983)	$ 729,839
Cost of sales	226,539	127,116	266,532	(82,750)	537,437
Gross profit	75,128	33,202	84,305	(233)	192,402
Selling, general and administrative expenses	41,747	13,449	46,824		102,020
Operating income	33,381	19,753	37,481	(233)	90,382
Other income (expense):					
Interest expense	(8,215)	(12,635)	(213)	12,634	(8,429)
Interest income	15	398	14,314	(12,634)	2,093
Other	883	15	409		1,307
	(7,317)	(12,222)	14,510		(5,029)
Earnings before income taxes and equity in earnings of nonconsolidated subsidiaries	26,064	7,531	51,991	(233)	85,353
Income tax expense (benefit):					
Current	8,096	4,786	15,701	(655)	27,928
Deferred	(1,063)	(558)	2,140		519
	7,033	4,228	17,841	(655)	28,447
Earnings before equity in earnings of nonconsolidated subsidiaries	19,031	3,303	34,150	422	56,906
Equity in earnings of nonconsolidated subsidiaries	37,700	18,557	918	(55,639)	1,536
Net earnings	56,731	21,860	35,068	(55,217)	58,442
Other comprehensive income (loss)	24,562	(14,977)	41,046	(24,822)	25,809
Comprehensive income	81,293	6,883	76,114	(80,039)	84,251
Less: Comprehensive income attributable to noncontrolling interests			(2,958)		(2,958)
Comprehensive income attributable to Valmont Industries, Inc	$ 81,293	$ 6,883	$ 73,156	$ (80,039)	$ 81,293

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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 EARNINGS AND COMPREHENSIVE INCOME
For the Thirty-nine Weeks Ended September 29, 2012

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	$ 1,014,150	$ 441,189	$ 977,950	$ (218,785)	$ 2,214,504
Cost of sales	743,608	352,416	757,829	(217,460)	1,636,393
Gross profit	270,542	88,773	220,121	(1,325)	578,111
Selling, general and administrative expenses	128,781	40,414	138,364		307,559
Operating income	141,761	48,359	81,757	(1,325)	270,552
Other income (expense):					
Interest expense	(23,470)	(37,136)	(186)	37,135	(23,657)
Interest income	29	721	42,466	(37,135)	6,081
Other	1,888	40	(1,021)		907
	(21,553)	(36,375)	41,259		(16,669)
Earnings before income taxes and equity in earnings of nonconsolidated subsidiaries	120,208	11,984	123,016	(1,325)	253,883
Income tax expense (benefit):					
Current	44,644	10,082	36,871	(655)	90,942
Deferred	(3,832)	(419)	314		(3,937)
	40,812	9,663	37,185	(655)	87,005
Earnings before equity in earnings of nonconsolidated subsidiaries	79,396	2,321	85,831	(670)	166,878
Equity in earnings of nonconsolidated subsidiaries	89,640	64,918	4,850	(154,097)	5,311
Net earnings	169,036	67,239	90,681	(154,767)	172,189
Other comprehensive income (loss)	23,097	(17,221)	49,175	(29,668)	25,383
Comprehensive income	192,133	50,018	139,856	(184,435)	197,572
Less: Comprehensive income attributable to noncontrolling interests			(5,439)		(5,439)
Comprehensive income attributable to Valmont Industries, Inc	$ 192,133	$ 50,018	$ 134,417	$ (184,435)	$ 192,133

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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 EARNINGS AND COMPREHENSIVE INCOME
For the Thirteen Weeks Ended September 24, 2011

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	$ 277,350	$ 98,619	$ 352,928	$ (56,705)	$ 672,192
Cost of sales	205,787	83,008	272,671	(56,664)	504,802
Gross profit	71,563	15,611	80,257	(41)	167,390
Selling, general and administrative expenses	37,169	11,212	46,976		95,357
Operating income	34,394	4,399	33,281	(41)	72,033
Other income (expense):					
Interest expense	(7,562)		(109)		(7,671)
Interest income	9	204	2,928		3,141
Other	(1,297)	12	(385)		(1,670)
	(8,850)	216	2,434		(6,200)
Earnings before income taxes and equity in earnings of nonconsolidated subsidiaries	25,544	4,615	35,715	(41)	65,833
Income tax expense (benefit):					
Current	12,153	(724)	13,690		25,119
Deferred	(1,397)	2,710	(2,659)		(1,346)
	10,756	1,986	11,031		23,773
Earnings before equity in earnings of nonconsolidated subsidiaries	14,788	2,629	24,684	(41)	42,060
Equity in earnings of nonconsolidated subsidiaries	27,353	14,705	2,127	(41,831)	2,354
Net earnings	42,141	17,334	26,811	(41,872)	44,414
Other comprehensive income (loss)	(49,491)		(57,464)	52,773	(54,182)
Comprehensive income (loss)	(7,350)	17,334	(30,653)	10,901	(9,768)
Less: Comprehensive income attributable to noncontrolling interests			2,418		2,418
Comprehensive income attributable to Valmont Industries, Inc	$ (7,350)	$ 17,334	$ (28,235)	$ 10,901	$ (7,350)

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(7) GUARANTOR/NON-GUARANTOR FINANCIAL INFORMATION (Continued)

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME For the Thirty-nine Weeks Ended September 24, 2011

