

MEADOW VALLEY CORP

Form PRER14A

November 10, 2008

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A  
(Rule 14a-101)  
Amendment No. 2  
Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

**MEADOW VALLEY CORPORATION**

(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):

No Fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

**Common stock, par value \$0.001 per share, of Meadow Valley Corporation**

(2) Aggregate number of securities to which transaction applies:

**5,180,654 shares of common stock of Meadow Valley Corporation**

**266,693 options to purchase shares of common stock of Meadow Valley Corporation**

(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):

**Calculated solely for the purpose of determining the filing fee.** The maximum aggregate transaction value was determined based upon the sum of (a) the product of (i) 5,180,654 shares of Meadow Valley Corporation common stock outstanding on September 16, 2008, and (ii) the merger consideration of \$11.25 per share and (b) the product of (i) 266,693 shares of Meadow Valley Corporation common stock subject to currently outstanding options and (ii) the excess of \$11.25 over \$4.86, the weighted average exercise price with respect to such options (the Total Consideration ). The filing fee, calculated in accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, and Rule 0-11(c)(1) promulgated thereunder, was determined by multiplying 0.0000393 by the Total Consideration.

(4) Proposed maximum aggregate value of transaction:

**\$59,986,526**

(5) Total fee paid:

**\$2,358**

- 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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**SUBJECT TO COMPLETION DATED NOVEMBER 10, 2008**

**MEADOW VALLEY CORPORATION**

**Important Special Meeting of Stockholders**

, 2008

Dear Stockholder:

You are cordially invited to attend the special meeting of stockholders of Meadow Valley Corporation ( Meadow Valley ) to be held on at a.m., local time, at . The attached proxy statement provides information regarding the matters to be acted on at the special meeting, including at any adjournment or postponement thereof.

At the special meeting, you will be asked to consider and vote upon a proposal to adopt and approve an Agreement and Plan of Merger that we entered into on July 28, 2008 with Phoenix Parent Corp., which we refer to as Investor, and its wholly-owned subsidiary Phoenix Merger Sub, Inc., which we refer to as Merger Sub. Investor is wholly-owned by Phoenix Holdings Management LLC, which we refer to as Phoenix Holdings. Each of Investor and Phoenix Holdings is an affiliate of Insight Equity I LP, a private equity firm. If holders of record of a majority of Meadow Valley s outstanding common stock, as of , 2008, vote to adopt and approve the merger agreement, and the other conditions in the merger agreement are satisfied or waived, Merger Sub will be merged with and into Meadow Valley and Meadow Valley will survive as a privately-held wholly-owned subsidiary of Investor.

According to the terms of the merger agreement, if the merger agreement is approved and the merger is consummated, each share of Meadow Valley s common stock, including any rights associated therewith, will be canceled and converted into the right to receive \$11.25 in cash, without interest (and less applicable withholding taxes). In addition, each outstanding option to purchase Meadow Valley common stock will be canceled at the effective time of the merger and converted into the right to receive cash, without interest (and less applicable withholding taxes), in the amount, if any, by which \$11.25 exceeds the per share exercise price of that option. Based on the closing sale price for Meadow Valley s common stock on July 25, 2008, the last trading day before public announcement of the merger, the merger consideration represented a 22.1% premium over the price per share of Meadow Valley s common stock and a 30.8% premium over the volume weighted average share price for the 30 calendar days prior to the announcement of the merger agreement.

On July 25, 2008, our board of directors unanimously determined (with Bradley E. Larson, our President, Chief Executive Officer and a director, and Kenneth D. Nelson, our Vice President, Chief Administrative Officer and a director each abstaining) that the merger and the merger agreement are fair to and in the best interests of Meadow Valley and its unaffiliated stockholders and approved the merger agreement. In arriving at their recommendation, our board of directors and the special committee carefully considered a number of factors, which are described in the accompanying proxy statement, including the unanimous determination and recommendation of a special committee comprised entirely of independent directors. **Our board of directors unanimously recommends (with Messrs. Larson and Nelson abstaining) that you vote FOR the proposal to adopt and approve the merger agreement.**

When you consider the recommendation of our board of directors to approve the merger agreement, you should be aware that some of our directors and executive officers have interests in the merger that are different from, or in addition to, the interests of our stockholders generally. For example, each of Bradley E. Larson and Kenneth D. Nelson will contribute substantially all of their shares of Meadow Valley common stock, including shares acquired

upon exercise of options prior to the closing of the merger, to Phoenix Holdings in exchange for equity interests in that company. In addition, Robert W. Bottcher, Arizona Area President of Meadow Valley Contractors, Inc., a wholly-owned subsidiary of Meadow Valley, will be given the right to contribute all of his shares, including shares acquired upon exercise of options prior to the closing of the merger, but excluding shares held in his retirement plan, to Phoenix Holdings in exchange for equity interests in that company.

