

AZZ INC
Form 11-K
September 01, 2011

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES AND EXCHANGE ACT OF 1934

For the fiscal year ended February 28, 2011
OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1 - 12777

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

AZZ incorporated Employee Benefit Plan & Trust

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

AZZ incorporated
One Museum Place
3100 West 7th Street, Suite 500
Fort Worth, Texas 76107

REQUIRED INFORMATION

The AZZ incorporated Employee Benefit Plan & Trust is subject to the requirements of the Employee Retirement Income Security Act of 1974 ("ERISA"). Attached hereto is a copy of the most recent financial statements and schedules of the AZZ incorporated Employee Benefit Plan & Trust prepared in accordance with the financial reporting requirements of ERISA.

AZZ incorporated
Employee Benefit Plan and Trust
and Supplemental Schedule

Financial Statements
Years Ended February 28, 2011 and 2010
with Report of Independent
Registered Public Accounting Firm

AZZ incorporated Employee Benefit Plan and Trust

Financial Statements and Supplemental Schedule

Years Ended February 28, 2011 and 2010

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NOTE: All other schedules required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted since they are either not applicable or the information required therein has been included in the financial statements or notes thereto.

REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM

To the Plan Administrator of the
AZZ Incorporated Employee Benefit Plan and Trust
Fort Worth, Texas

We have audited the accompanying statements of net assets available for benefits of the AZZ Incorporated Employee Benefit Plan and Trust (the Plan) as of February 28, 2011 and 2010, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the AZZ Incorporated Employee Benefit Plan and Trust as of February 28, 2011 and 2010, and the changes in its net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
August 31, 2011

AZZ incorporated Employee Benefit Plan and Trust

Statements of Net Assets Available for Benefits

	February 28,	
	2011	2010
Assets		
Investments, at fair value:		
Shares of registered investment companies:		
Mutual funds	\$48,279,377	\$32,098,981
AZZ incorporated common stock	676,519	497,975
Money market fund	6,328,758	4,149,319
Total investments	55,284,654	36,746,275
Receivables:		
Employer contributions	4,775,385	5,161,439
Participant contributions	117,701	95,874
Notes receivable from participants	2,521,088	1,417,489
Other	43,861	23,894
Total receivables	7,458,035	6,698,696
Total assets	62,742,689	43,444,971
Liabilities	-	-
Net Assets Available for Benefits	\$62,742,689	\$43,444,971

AZZ incorporated Employee Benefit Plan and Trust

Statements of Changes in Net Assets Available for Benefits

	Year Ended February 28,	
	2011	2010
Additions to Net Assets		
Investment income:		
Interest and dividend income	\$1,125,911	\$821,908
Net realized and unrealized gains	5,388,194	8,725,001
Other gains	-	58,045
Total investment income	6,514,105	9,604,954
Contributions received or receivable:		
Employer	6,026,198	6,430,451
Participants	2,750,104	2,728,950
Others (including rollovers)	339,271	323,835
Transfer into Plan	9,678,269	-
Total contributions	18,793,842	9,483,236
Total additions	25,307,947	19,088,190
Deductions from Net Assets		
Benefits paid to participants	5,977,544	5,366,793
Other fees/expenses	32,685	28,476
	6,010,229	5,395,269
Net increase in net assets available for benefits	19,297,718	13,692,921
Net assets available for benefits at beginning of year	43,444,971	29,752,050
Net assets available for benefits at end of year	\$62,742,689	\$43,444,971

AZZ incorporated Employee Benefit Plan and Trust

Notes to Financial Statements

A. Description of the Plan

The following description of the AZZ incorporated Employee Benefit Plan and Trust (the “Plan”) provides only general information. The Plan is sponsored by AZZ incorporated (the “Company”). Participants should refer to the Plan Agreement or Summary Plan Description for a more complete description of the Plan’s provisions.

General

The Plan is a defined contribution plan covering substantially all full-time employees of the Company and its affiliates who have completed ninety days of service and attained 18 years of age. Eligibility for profit sharing begins after one year of service.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

For the period of March 1, 2009 through July 31, 2009 of fiscal year 2010 The Hartford was the trustee of the plan.