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	$ 842,493	$ 259,733	$ 947,843	$ (141,319)	$ 1,908,750
Cost of sales	627,802	209,827	740,621	(141,365)	1,436,885
Gross profit	214,691	49,906	207,222	46	471,865
Selling, general and administrative expenses	115,422	33,473	137,017		285,912
Operating income	99,269	16,433	70,205	46	185,953
Other income (expense):					
Interest expense	(26,417)		(298)		(26,715)
Interest income	43	204	6,672		6,919
Other	(1,105)	42	287		(776)
	(27,479)	246	6,661		(20,572)
Earnings before income taxes and equity in earnings of nonconsolidated subsidiaries	71,790	16,679	76,866	46	165,381
Income tax expense (benefit):					
Current	31,505	4,552	26,099		62,156
Deferred	(5,307)	1,742	(7,979)		(11,544)
	26,198	6,294	18,120		50,612
Earnings before equity in earnings of nonconsolidated subsidiaries	45,592	10,385	58,746	46	114,769
Equity in earnings of nonconsolidated subsidiaries	67,985	35,042	4,247	(102,765)	4,509
Net earnings	113,577	45,427	62,993	(102,719)	119,278
Other comprehensive income	(21,877)		(23,708)	21,877	(23,708)
Comprehensive income	91,700	45,427	39,285	(80,842)	95,570
Less: Comprehensive income attributable to noncontrolling interests			(3,870)		(3,870)
Comprehensive income attributable to Valmont Industries, Inc	$ 91,700	$ 45,427	$ 35,415	$ (80,842)	$ 91,700

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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
September 29, 2012

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 75,150	$ 42,164	$ 309,766	$	$ 427,080
Receivables, net	128,215	72,369	269,656		470,240
Inventories	124,158	89,246	219,285		432,689
Prepaid expenses	4,189	1,052	24,865		30,106
Refundable and deferred income taxes	25,891	6,558	17,243		49,692
Total current assets	357,603	211,389	840,815		1,409,807
Property, plant and equipment, at cost	447,378	116,562	401,386		965,326
Less accumulated depreciation and amortization	294,278	58,314	136,743		489,335
Net property, plant and equipment	153,100	58,248	264,643		475,991
Goodwill	20,108	107,542	191,407		319,057
Other intangible assets	539	54,986	106,754		162,279
Investment in subsidiaries and intercompany accounts	1,438,431	1,264,082	534,482	(3,236,995)	
Other assets	34,625		92,701		127,326
Total assets	$ 2,004,406	$ 1,696,247	$ 2,030,802	$ (3,236,995)	$ 2,494,460
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current installments of long-term debt	$ 189	$	$ 37	$	$ 226
Notes payable to banks			15,730		15,730
Accounts payable	53,905	24,708	139,730	(655)	217,688
Accrued employee compensation and benefits	51,277	8,325	28,376		87,978
Accrued expenses	37,642	5,327	42,751		85,720
Dividends payable	5,991				5,991
Total current liabilities	149,004	38,360	226,624	(655)	413,333
Deferred income taxes	19,808	27,582	33,590		80,980
Long-term debt, excluding current installments	472,182	602,751	1,045	(602,751)	473,227
Defined benefit pension liability			62,667		62,667
Deferred compensation	27,587		6,733		34,320
Other noncurrent liabilities	4,954		37,085		42,039
Shareholders' equity:					
Common stock of $1 par value	27,900	457,950	254,982	(712,932)	27,900
Additional paid-in capital		150,286	893,274	(1,043,560)	
Retained earnings	1,238,840	437,497	345,880	(783,377)	1,238,840
Accumulated other comprehensive income	87,149	(18,179)	111,899	(93,720)	87,149
Treasury stock	(23,018)				(23,018)

Total Valmont Industries, Inc. shareholders' equity	1,330,871	1,027,554	1,606,035	(2,633,589)	1,330,871
Noncontrolling interest in consolidated subsidiaries			57,023		57,023
Total shareholders' equity	1,330,871	1,027,554	1,663,058	(2,633,589)	1,387,894
Total liabilities and shareholders' equity	$ 2,004,406	$ 1,696,247	$ 2,030,802	$ (3,236,995)	$ 2,494,460

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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 31, 2011

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 27,545	$ 18,257	$ 317,092	$	$ 362,894
Receivables, net	122,409	53,567	250,707		426,683
Inventories	125,862	77,838	190,082		393,782
Prepaid expenses	3,448	1,009	21,308		25,765
Refundable and deferred income taxes	22,053	6,218	15,548		43,819
Total current assets	301,317	156,889	794,737		1,252,943
Property, plant and equipment, at cost	427,398	107,315	376,929		911,642
Less accumulated depreciation and amortization	283,786	54,740	118,239		456,765
Net property, plant and equipment	143,612	52,575	258,690		454,877
Goodwill	20,108	107,542	187,012		314,662
Other intangible assets	661	59,389	108,033		168,083
Investment in subsidiaries and intercompany accounts	1,338,299	695,745	596,301	(2,630,345)	
Other assets	30,192		85,319		115,511
Total assets	$ 1,834,189	$ 1,072,140	$ 2,030,092	$ (2,630,345)	$ 2,306,076
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current installments of long-term debt	$ 187	$	$ 48	$	$ 235
Notes payable to banks			11,403		11,403
Accounts payable	85,974	21,428	127,135		234,537
Accrued employee compensation and benefits	44,187	8,608	30,818		83,613
Accrued expenses	28,154	5,651	39,710		73,515
Dividends payable	4,767				4,767
Total current liabilities	163,269	35,687	209,114		408,070
Deferred income taxes	21,891	27,661	35,945		85,497
Long-term debt, excluding current installments	473,419		996		474,415
Defined benefit pension liability			68,024		68,024
Deferred compensation	24,142		6,599		30,741
Other noncurrent liabilities	4,506		36,912		41,418
Shareholders' equity:					
Common stock of $1 par value	27,900	457,950	254,982	(712,932)	27,900
Additional paid-in capital		181,542	893,884	(1,075,426)	
Retained earnings	1,079,698	370,258	407,677	(777,935)	1,079,698
Accumulated other comprehensive income	64,052	(958)	65,010	(64,052)	64,052
Treasury stock	(24,688)				(24,688)