**Regardless of the number of shares you own, your vote is very important.** The merger cannot be completed unless the holders of a majority of the outstanding shares of Meadow Valley common stock entitled to vote at the

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special meeting affirmatively vote to adopt and approve the merger agreement. Consequently, we are holding a special meeting of our stockholders to vote on the proposal necessary to complete the merger. The attached proxy statement provides you with detailed information about the special meeting, the merger agreement and the merger. We strongly recommend that you read the entire document carefully. You also may obtain more information about Meadow Valley from documents we have filed with the Securities and Exchange Commission.

**Whether or not you plan to attend the special meeting, please complete and return the enclosed proxy card or submit your proxy by telephone or through the Internet as soon as possible to make sure that your shares are represented at that meeting.** Voting by proxy will not prevent you from voting your shares in person in the manner described in the attached proxy statement if you subsequently choose to attend the special meeting.

On behalf of your board of directors, thank you for your cooperation and support.

Very truly yours,

Don A. Patterson  
Chairman of the Special Committee

David D. Doty  
Chief Financial Officer and Secretary

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES REGULATORY AGENCY HAS APPROVED OR DISAPPROVED OF THE MERGER, PASSED UPON THE MERITS OR FAIRNESS OF THE MERGER, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED IN THE ENCLOSED PROXY STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The accompanying proxy statement is dated \_\_\_\_\_, 2008 and is first being mailed to stockholders of Meadow Valley on or about \_\_\_\_\_, 2008.

If you have any questions or need assistance voting your shares, please call The Altman Group, Inc., which is assisting us in the solicitation of proxies, toll-free at (866) 721-1324.

**IMPORTANT**

**YOUR VOTE IS VERY IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. PLEASE SIGN, DATE AND PROMPTLY MAIL YOUR PROXY CARD OR SUBMIT YOUR PROXY BY TELEPHONE OR THROUGH THE INTERNET AT YOUR EARLIEST CONVENIENCE.**

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**MEADOW VALLEY CORPORATION**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS  
TO BE HELD ON \_\_\_\_\_, 2008**

To the Stockholders of Meadow Valley Corporation:

A special meeting of stockholders of Meadow Valley Corporation ( Meadow Valley ) will be held at \_\_\_\_\_ on \_\_\_\_\_, 2008 at \_\_\_\_\_ a.m., local time, for the following purposes:

1. To consider and vote on a proposal to adopt and approve the Agreement and Plan of Merger, dated as of July 28, 2008, by and among Meadow Valley, Phoenix Parent Corp., and Phoenix Merger Sub, Inc., as the same may be amended from time to time, which we refer to as the Merger Proposal.
2. To consider and vote on a proposal to approve any motion to adjourn or postpone the special meeting to another time or place if necessary to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the Merger Proposal, which we refer to as the Adjournment Proposal.
3. To transact such other business as may properly come before the special meeting or any adjournment or postponement thereof.

The accompanying proxy statement further describes the matters to be considered at the special meeting. A copy of the merger agreement has been included as Appendix A to this proxy statement.

**Our board of directors unanimously recommends (with Bradley E. Larson and Kenneth D. Nelson abstaining) that you vote FOR the Merger Proposal and FOR the Adjournment Proposal.**

When you consider the recommendation of our board of directors to approve the Merger Proposal and the Adjournment Proposal, you should be aware that some of our directors and executive officers have interests in the merger that are different from, or in addition to, the interests of our unaffiliated stockholders.

Our board of directors has set \_\_\_\_\_, 2008 as the record date for the special meeting. Only holders of record of shares of Meadow Valley common stock at the close of business on \_\_\_\_\_, 2008 will be entitled to notice of and to vote at the special meeting and any adjournment or postponement thereof. The special meeting will begin promptly at \_\_\_\_\_ a.m., local time. Check-in will begin at \_\_\_\_\_ a.m., local time, and you should allow ample time for check-in procedures.