Effective August 1, 2009, the Company adopted the Mass Mutual Defined Contribution Prototype Plan and Trust and appointed State Street Trust as trustee of the trust established under the Plan. Plan Assets were moved to Mass Mutual effective August 1, 2009.

Effective January 1, 2011, the North American Galvanizing Savings-Investment-Retirement Plan and the NAGLV-Ohio, Inc. Hourly Employees 401(k) Plan were merged into the Plan. This merger saw the transfer of \$9,678,269 of assets and 417 participants into the Plan.

Contributions

Participants may elect to contribute from 1% to 50% of their eligible compensation, subject to Internal Revenue Service (“IRS”) limitations. The Company provides discretionary matching contributions equal to a percentage of participant contributions as determined annually by the Company’s Board of Directors. Additionally, the Company may contribute discretionary profit sharing amounts to the Plan as determined each year by the Company’s Board of Directors. To be eligible for profit sharing contributions, participants must be actively employed on the last day of the Plan year, must have completed 1,000 hours of service and completed one year of service.

Participants may elect to commence voluntary contributions or modify the amount of voluntary contributions made on the first day of each quarter within the Plan year.

Participants who are eligible to make salary deferral contributions under the Plan and who have attained age 50 before the close of the Plan year may make catch-up contributions in accordance with, and subject to the limitations imposed by the Code.

Participant Accounts

A separate account is maintained for each participant and is credited with participant contributions, Company contributions, and actual earnings thereon as well as forfeitures of terminated participants’ non-vested accounts.

AZZ incorporated Employee Benefit Plan and Trust

Notes to Financial Statements (continued)

Forfeited Accounts

Forfeited balances of terminated participants' non-vested accounts are reallocated among the remaining participants in the proportion that each participant's compensation for the year bears to the total compensation of all participants for the year.

Investment Options

Unless specifically electing not to defer, all employees are automatically enrolled in the plan in accordance with the terms and provisions of the Safe Harbor Amendment. Participants may direct contributions to their account in a variety of investment options, which vary in degree of risk, with the exception of AZZ incorporated common stock for which participants may only hold or sell existing shares. Participants may change their investment options at any time. Investments are held by Mass Mutual, the record keeper, funding agent, and a party-in-interest. Under a trust agreement with the Company, State Street Trust Company is a directed trustee. The Plan's assets are invested in accordance with directions provided by the Company.

Vesting

Participant contributions to the Plan plus actual earnings or losses thereon are fully vested at all times. The participant's share of matching contributions and profit sharing contributions and earnings and losses thereon which were contributed to the plan prior to March 1, 2008 vest in accordance with the following schedule:

Years of Service	Vesting Percentage	
Less than 1 year	0	%
1 year	20	%
2 years	40	%
3 years	60	%
4 years	80	%
5 years	100	%

Effective March 1, 2008, the participants of Qualified Automatic Contribution Agreement ("QACA") matching contributions and earnings and losses thereon vest in accordance with the Safe Harbor provisions and the following schedule:

Years of Service	Vesting Percentage	
Less than 2 years	0	%
2 years	100	%

Profit sharing contributions continue to vest over the five year vesting schedule.

AZZ incorporated Employee Benefit Plan and Trust

Notes to Financial Statements (continued)

Participants will vest 100% upon attainment of age 65, or in the event of death or disability while employed by the Company.

Notes Receivable from Participants

Participants may borrow from their account a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Loan terms range from one to fifteen (15) years. The loans are secured by the balance in the participant's account and bear interest at prime. Interest rates for 2011 ranged from 3.25% to 9.25%. Principal and interest are paid ratably through payroll deductions.

Participant Withdrawals

On termination of service, if a participant's vested benefits are less than \$1,000, the benefit is payable in a lump sum. If the vested benefit is greater than \$1,000, the participant may elect to receive either a lump-sum amount or annual installments over a period not to exceed the life expectancy of the participant and the participant's beneficiary. Prior to termination of service, a participant may elect to receive all or any portion of their accrued benefit if the participant has participated in the Plan at least five years and is 100% vested.

B. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results may differ from these estimates.

Investment Valuation

The investments of the Plan are stated at fair value as of the end of the Plan year.

Purchases and sales of securities are recorded on the trade dates. Gains or losses on sales of securities are calculated using the average cost of the securities sold. Interest income is recorded on the accrual basis.

All investments and uninvested cash were held by Mass Mutual under a trust agreement. The Plan's investments are generally subject to market or credit risks customarily associated with debt and equity investments.

AZZ incorporated Employee Benefit Plan and Trust

Notes to Financial Statements (continued)

Recently Adopted Accounting Guidance

In March 2010, the Plan adopted the guidance issued by the Financial Accounting Standards Board (FASB) on the classification of participant loans on the statement of net assets available for benefits. The guidance requires that participant loans be classified as notes receivable from participants, which are segregated from plan investments and measured at their unpaid principal balance plus any accrued but unpaid interest. Adoption of this new guidance did not have a material impact on the Plan's financial statements.

On March 1, 2010, the Plan adopted guidance issued by the FASB to amend the disclosure requirements related to recurring and nonrecurring fair value measurements. The guidance required new disclosures on the transfers of assets and liabilities between Level 1 (quoted prices in an active market for identical assets or liabilities) and Level 2 (significant other observable inputs) of the fair value measurement hierarchy, including the reasons and the timing of the transfers. Additionally, the guidance required disclosing the gross values in a roll forward of activities on purchases, sales, issuance, and settlements of the assets and liabilities measured using significant unobservable inputs (Level 3 fair value measurements). The guidance became effective for the Plan on March 1, 2010, except for the disclosure on the roll forward activities for Level 3 fair value measurements, which will become effective for the Plan for the reporting period ending December 31, 2011. Other than requiring additional disclosures, the adoption of this new guidance did not have a material impact on the Plan's financial statements.

Recently Accounting Pronouncements Not Yet Adopted

In May 2011, FASB issued guidance to amend the accounting and disclosure requirements on fair value measurements. The new guidance limits the highest-and-best-use measure only to nonfinancial assets, permits the fair value measurement of certain financial assets and liabilities with offsetting positions in market risks or counterparty credit risks to be measured at a net basis, and provides guidance on whether the applicability of premiums and discounts can be applied in fair value measurement. The new guidance will be effective for the Plan beginning January 1, 2012. Other than requiring additional disclosures, we do not anticipate material impacts on the Plan's financial statements upon adoption.

Notes Receivable from Participants

Notes receivable from participants are recorded at their unpaid principal balance plus any accrued but unpaid interest.

Contributions

Participant and employer contributions are accrued in the period in which they are deducted in accordance with salary deferral agreements and as they become obligations of the Company, as determined by the Plan's administrator.

Payment of Benefits

Benefits are recorded when paid.

AZZ incorporated Employee Benefit Plan and Trust

Notes to Financial Statements (continued)

Plan Expenses

Employees of the company perform certain administrative functions with no compensation from the Plan. The Company or the Plan pays administrative expenses of the Plan. Administrative expenses paid by the Plan are properly reflected in the accompanying statements of changes in net assets available for benefits.

Subsequent Events

The Plan evaluated all events or transactions that occurred after February 28, 2011 through the date these financial statements were issued.

Effective June 3, 2011, the trustee of the plan was changed from State Street Trust to Reliance Trust Company.

C. Investments

At February 28, 2011 and 2010, individual investments that represent 5% or more of net assets available for benefits are as follows:

	2011
MFS Value Fund	\$ 5,723,692
Premier Money Market Fund	6,328,758
American Funds Growth Fund of America	7,293,902
American Funds EuroPacific Growth Fund	5,703,443
PIMCO Total Return Fund	8,543,460
Columbia Mid-Cap Growth Fund	3,741,401
	2010
MFS Value Fund	\$ 4,328,748
Premier Money Market Fund	4,086,438
American Funds Growth Fund of America	5,424,359
American Funds EuroPacific Growth Fund	4,723,994
PIMCO Total Return Fund	6,389,949

During the years ended February 28, 2011 and 2010, net realized and unrealized gains were comprised of the following:

	2011	2010
Mutual funds	\$ 5,198,324	\$ 8,507,886
AZZ incorporated common stock	189,870	217,115

Net realized and unrealized gains	\$	5,388,194	\$	8,725,001
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AZZ incorporated Employee Benefit Plan and Trust

Notes to Financial Statements (continued)

D. Fair Value Measurements

Fair value is defined as 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. A three-tier hierarchy has been established that is used to identify assets and liabilities measured at fair value. The hierarchy focuses on the inputs used to measure fair value and requires that the lowest level input be used. The three levels are defined as follows:

- Level 1: Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities as of the reporting date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs that are not corroborated by market data.

A description of the methodologies used to measure the fair value of assets and liabilities follows. These methodologies were consistently applied to all assets carried as of February 28, 2011. The methodology used to measure each major category of assets and liabilities is as follows:

- Mutual funds: Valued based on quoted market prices of the underlying assets provided by the trustee and are classified within Level 1 of the valuation hierarchy.
- Common stock: Valued at the closing price reported on the active market on which the individual securities are traded and classified within Level 1 of the valuation hierarchy.
- Money market fund: Valued based on the short-term cash component as of the measurement date and classified within Level 1 of the valuation hierarchy.

Fair Value Measurements at February 28, 2011 Using				
	Total Carrying Value as of February 28, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common Stock	\$ 676,519	\$ 676,519		
Bond Fund	2,209	2,209		
Growth Funds	16,738,746	16,738,746		
Income Funds	67,743	67,743		
Indexed Equity Funds	2,283,562	2,283,562		
Total Return Funds	8,751,073	8,751,073		
Target Date Funds	14,693,712	14,693,712		
	6,347,398	6,347,398		

Money Market
Funds

Value Fund	5,723,692	5,723,692
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Total Investment at

Fair Value	\$ 55,284,654	\$ 55,284,654
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AZZ incorporated Employee Benefit Plan and Trust

Notes to Financial Statements (continued)

Fair Value Measurements at February 28, 2010 Using				
	Total Carrying Value as of February 28, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common Stock	\$ 497,975	\$ 497,975		
Bond Fund	18,489	18,489		
Growth Funds	12,136,574	12,136,574		
Income Funds	21,733	21,733		
Indexed Equity Funds				
	1,176,364	1,176,364		
Total Return Funds	6,415,008	6,415,008		
Target Date Funds	8,002,065	8,002,065		
Money Market Funds				
	4,149,319	4,149,319		
Value Fund	4,328,748	4,328,748		
Total Investment at Fair Value	\$ 36,746,275	\$ 36,746,275		

E. Forfeited Accounts

At February 28, 2011, net assets available for benefits include approximately \$224,524 of unallocated forfeitures. Unallocated forfeiture amounts will be appropriately allocated during the 2012 Plan year.

F. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

G. Income Tax Status

In March 2005, the Plan received a determination letter from the IRS stating that the Plan as adopted is qualified under Section 401(a) of the Code, and, therefore, the related trust is exempt from taxation.

Effective March 1, 2008, the Plan was amended to become a safe-harbor Qualified Automatic Contribution Arrangement ("QACA"), pursuant to Section 401(k)(13) of the Code, as added by the Pension Protection Act of 2006. As required by section 401(k) of the Code, the Plan provides that employees may not receive a distribution of their

employee deferral contributions while actively employed by AZZ, unless they have attained age 59½, or have experienced a financial hardship. Despite these restrictions, the Plan Administrator and Record-keeper inadvertently distributed elective deferral contributions and QACA matching contributions inconsistent with the withdrawal restrictions applicable to such contributions under Section 401(k)(13)(D)(iii)(II) of the Code to certain employees who requested in-service distributions from their Plan accounts.

AZZ incorporated Employee Benefit Plan and Trust

Notes to Financial Statements (continued)

The improper distributions occurred from October 2007 through June 2008 to 74 Plan participants, and the aggregate amount of all the improper distributions was \$199,725. This error was operational failure and not a Plan document failure and, thus, is eligible for the self-correction program. In order to correct the distribution errors consistent with Revenue Procedure 2008-50, AZZ made a contribution to the Plan during fiscal year 2010 in an amount equal to the gross amount of the improper distributions, plus earnings at a rate of 6% which was placed in an unallocated suspense account and reported the distribution as taxable to the participants thereby making the Plan whole.