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

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(7) GUARANTOR/NON-GUARANTOR FINANCIAL INFORMATION (Continued)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Thirty-nine Weeks Ended September 29, 2012

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Cash flows from operating activities:					
Net earnings	$ 169,036	$ 67,239	$ 90,681	$ (154,767)	$ 172,189
Adjustments to reconcile net earnings to net cash flows from operations:					
Depreciation and amortization	14,183	9,602	28,477		52,262
Stock-based compensation	4,517				4,517
Defined benefit pension plan expense			3,076		3,076
Contribution to defined benefit pension plan			(11,591)		(11,591)
Gain on sale of property, plant and equipment	(66)	(58)	(63)		(187)
Equity in earnings in nonconsolidated subsidiaries	(461)		(4,850)		(5,311)
Deferred income taxes	(3,832)	(419)	314		(3,937)
Changes in assets and liabilities:					
Receivables	(5,806)	(18,798)	(22,059)		(46,663)
Inventories	1,705	(11,409)	(26,803)		(36,507)
Prepaid expenses	(741)	(43)	(2,873)		(3,657)
Accounts payable	(14,260)	3,280	10,945		(35)
Accrued expenses	16,577	(607)	19		15,989
Other noncurrent liabilities	532		(1,255)		(723)
Income taxes payable (refundable)	(19,897)	273	(1,461)	(655)	(21,740)
Net cash flows from operating activities	161,487	49,060	62,557	(155,422)	117,682
Cash flows from investing activities:					
Purchase of property, plant and equipment	(23,270)	(10,885)	(24,545)		(58,700)
Proceeds from sale of assets	112	71	5,414		5,597
Other, net	(77,917)	(15,657)	(61,768)	155,422	80
Net cash flows from investing activities	(101,075)	(26,471)	(80,899)	155,422	(53,023)
Cash flows from financing activities:					
Net borrowings under short-term agreements			4,096		4,096
Proceeds from long-term borrowings	39,000		126		39,126
Principal payments on long-term borrowings	(39,197)		(83)		(39,280)
Proceeds from sale of partial ownership interest			1,404		1,404
Dividends paid	(15,530)				(15,530)
Dividends to noncontrolling interest			(1,379)		(1,379)
Debt issuance costs	(1,703)				(1,703)
Proceeds from exercises under stock plans	19,527				19,527
Excess tax benefits from stock option exercises	4,212				4,212
Purchase of common treasury shares stock plan exercises:	(19,116)				(19,116)
Net cash flows from financing activities	(12,807)		4,164		(8,643)
Effect of exchange rate changes on cash and cash equivalents		1,318	6,852		8,170
Net change in cash and cash equivalents	47,605	23,907	(7,326)		64,186

Cash and cash equivalents beginning of year		27,545		18,257		317,092			362,894
Cash and cash equivalents end of period	$	75,150	$	42,164	$	309,766	$	$	427,080

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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 Thirty-nine Weeks Ended September 24, 2011

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Cash flows from operations:					
Net earnings	$ 113,577	$ 45,427	$ 62,993	$ (102,719)	$ 119,278
Adjustments to reconcile net earnings to net cash flows from operations:					
Depreciation and amortization	15,758	9,416	28,019		53,193
Stock-based compensation	3,962				3,962
Defined benefit pension plan expense			4,544		4,544
Contribution to defined benefit pension plan			(11,754)		(11,754)
Loss (gain) on sale of property, plant and equipment	3	(56)	(242)		(295)
Equity in earnings of nonconsolidated subsidiaries	(261)		(4,248)		(4,509)
Deferred income taxes	(5,307)	1,742	(7,979)		(11,544)
Changes in assets and liabilities:					
Receivables	(10,659)	(320)	(30,627)		(41,606)
Inventories	(44,029)	(31,983)	(23,547)		(99,559)
Prepaid expenses	(1,753)	(325)	(3,300)		(5,378)
Accounts payable	9,850	6,450	17,482		33,782
Accrued expenses	17,225	3,805	(9,546)		11,484
Other noncurrent liabilities	1,202		(5,694)		(4,492)
Income taxes payable (refundable)	14,814		2,195		17,009
Net cash flows from operations	114,382	34,156	18,296	(102,719)	64,115
Cash flows from investing activities:					
Purchase of property, plant and equipment	(10,133)	(9,358)	(26,875)		(46,366)
Proceeds from sale of assets	34	73	2,796		2,903
Acquisitions, net of cash acquired			(1,539)		(1,539)
Dividends from nonconsolidated subsidiaries	590				590
Other, net	(92,449)	(24,700)	15,223	102,719	793
Net cash flows from investing activities	(101,958)	(33,985)	(10,395)	102,719	(43,619)
Cash flows from financing activities:					
Net borrowings under short-term agreements			2,152		2,152
Proceeds from long-term borrowings	213,832				213,832
Principal payments on long-term borrowings	(187,186)		(48)		(187,234)
Purchase of noncontrolling interest			(25,253)		(25,253)
Dividends paid	(13,467)				(13,467)
Intercompany dividends		17,730	(17,730)		
Dividend to noncontrolling interests			(4,958)		(4,958)
Settlement of financial derivative	(3,568)				(3,568)
Debt issues fees	(1,284)				(1,284)
Proceeds from exercises under stock plans	18,659				18,659
Excess tax benefits from stock option exercises	2,799				2,799
Purchase of treasury shares	(4,802)				(4,802)
Purchase of common treasury shares stock plan exercises	(19,829)				(19,829)
Net cash flows from financing activities	5,154	17,730	(45,837)		(22,953)