Regardless of the number of shares you own, your vote is very important. The affirmative vote of the holders of (i) a majority of the outstanding shares of Meadow Valley common stock entitled to vote at the special meeting is required to adopt and approve the Merger Proposal and (ii) a majority of the outstanding shares of Meadow Valley common stock entitled to vote and represented at the special meeting is required to adopt and approve the Adjournment Proposal.

**To ensure your representation at the special meeting, please complete and return the enclosed proxy card or submit your proxy by telephone, by using the toll-free number shown on your proxy card, or through the Internet, by visiting the website shown on your proxy card.** Please submit your proxy promptly whether or not you expect to attend the special meeting. Submitting a proxy now will not prevent you from being able to vote at the special meeting by attending in person and casting a vote. If you hold your shares in street name through a bank, broker or custodian, you must obtain a legal proxy from such custodian in order to vote in person at the meeting. You

should not send in your certificates representing shares of Meadow Valley common stock until you receive instructions to do so.

By Order of the Board of Directors,

David D. Doty  
*Chief Financial Officer and Secretary*

Phoenix, Arizona  
, 2008

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**SUMMARY TERM SHEET**

*The following summary and the Questions and Answers About the Special Meeting immediately following this summary are intended only to highlight certain information contained elsewhere in this proxy statement. This summary and the following questions and answers section may not contain all the information that is important to you. To more fully understand the proposed merger and the terms of the merger agreement, as well as the other matters described below, you should carefully read this entire proxy statement, all of its appendices, and the documents incorporated by reference into this proxy statement before voting. See Where You Can Find More Information on page 101. In this proxy statement, the terms Meadow Valley, the Company, we, our, and us refer to Meadow Valley Corporation and its subsidiaries. References to subsidiaries refer to our wholly-owned subsidiaries, Meadow Valley Contractors, Inc. and Apex Testing Corp., and may also, as the context provides, include Ready Mix, Inc. ( Ready Mix ), a company in which Meadow Valley owns an approximate 69% interest. Where appropriate, we have set forth a page reference directing you to a more complete description of the topics described in this summary.*

**The Parties to the Merger** (see page 74)

***Meadow Valley***

Meadow Valley is engaged in the construction industry as both a provider of construction services and a supplier of construction materials. Meadow Valley's construction services segment specializes in structural concrete construction of highway bridges and overpasses, and the paving of highways and airport runways. Meadow Valley's construction materials segment provides ready-mix concrete, sand, and gravel products to both itself and primarily to other contractors. Meadow Valley's construction materials testing segment provides geotechnical, environmental, and field and laboratory technical services to the construction industry. The construction services segment operates throughout Arizona and Nevada, the construction materials segment operates in the Las Vegas, Nevada and Phoenix, Arizona metropolitan areas, and the construction materials testing segment operates in the Las Vegas, Nevada regional area.

Meadow Valley was incorporated in Nevada on September 15, 1994. Meadow Valley's principal executive offices are located at 4602 East Thomas Road, Phoenix, Arizona 85018. The telephone number of Meadow Valley's principal executive offices is (602) 437-5400 and its website address is [www.meadowvalley.com](http://www.meadowvalley.com). Information contained on this website does not constitute part of this proxy statement.

***Phoenix Parent Corp.***

Phoenix Parent Corp., which we refer to as Investor, was incorporated in Delaware on July 3, 2008 for the purpose of engaging in the merger. Investor is wholly-owned by Phoenix Holdings Management LLC, a Delaware limited liability company, which we refer to as Phoenix Holdings. Each of Investor and Phoenix Holdings is an affiliate of Insight Equity I LP, a Delaware limited partnership and a private equity firm that we refer to as Insight Equity. If the Meadow Valley stockholders approve of the merger and the other conditions to the closing of the merger are satisfied or waived, in connection with the closing of the merger, Bradley E. Larson, Meadow Valley's President, Chief Executive Officer and a director, and Kenneth D. Nelson, Meadow Valley's Vice President, Chief Administrative Officer and a director, whom we sometimes refer to as the Rollover Participants, will contribute substantially all of their shares of Meadow Valley common stock, including shares acquired upon exercise of options prior to the closing of the merger, to Phoenix Holdings in exchange for equity interests in that company. In addition, Robert W. Bottcher, Arizona Area President of Meadow Valley Contractors, Inc., will be given the right, but shall have no obligation, to contribute all, but not less than all, of the shares of Meadow Valley common stock held by him at the effective time of

the merger, including shares acquired by him upon exercise of options prior to the closing of the merger, but excluding shares held in his retirement plan, in exchange for equity interests in Phoenix Holdings. Mr. Bottcher has advised Meadow Valley that he intends to contribute his Meadow Valley shares to Phoenix Holdings.