GAAP requires Plan management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of February 28, 2011 and 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) and believes that with the correction of the operational issue in accordance with Internal Revenue Service guidance, the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust continues to be tax exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

H. Plan Amendments

Effective March 1, 2008, the Plan was amended to become a safe-harbor Qualified Automatic Contribution Arrangement ("QACA"), pursuant to Section 401(k)(13) of the Code, as added by the Pension Protection Act of 2006.

Effective May 1, 2010, Adoption Agreement section 10-1 of the Plan was amended to restrict in-service distributions of employer discretionary funds only after the employee has been employed by the employer for five (5) years.

Effective June 1, 2010, Loan Policy section B-8 of the Plan was amended to permit participant loan refinancing.

Effective January 1, 2011, Adoption Agreement section A-15 of the Plan was amended to merge the North American Galvanizing Savings-Investment-Retirement Plan and the NAGLV-Ohio, Inc. Hourly Employees 401(k) Plan into the Plan.

Effective March 1, 2010, Section IA2-6(d)(1)(ii) of the Plan was amended to change the period for determining the QACA matching contribution from Plan Year to payroll period.

Effective March 1, 2011, the plan was amended to change to a calendar year end reporting period from a February 28 fiscal year end with a short plan year running from March 1, 2011 to December 31, 2011. It also amended forfeiture use to reduce plan expenses. Any remaining forfeitures will be available for allocation.

Effective March 1, 2011, the Administrative Services Agreement was amended to allow the Plan Administrator to provide the Transfer Agent with a listing of the name, address and equivalent shares attributable to each Participant on the record date. The Transfer Agent will provide participants with the Proxy materials and collect and tabulate the votes and report the tabulation to the Trustee/Custodian.

SUPPLEMENTAL SCHEDULE

AZZ incorporated Employee Benefit Plan and Trust
Form 5500, Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
February 28, 2011

Plan: 001

EIN: 75-0948250

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current Value
*	Mass Mutual Premier	Holding Account	**	\$ 18,640
*	Columbia Acorn Fund	Mid Cap Growth Fund	**	3,741,401
*	MFS Investment Management	Value Fund	**	5,723,692
*	MFS Investment Management	Bond Fund	**	2,209
*	T. Rowe Price	Income Fund	**	67,743
*	T. Rowe Price	Retirement 2005 Fund	**	59,889
*	T. Rowe Price	Retirement 2015 Fund	**	2,065,064
*	T. Rowe Price	Retirement 2025 Fund	**	1,920,077
*	T. Rowe Price	Retirement 2035 Fund	**	1,065,071
*	T. Rowe Price	Retirement 2010 Fund	**	1,379,845
*	Babson Capital	Premier Money Market Fund	**	6,328,758
*	T. Rowe Price	Retirement 2045 Fund	**	931,958
*	American Funds	Growth Fund of America	**	7,293,902
*	T. Rowe Price	Retirement 2055 Fund	**	95,443
*	American Funds	EuroPacific Growth Fund	**	5,703,443
*	T. Rowe Price	Retirement 2020 Fund	**	1,731,511
*	T. Rowe Price	Retirement 2050 Fund	**	887,276
*	T. Rowe Price	Retirement 2030 Fund	**	2,800,871
*	T. Rowe Price	Retirement 2040 Fund	**	1,756,707
*	MFS Investment Management	Total Return Fund	**	207,613
*	PIMCO	Total Return Fund	**	8,543,460
*	MassMutual Select	Indexed Equity Fund	**	2,283,562
*	AZZ incorporated	AZZ incorporated common stock	**	676,519
	Participant Loans	Interest rates ranging from 3.25% to 9.25%	-0-	2,521,088

\$ 57,805,742

- * Represents a party-in-interest to the Plan.
- ** Cost omitted for participant directed investments.