Effect of exchange rate changes on cash and cash equivalents			(7,539)		(7,539)
Net change in cash and cash equivalents	17,578	17,901	(45,475)		(9,996)
Cash and cash equivalents beginning of year	8,015	619	338,270		346,904
Cash and cash equivalents end of period	$ 25,593	$ 18,520	$ 292,795	$	$ 336,908

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

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

This discussion should be read in conjunction with the financial statements and notes thereto, and the management's discussion and analysis included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

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Results of Operations

Dollars in millions, except per share amounts

	Thirteen Weeks Ended					Thirty-nine Weeks Ended				
		September 29, 2012		September 24, 2011	% Incr. (Decr.)		September 29, 2012		September 24, 2011	% Incr. (Decr.)
Consolidated										
Net sales	$	729.8	$	672.2	8.6%	$	2,214.5	$	1,908.8	16.0%
Gross profit		192.4		167.4	14.9%		578.1		471.9	22.5%
as a percent of sales		26.4%		24.9%			26.1%		24.7%	
SG&A expense		102.0		95.4	6.9%		307.6		285.9	7.6%
as a percent of sales		14.0%		14.2%			13.9%		15.0%	
Operating income		90.4		72.0	25.6%		270.6		186.0	45.5%
as a percent of sales		12.4%		10.7%			12.2%		9.7%	
Net interest expense		6.3		4.5	40.0%		17.6		19.8	(11.1)%
Effective tax rate		33.3%		36.1%			36.2%		30.6%	
Net earnings	$	56.7	$	42.1	34.7%	$	169.0	$	113.6	48.8%
Diluted earnings per share	$	2.12	$	1.59	33.3%	$	6.32	$	4.28	47.7%
Engineered Infrastructure Products										
Net sales	$	219.3	$	215.6	1.7%	$	616.0	$	579.6	6.3%
Gross profit		57.3		53.3	7.5%		156.0		135.9	14.8%
SG&A expense		38.6		36.1	6.9%		115.1		105.0	9.6%
Operating income		18.7		17.2	8.7%		40.9		30.9	32.4%
Utility Support Structures										
Net sales	$	216.9	$	155.3	39.7%	$	617.9	$	415.3	48.8%
Gross profit		49.6		31.7	56.5%		138.6		91.5	51.5%
SG&A expense		19.4		17.0	14.1%		56.7		50.3	12.7%
Operating income		30.2		14.7	105.4%		81.9		41.2	98.8%
Coatings										
Net sales	$	71.4	$	69.0	3.5%	$	213.1	$	204.1	4.4%
Gross profit		26.3		22.7	15.9%		79.0		65.1	21.4%
SG&A expense		7.7		8.4	(8.3)%		24.4		25.5	(4.3)%
Operating income		18.6		14.3	30.1%		54.6		39.6	37.9%
Irrigation										
Net sales		156.4		150.6	3.9%	$	546.7	$	485.4	12.6%
Gross profit		44.5		42.4	5.0%		156.4		131.1	19.3%
SG&A expense		17.3		18.7	(7.5)%		53.2		50.5	5.3%
Operating income		27.2		23.7	14.8%		103.2		80.6	28.0%
Other										
Net sales		65.8		81.7	(19.5)%	$	220.8	$	224.4	(1.6)%
Gross profit		14.5		17.3	(16.2)%		47.9		48.2	(0.6)%
SG&A expense		4.8		4.7	2.1%		14.5		15.3	(5.2)%
Operating income		9.7		12.6	(23.0)%		33.4		32.9	1.5%
Net corporate expense										
Gross profit		0.2			NM	$	0.2	$	0.1	NM
SG&A expense		14.2		10.4	36.5%		43.6		39.3	10.9%
Operating loss		(14.0)		(10.4)	(34.6)%		(43.4)		(39.2)	(10.7)%

NM=Not meaningful

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Overview

On a consolidated basis, the increases in net sales in the third quarter and first three quarters of 2012, as compared with 2011, were due to the following factors:

Unit sales volumes increased approximately $54 million and $313 million in the third quarter and first three quarters of fiscal 2012, respectively, as compared with 2011. In the third quarter and first three quarters of 2012, all reportable segments reported higher sales, as compared with the same periods in 2011. The segments with the most significant unit sales increases were the Utility Support Structures and Irrigation segments.

Sales prices and mix in the aggregate for the third quarter and first three quarters of 2012 were higher than 2011 by approximately $20 million and $27 million, respectively.