Investor's principal executive offices are located at 1400 Civic Place, Suite 250, Southlake, Texas 76092. The telephone number of Investor's principal corporate offices is (817) 488-7775.

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***Phoenix Merger Sub, Inc.***

Phoenix Merger Sub, Inc., which is a wholly-owned subsidiary of Investor, was incorporated in Nevada on July 3, 2008 for the purpose of engaging in the merger. We refer to Phoenix Merger Sub, Inc. as Merger Sub. Merger Sub shares the same principal executive offices and telephone number as Investor.

**The Proposals** (see page 71)

You are being asked to consider and vote on a proposal to adopt and approve the Agreement and Plan of Merger, dated as of July 28, 2008, by and among Meadow Valley, Investor and Merger Sub, as the same may be amended from time to time. We refer to this Agreement and Plan of Merger as the merger agreement and we refer to this proposal as the Merger Proposal. If the stockholders approve of the Merger Proposal and the other conditions to the closing of the merger are satisfied or waived, upon closing of the merger, Merger Sub will be merged with and into Meadow Valley and Meadow Valley will continue as the surviving corporation. Meadow Valley's stockholders, other than the Rollover Participants and possibly Mr. Bottcher, will no longer have a direct or indirect equity interest in Meadow Valley and Meadow Valley common stock will no longer be listed on the Nasdaq Capital Market, which we refer to as Nasdaq, as a result of the merger. Throughout this proxy statement we refer to the Meadow Valley stockholders, excluding the Rollover Participants, as the unaffiliated stockholders.

You are also being asked to consider and vote on a proposal to approve any motion to adjourn or postpone the special meeting to another time or place if necessary to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the Merger Proposal. We refer to this proposal as the Adjournment Proposal.

**Requisite Stockholder Vote** (see page 71)

In order to adopt and approve the Merger Proposal, the affirmative vote of the holders of a majority of the outstanding shares of Meadow Valley common stock entitled to vote at the special meeting is required. Properly authenticated proxies voted abstain at the special meeting will have the effect of a vote against the approval of the Merger Proposal. In addition, shares that are not voted at the special meeting, including shares held in street name for which instructions are not given to the broker on how to vote, will have the effect of a vote against the approval of the Merger Proposal.

In order to adopt and approve the Adjournment Proposal, the affirmative vote of a majority of the outstanding shares of Meadow Valley common stock entitled to vote and represented at the special meeting is required. Properly authenticated proxies voted abstain at the special meeting will have the effect of a vote against the approval of the Adjournment Proposal. Shares held in street name may be voted by your broker or banker without specific instructions from you. Shares not represented at the special meeting will have no effect on the Adjournment Proposal.

**What Stockholders Will Receive in the Merger** (see page 75)

Under the terms of the merger agreement, at the effective time of the merger, each share of common stock held by our stockholders (other than as provided for with respect to the Rollover Participants and Mr. Bottcher) will be canceled and converted into the right to receive \$11.25 in cash, without interest. We sometimes refer to this amount as the merger consideration. Investor, the surviving corporation and the paying agent designated by Investor will be entitled to deduct and withhold from the merger consideration any amounts required to be deducted and withheld under any applicable tax law, and any amounts so withheld shall be treated as having been paid to the holder from whose merger consideration the amounts were so deducted and withheld.

Based on the closing sale price for Meadow Valley common stock on July 25, 2008, the last trading day before public announcement of the merger, the merger consideration represented a 22.1% premium over the price per share of

Meadow Valley common stock and a 30.8% premium over the volume weighted average share price for the 30 calendar days prior to the announcement of the merger agreement.

The aggregate equity value of the merger consideration to be received by the unaffiliated stockholders in the merger is approximately \$56.3 million. Upon the completion of the merger, the surviving corporation will assume long-term debt on a consolidated basis of approximately \$12.0 million. This includes approximately \$9.2 million of

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long-term debt held by Meadow Valley's majority owned subsidiary Ready Mix and approximately \$2.8 million of long-term debt held by Meadow Valley's wholly-owned subsidiary Meadow Valley Contractors Inc.

**What Option Holders Will Receive in the Merger** (see page 76)

Under the terms of the merger agreement, at the effective time of the merger, each option to purchase shares of Meadow Valley common stock that is outstanding and unexercised (whether vested or unvested) will be canceled and the holders of such options will be entitled to receive an amount, in cash, equal to the product of the number of shares subject to each such option multiplied by the excess, if any, of the merger consideration over the exercise price per share of each such option, less applicable withholding taxes.