Foreign currency translation, in the aggregate, resulted in lower net sales and operating income in the third quarter and first three quarters of 2012, as compared with 2011. On average, the U.S. dollar strengthened against most currencies in 2012, as compared to 2011. The most significant currencies that contributed to this movement were the euro, Australian dollar, Brazilian real and the South African rand. On a segment basis, the currency effects on net sales and operating income in the third quarter and first three quarters of 2012, as compared with 2011, were as follows (in millions):

	Third Quarter Effect		**Year-to-date Effect**	
	Net Sales	**Operating Income**	**Net Sales**	**Operating Income**
Engineered Infrastructure Products	$ (6.4)	$ (0.4)	$ (13.8)	$ (0.7)
Coatings	(0.8)	(0.1)	(2.5)	(0.3)
Irrigation	(5.6)	(0.8)	(10.9)	(1.6)
Other	(3.4)	(0.4)	(7.0)	(0.8)
Total	$ (16.2)	$ (1.7)	$ (34.2)	$ (3.4)

The increase in gross profit margin (gross profit as a percent of sales) in fiscal 2012, as compared with 2011, was primarily due to improved sales pricing and mix and moderating raw material costs in 2012 as compared with 2011. Steel prices and zinc prices in 2012 were down slightly as compared with 2011. LIFO expense for the first three quarters of 2012 was $10.3 million lower than the same period in 2011, contributing to the comparatively higher gross profit margin in 2012, as compared with 2011.

Selling, general and administrative (SG&A) expense in the third quarter and first three quarters of 2012, as compared with 2011, increased mainly due to the following factors:

Increased employee incentive accruals of $2.3 million and $6.9 million, respectively, due to improved operating results;

Increased compensation expenses of $6.0 million and $14.3 million, respectively, associated with increased employment levels and increased employee benefit costs;

Increased commissions of $0.3 million and $1.7 million, respectively, related to higher sales;

Deferred compensation expense of $2.2 million and $3.2 million, respectively, incurred in the third quarter and first three quarters of 2012 associated with the increase in deferred compensation plan liabilities. The corresponding increase in deferred compensation plan assets was recorded as a decrease in "Other" expense; and,

Australia stamp duty expense of $1.2 million incurred in the first quarter of 2012 related to the legal restructuring that was completed in fiscal 2011. This expense was non-recurring in nature.

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These increases were offset to a degree by settlements related to property insurance claims and a settlement related to a vendor dispute aggregating $1.4 million and $3.7 million in the third quarter and first three quarters, respectively, of 2012. These expense decreases were considered non-recurring in nature. SG&A expense also decreased in the third quarter and first three quarters of 2012, as compared with 2011, due to foreign exchange translation effects of $2.0 million and $4.2 million, respectively.

The increase in operating income on a reportable segment basis in the third quarter and first three quarters of 2012, as compared with 2011, was due to improved operating performance in all reportable segments. The "Other" category reported lower operating income in the third quarter of 2012, as compared with 2011. Operating income in the "Other" category for the first three quarters of 2012 was comparable with 2011.

The increase in net interest expense in the third quarter of fiscal 2012, as compared with 2011, mainly was attributable to interest income received on certain income tax refunds in 2011 (approximately $1.0 million) and $0.4 million of unamortized debt issue costs that were written off when we renewed our revolving credit agreement in the third quarter of 2012. On a year-to-date basis, net interest expense is lower in 2012 as compared with 2011, due to interest savings realized from the refinancing of our $150 million of senior subordinated debt in June 2011 and approximately $2.8 million of expense incurred in the second quarter of 2011 related to the refinancing of our $150 million of senior subordinated notes. Average borrowing levels in 2012 were comparable with 2011.

The decrease in "Other" expenses in the third quarter and first three quarters of fiscal 2012, as compared with 2011, was mainly due to investment returns in the assets held in our deferred compensation plan of $2.2 million and $3.2 million, respectively. The increase in the value of these assets was offset by a corresponding increase in our deferred compensation liabilities, which was reflected as an increase in SG&A expense. Accordingly, there was no effect on net earnings from these investment gains.

Our effective income tax rate in the third quarter of fiscal 2012 was lower than 2011, mainly due to a more favorable result this year in the reconciliation of our annual income tax filings and certain non-deductible currency losses in our Mexican operation in 2011 that did not occur in 2012. In the third quarter of 2012, the U.K. reduced its income tax rate from 26% to 24%. As a result, our income tax expense increased in the third quarter of 2012 by $4.0 million, mainly due to the revaluation of deferred income tax assets. This effect on our third quarter 2012 income tax expense was largely mitigated by increased foreign tax credits and other tax benefits in 2012. On a year-to-date basis, our effective tax rate in 2012 was higher than 2011 due to a $4.1 million tax benefit related to the acquisition of the 40% of our grinding media operation that we did not own, $1.4 million of income tax contingencies that we reversed in 2011 due to the expiring of statutes of limitation and a higher share of our pre-tax earnings coming from our U.S. operations. Going forward, depending on our geographic mix of earnings and currently enacted income tax rates in the countries in which we operate, we expect our effective tax rate to approximate 34%.

Earnings attributable to noncontrolling interests was lower in the third quarter and first three quarters of 2012, as compared with 2011, mainly due to lower net earnings in those consolidated operations that are less than 100% owned, partly due to currency translation effects. On a year-to-date basis, the 2012 decrease was also due to the purchase of the noncontrolling interest in our grinding media operation in June 2011. This operation was previously 40% owned by noncontrolling interests.

Our cash flows provided by operations were $117.7 million in 2012, as compared with $64.1 million in 2011. The increase in operating cash flow resulted from increased net income in 2012. Working capital increased somewhat is 2012, due mainly to increased sales levels, and results in operating cash flow being less than net earnings.

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Engineered Infrastructure Products (EIP) segment

The increase in EIP segment net sales in the third quarter and first three quarters of fiscal 2012, as compared with 2011, was due to improved sales volumes of approximately $4 million and $34 million, respectively, and $6 million and $17 million, respectively, of favorable pricing and sales mix changes. These increases were offset to a degree, by unfavorable foreign exchange translation effects of approximately $6 million and $14 million, respectively. North America lighting sales in the third quarter of 2012 were comparable with 2011, while sales in the first three quarters of 2012 were up modestly over last year. The increase in sales mainly resulted from higher sales prices and favorable sales mix. The transportation market for lighting and traffic structures continues to be steady but not particularly strong. While a two-year extension to the current U.S. highway funding legislation was enacted in the third quarter, this event has not yet affected the market for lighting and traffic structures. We also believe that state budget issues are limiting roadway project activity. Sales in other market channels such as sales to lighting fixture manufacturers and commercial construction projects in 2012 were comparable with 2011. In Europe, sales in the third quarter and first three quarters of fiscal 2012 were lower than the comparable periods in 2011. We divested of our Turkish and Italian operations in late 2011, resulting in lower sales in the third quarter and first three quarters of 2012, as compared with 2011, of $5.2 million and $13.6 million, respectively. Current economic conditions in Europe and weak and uncertain. As a result, public spending for streets and highways is under pressure, as governments dealing with lower tax receipts and budget deficits. However, lighting sales in local currency were higher in the the third quarter and first three quarters of 2012, as compared with 2011. Stronger sales in France, Scandinavia and the U.K. were offset somewhat by weaker sales volumes in northern Europe.

Communication product line sales in the third quarter and first three quarters of fiscal 2012 were improved over 2011. North America sales in the third quarter and first three quarters of 2012 were $8.4 million and $20.3 million, respectively, higher in 2012, as compared with 2011. The increase in sales was attributable to improved market conditions (somewhat attributable to the build out of 4G wireless technology) and the resolution of the proposed AT&T/T-Mobile merger, which we believe slowed sales activity for structures and components in 2011. In China, sales of wireless communication structures in 2012 were comparable with 2011.

Sales in the access systems product line in 2012 were improved as compared with 2011, as industrial production investments in the mining and energy economic sectors are increasing in the Asia Pacific region.

Sales of highway safety products in the third quarter of 2012 was comparable with 2011, while year-to-date sales in 2012 were somewhat higher as compared with 2011. Floods in parts of Australia affected infrastructure spending in the first three quarters of 2011, as public spending priorities shifted from roadway development to supporting recovery from the floods. The improvement in 2012 reflects a more normal demand pattern for this product line. While public spending on roadways in Australia is down somewhat in 2012, establishment of sales channels in other countries in the Asia Pacific region has helped maintain sales volumes for the product line.

Operating income for the segment in the third quarter and first three quarters of fiscal 2012 was higher than 2011. Improved operating income resulted from higher sales volumes, improved sales prices and moderating raw material costs (including $2.6 million of lower year-to-date LIFO expense), offset somewhat by factory operational inefficiencies of $5.2 million and $12.3 million, respectively. The factory operational inefficiencies related mainly to start-up costs related to capacity expansion in the U.S. and certain production inefficiencies in Europe. The increase in SG&A spending in the third quarter and first three quarters of 2012, as compared with 2011, mainly was attributable to higher compensation costs of $2.2 million and $6.2 million, respectively, and increased employee incentives of $1.1 million and $2.8 million, respectively. These increases were offset to a degree by currency translation effects of $1.2 million in the third quarter and $2.4 million in the first three quarters of fiscal 2012, as compared with the same periods in 2011.

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Utility Support Structures (Utility) segment

In the Utility segment, the sales increase in the third quarter and first three quarters of 2012, as compared with 2011, was primarily due to improved unit sales volumes of approximately $49 million and $211 million, respectively. In U.S. markets, investments in the electrical grid by utility companies is increasing, resulting in improved sales of transmission and substation structures. The effect of sales mix was favorable for the third quarter of 2012, as compared with 2011, by approximately $13 million, while the year-to-date sales mix effect in fiscal 2012 was unfavorable, as compared with 2011, by approximately $7 million. The unfavorable year-to-date mix effect reflected shipments on certain large orders that were taken in 2010, when market pricing was particularly low. As market conditions improved, pricing recovered to a degree, resulting in improved pricing and mix in the third quarter. Sales in international markets in the third quarter was comparable with 2011, while year-to-date fiscal 2012 sales were slightly lower than 2011. Sales in the Asia Pacific region are higher, offset to some extent by lower sales in Europe and the Middle East.

Operating income in fiscal 2012, as compared with 2011, increased due to the increase in North America sales volume, moderating raw material costs and leverage effects on fixed SG&A and factory expenses. These positive effects were offset to a degree in the third quarter and first three quarters of 2012 by $1.3 million and $8.4 million, respectively, of additional costs associated with production inefficiencies and unanticipated costs related to certain large orders. The increase in SG&A expense for the segment in fiscal 2012 as compared with 2011, was mainly due to increased employee compensation of $1.3 million and $2.8 million, respectively, increased employee incentives of $0.7 million and $1.2 million, respectively, and increased sales commissions of $0.3 million and $1.2 million, respectively, all associated with the increase in business levels and operating income.