**What Warrant Holders Will Receive in the Merger** (see page 76)

As of the date of this proxy statement, all outstanding warrants to purchase shares of Meadow Valley common stock are out-of-the-money in that the exercise prices for all such warrants are greater than the merger consideration. Accordingly, while adequate provision will be made so that the holders of the warrants will have the right to receive, upon exercise of the warrants and subject to the terms and conditions thereof, \$11.25 per share, without interest (and less applicable withholding taxes), we do not expect any warrant holder to exercise their warrants.

**Recommendation of the Special Committee and the Board of Directors** (see page 36)

Certain of our officers and directors have interests in the merger that are different from, or in addition to, the interests of Meadow Valley's stockholders generally. Accordingly, Meadow Valley's board of directors formed a special committee, which we refer to as the Special Committee, comprised of Charles E. Cowan, Charles R. Norton, and Don A. Patterson, each of whom is a non-management independent director. The members of the Special Committee have no material interest in the merger that differs from the interests of Meadow Valley's unaffiliated stockholders (other than the acceleration of the vesting of options that would occur if the merger closes, which would produce aggregate proceeds to the members of the Special Committee of \$138,587 based on their holdings as of October 27, 2008). The Special Committee was charged with reviewing, evaluating and, as appropriate, negotiating or rejecting the merger agreement or any alternative proposal in each case as the independent directors considered to be in the best interests of Meadow Valley and its unaffiliated stockholders.

The Special Committee has unanimously determined that the merger agreement and the merger are fair to and in the best interests of Meadow Valley and its unaffiliated stockholders, and has recommended that the board of directors approve the merger agreement and that the stockholders of Meadow Valley adopt and approve the merger agreement. The members of the Special Committee comprise a majority of our board of directors, with the only other members of our board of directors being Messrs. Larson and Nelson.

After considering many factors, including the unanimous recommendation of the Special Committee, Meadow Valley's board of directors (with Messrs. Larson and Nelson abstaining) has unanimously:

determined that the merger agreement and the merger are fair to and in the best interests of Meadow Valley and its unaffiliated stockholders;

approved the merger agreement; and

recommended that Meadow Valley's stockholders adopt and approve the merger agreement.



**Accordingly, the Special Committee and the board of directors (with Messrs. Larson and Nelson abstaining) unanimously recommend that you vote FOR the Merger Proposal. Each of the Special Committee and the board of directors (with Messrs. Larson and Nelson abstaining) also unanimously recommend that you vote FOR the Adjournment Proposal.**

**Reasons for the Recommendation of the Special Committee and Board of Directors** (see page 36)

Each of the Special Committee and the board of directors believes that the merger is both procedurally and substantively fair to Meadow Valley's unaffiliated stockholders. Their belief is based upon their knowledge and analysis of Meadow Valley, as well as the factors discussed later in this proxy statement in the section entitled "Special Factors - Reasons for the Merger and Recommendation of the Special Committee and Board of Directors." Please be aware that Messrs. Larson and Nelson abstained from voting as members of Meadow

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Valley's board of directors and, as a result, the members of the Special Committee and the members of the board of directors that voted on the merger were identical.

**Financial Advisor to the Special Committee** (see page 46)

Alvarez & Marsal Securities, LLC, or Alvarez & Marsal, served as financial advisor to the Special Committee in connection with the merger transaction. Alvarez & Marsal also solicited interest from third parties to acquire Meadow Valley in accordance with the 45-day go shop provisions in the merger agreement, which period ended on September 11, 2008. Alvarez & Marsal was not engaged by the Special Committee to render a fairness opinion for this transaction.

**Opinion of Morgan Joseph to the Special Committee** (see page 42)

In connection with the merger, the Special Committee received an opinion from Morgan Joseph & Co. Inc., or Morgan Joseph, to the effect that, as of July 25, 2008, and based upon the assumptions made, matters considered and limits of review set forth therein, the consideration of \$11.25 per share in cash, without interest, to be received by holders of Meadow Valley's common stock was fair, from a financial point of view, to such holders. The full text of Morgan Joseph's opinion, which sets forth the procedures followed, assumptions made, matters considered, limits of review undertaken and other matters considered by Morgan Joseph in preparing its opinion, is attached as Appendix B to this proxy statement. Meadow Valley strongly recommends that stockholders read carefully the full text of Morgan Joseph's written opinion.