Coatings segment

The increase in net sales in the Coatings segment was due to improved sales in the United States, offset to a degree by slightly lower sales in the Asia Pacific region. In the United States, we experienced broad-based improved demand from customers, especially in the agriculture, petrochemical and energy economic sectors. Asia Pacific volumes in the third quarter and first three quarters of 2012 were down modestly from 2011, due to slowness in the Australian industrial economy not related to mining. Average selling prices in the third quarter and first three quarters of 2012 were comparable with 2011.

The increase in segment operating income in the third quarter and first three quarters of 2012, as compared with 2011, was mainly due to improved productivity and operating leverage through volume increases and lower zinc costs. The effect of lower zinc costs on segment operating income in the third quarter and first three quarters of 2012, as compared with the same periods in 2011, was approximately $1.9 million and $5.5 million, respectively. SG&A expenses for the segment in the third quarter and first three quarters of 2012, as compared with 2011, were slightly lower, due to a $0.9 million favorable dispute settlement with a vendor in the second quarter of 2012 and a $0.8 million insurance settlement in the third quarter of 2012.

Irrigation segment

The increase in Irrigation segment net sales in the third quarter and first three quarters of 2012, as compared with 2011, was mainly due to improved sales volumes of approximately $10 million and $55 million, respectively, and favorable pricing and sales mix of approximately $2 million and $19 million respectively. These increases were offset by unfavorable currency translation effects of $5.6 million and $10.9 million in the third quarter and first three quarters of 2012, respectively, as compared with 2011. The pricing and sales mix effect was generally due to sales price increases that took effect in the second half of 2011 to recover higher material costs in early 2011. In global markets,

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the sales growth was due to very strong agricultural economies around the world. Farm commodity prices continue to be favorable, with a positive outlook for net farm income in most markets around the world. We believe that farm commodity prices have been favorable due to strong demand, including consumption in the production of ethanol and other fuels, and traditionally low inventories of major farm commodities. We believe the drought conditions in much of the U.S. this summer contributed to the increased demand for irrigation equipment and related service parts in 2012. In international markets, the sales improvement in fiscal 2012, as compared with 2011, was realized in most markets, also due to generally favorable economic conditions in the global farm economy.

Operating income for the segment improved in the third quarter and first three quarters of 2012, as compared with 2011, due to improved sales unit volumes and improved sales prices in light of stable material costs. The higher average selling prices resulted from rising material costs in 2011, when sales price increases lagged material cost inflation. The stability in raw material purchase costs also resulted in $4.7 million in lower LIFO expenses in the first three quarters of 2012, respectively, as compared with 2011. SG&A expenses in the third quarter of 2012 were slightly lower than the same period in 2011, due in part to foreign currency translation effects ($0.5 million). On a year-to-date basis, SG&A spending increased in 2012 over 2011, due to increased compensation cost to support the increase in sales activity ($2.4 million), offset to a degree by currency translation effects of approximately $1.2 million.

Other

This category includes the grinding media, industrial tubing, electrolytic manganese and industrial fasteners operations. In the third quarter of 2012, sales and operating income were lower than 2011, mainly due lower sales volumes and profitability in the tubing and electrolytic manganese dioxide operations. On a year-to-date basis, fiscal 2012 sales and operating profits were, in the aggregate, comparable with 2011. Sales and operating income in our tubing operations were improved over 2011, while manganese dioxide sales and operating income were lower than 2011. Sales and operating income in the grinding media operations in the third quarter and first three quarters of fiscal 2012 were comparable with 2011.

Net corporate expense

Net corporate expense in the third quarter and first three quarters of fiscal 2012 was higher than 2011, mainly due to:

- higher employee incentives associated with improved net earnings and share price, which affected long-term incentive plans (approximately $1.4 million and $3.5 million respectively);
- higher deferred compensation expenses (approximately $2.2 million and $3.2 million, respectively) related to investment returns on assets in the deferred compensation plan. These increases are offset by decreases in "Other" expense, and;
- increased expenses of $0.5 million and $2.2 million, respectively, related to less favorable experience in our health insurance plan.

These increases were offset by insurance settlements related to a fire and storm damage to one of our galvanizing facilities in Australia ($0.6 million and $2.0 million, respectively) and lower expenses in the Delta Pension Plan of $0.4 million and $1.4 million, respectively.

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Liquidity and Capital Resources

Cash Flows

Working Capital and Operating Cash Flows Net working capital was $996.5 million at September 29, 2012, as compared with $844.9 million at December 31, 2011. The increase in net working capital in 2012 mainly resulted from increased receivables and inventories to support the increase in sales. Cash flow provided by operations was $117.7 million in fiscal 2012, as compared with $64.1 million in fiscal 2011. The increase in operating cash flow in 2012 was the result of higher net earnings, especially in the Utility Support Structures and Irrigation segments, offset to an extent by the increase in working capital and timing of income tax payments. Accounts receivable turns in 2012 were improved over 2011. The increase in inventory at the end of the second quarter compared with December 31, 2011 is associated mainly with the Utility Support Structures and EIP segments and is related to general business levels and seasonal factors.

Investing Cash Flows Capital spending in the first three quarters of fiscal 2012 was $58.7 million, as compared with $46.4 million for the same period in 2011. The most significant capital spending projects in 2012 included capacity expansions in the Utility segment. We expect our capital spending for the 2012 fiscal year to be approximately $100 million, compared to $83 million for the 2011 fiscal year. The increase in expected capital spending over 2011 is mainly due to capacity increases to meet the growing need for utility structures in the U.S. and additional manufacturing investment in the Irrigation segment.

Financing Cash Flows Our total interest-bearing debt increased slightly to $489.2 million at September 29, 2012 from $486.1 million at December 31, 2011. Financing cash flows in 2011 included the purchase of the 40% noncontrolling interest in our grinding operation for $25.3 million, debt issuance costs of $1.3 million and settlement of a financial derivative of $3.6 million associated with the senior unsecured notes issued in the second quarter of 2011.

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 September 29, 2012, our long-term debt to invested capital ratio was 24.2%, as compared with 26.8% at December 31, 2011. 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 2012.

Our debt financing at September 29, 2012 consisted primarily of long-term debt. We also maintain certain short-term bank lines of credit totaling $63.9 million, $51.8 million of which was unused at September 29, 2012. Our long-term debt principally consists of:

$450 million face value ($463 million carrying value) of senior unsecured notes that bear interest at 6.625% per annum and are due in April 2020. We are allowed to repurchase the notes at specified prepayment premiums. These notes are guaranteed by certain of our subsidiaries.

$400 million revolving credit agreement with a group of banks. We may increase the credit facility by up to an additional $200 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 225 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 125 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 225 basis points (inclusive of facility fees), depending on our ratio of debt to EBITDA

At September 29, 2012 and December 31, 2011, we had no outstanding borrowings under the revolving credit agreement. The revolving credit agreement has a termination date of August 15, 2017, and contains certain financial covenants that may limit our additional borrowing capability under the agreement. At September 29, 2012, we had the ability to borrow an additional $384.9 million under this facility.

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 as follows:

Interest-bearing debt is not to exceed 3.50x EBITDA of the prior four quarters; and

EBITDA over the prior four quarters must be at least 2.50x our interest expense over the same period.

At September 29, 2012, we were in compliance with all covenants related to these debt agreements. The key covenant calculations at September 29, 2012 were as follows:

Interest-bearing debt	$ 489,183
EBITDA last four quarters	431,496
Leverage ratio	1.13
EBITDA last four quarters	$ 431,496
Interest expense last four quarters	33,117
Interest earned ratio	13.03

The calculation of EBITDA last four quarters (September 25, 2011 through September 29, 2012) is as follows:

Net cash flows from operations	$ 203,238
Interest expense	33,117
Income tax expense	40,983
Deferred income tax benefit	77,356
Noncontrolling interest	(6,369)
Equity in earnings of nonconsolidated subsidiaries	8,861
Stock-based compensation	(6,486)
Pension plan expense	(3,981)
Contribution to pension plan	11,697
Changes in assets and liabilities	73,883
Other	(803)
EBITDA	$ 431,496

Net earnings attributable to Valmont Industries, Inc.	$ 283,767
Interest expense	33,117
Income tax expense	40,983
Depreciation and amortization expense	73,629
EBITDA	$ 431,496

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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.

We have not made any provision for U.S. income taxes in our financial statements on approximately $565 million of undistributed earnings of our foreign subsidiaries, as we intend to reinvest those earnings. Of our cash balances at September 29, 2012, approximately $347 million is held in entities outside the United States. If we need to repatriate foreign cash balances to the United States to meet our cash needs, income taxes would be paid to the extent that those cash repatriations were undistributed earnings of our foreign subsidiaries. The income taxes that we would pay if cash were repatriated depends on the amounts to be repatriated and from which country. If all of our cash outside the United States were to be repatriated to the United States, we estimate that we would pay approximately $24.7 million in income taxes to repatriate that cash.

Financial Obligations and Financial Commitments

There have been no material changes to our financial obligations and financial commitments as described on page 39 in our Form 10-K for the fiscal year ended December 31, 2011.

Off Balance Sheet Arrangements

There have been no changes in our off balance sheet arrangements as described on page 39 in our Form 10-K for the fiscal year ended December 31, 2011.

Critical Accounting Policies

There have been no changes in our critical accounting policies as described on pages 41-44 in our Form 10-K for the fiscal year ended December 31, 2011 during the quarter ended September 29, 2012.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There were no material changes in the company's market risk during the quarter ended September 29. 2012. For additional information, refer to the section "Risk Management" on page 40 in our Form 10-K for the fiscal year ended December 31, 2011.

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.

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PART II. OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares Purchased	(b) Average Price paid per share	(c) Total Number of of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
July 1, 2012 to July 28, 2012	3,126	$ 125.17		
July 29, 2012 to August 1, 2012	34,796	126.86		
August 2, 2012 to September 29, 2012	1,705	131.67		
Total	39,627	$ 126.93		

During the third 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 6. Exhibits

(a)

Exhibits

Exhibit No.	Description
10.1	Credit Agreement, dated as of August 15, 2012, among the Company, Valmont Industries Holland B.V. and Valmont Group Pty. Ltd., as Borrowers, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other lenders party thereto, incorporated by reference to Exhibit 10.1 the Company's Current Report on Form 8-K dated August 15, 2012.
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
101	The following financial information from Valmont's Quarterly Report on Form 10-Q for the quarter ended September 29, 2012, formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Statements of Earnings, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Cash Flows, (v) the Condensed Consolidated Statements of Shareholders' Equity, (vi) Notes to Condensed Consolidated Financial Statements and (vii) document and entity information.

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

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

Dated this 29th day of October, 2012.

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