Morgan Joseph's opinion addresses only the fairness, from a financial point of view, of the consideration to be received by the holders of Meadow Valley's common stock as of the date of such opinion and does not address any other aspect of the merger. Morgan Joseph's opinion is not intended to be, and does not constitute, advice or a recommendation to the board of directors of Meadow Valley, the Special Committee, or any stockholder as to how to act or vote with respect to the merger or related matters.

**Interests of Meadow Valley's Officers and Directors in the Merger** (see page 61)

Messrs. Larson and Nelson will contribute substantially all of their shares of Meadow Valley common stock to Phoenix Holdings. Their respective contributions will include shares acquired by them upon exercise of their options prior to the merger and may, at their discretion, be net of shares utilized to pay the exercise price of their options and estimated federal income taxes. Shares held by Messrs. Larson and Nelson in their respective retirement plans, constituting 16,247 and 1,979 shares, respectively, may be canceled and converted into the right to receive \$11.25 per share in cash, without interest. Assuming Messrs. Larson and Nelson effect a cashless exercise of their Meadow Valley options and that shares held by them in their respective retirement plans are canceled and converted into the right to receive \$11.25 in cash, without interest, Messrs. Larson and Nelson are expected to receive a 3.6% and 3.8% fully diluted equity interest in Phoenix Holdings, respectively, with an imputed value of approximately \$1.21 million and \$1.27 million, respectively. If, instead, Messrs. Larson and Nelson choose not to engage in a cashless exercise and to pay their own estimated federal income taxes, Messrs. Larson and Nelson are expected to receive a 4.5% and 4.9% fully diluted equity interest in Phoenix Holdings, respectively, with an imputed value of approximately \$1.51 million and \$1.64 million, respectively. The foregoing percentages are subject to certain factors and assumptions described more fully herein;

Messrs Larson and Nelson will each be provided the opportunity to earn up to 3.5% of the Class B-1 Voting Units outstanding at the effective time of the merger in Phoenix Holdings if they meet certain performance criteria subsequent to the merger. Such Class B-1 interests have no immediate economic value and no readily

ascertainable long term value. The Class B-1 interests will participate in the net cash flow of the company following the closing of the merger if, and only if, the Class A-1 interests realize a full return of invested capital plus a preferred return. Consequently, it is not possible to assign a value to the Class B-1 interests as such interests are entirely dependent on the company's future performance, which is uncertain;

Mr. Bottcher will be given the right, but will have no obligation, to contribute all of his shares of Meadow Valley common stock (other than those held in his retirement plan) to Phoenix Holdings. If he elects to do so, his contribution will include shares acquired by him upon exercise of his options prior to the merger and may, at his discretion, be net of shares utilized to pay the exercise price of his options and estimated federal

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income taxes. Shares held by Mr. Bottcher in his retirement plan, constituting 1,036 shares, will be canceled and converted into the right to receive \$11.25 per share in cash, without interest. Depending on how he determines to effect his contribution, Mr. Bottcher is expected to receive between a 0.9% and 1.0% fully diluted equity interest in Phoenix Holdings with an imputed value of approximately \$290,000 and \$330,000, respectively. The foregoing percentages are subject to certain factors and assumptions described more fully herein. Mr. Bottcher has advised Meadow Valley that he intends to contribute his Meadow Valley shares to Phoenix Holdings;

each option to purchase shares of Meadow Valley's common stock that is outstanding and unexercised (whether vested or unvested) will be canceled and the holders of such options will be entitled to receive an amount, in cash, equal to the product of the number of shares subject to each such option multiplied by the excess, if any, of the merger consideration over the exercise price per share of each such option, net of applicable withholding taxes. The aggregate consideration expected to be paid to our directors and executive officers (excluding the Rollover Participants and Mr. Bottcher) in connection with the merger for options to purchase shares of Meadow Valley common stock held by such directors and executive officers is \$150,862;

it is anticipated that the current executive officers of Meadow Valley will hold substantially similar positions with the surviving corporation after completion of the merger and will receive substantially similar compensation;

our executive officers and directors will be indemnified in respect of their past service, and Investor will maintain Meadow Valley's current directors' and officers' liability insurance, subject to certain conditions; and

Our directors and executive officers (excluding the Rollover Participants and Mr. Bottcher) do not hold any shares of Meadow Valley common stock and, as a result, will not receive any consideration for shares of Meadow Valley common stock in the merger.

**Special Committee Fees** (see page 65)

Special Committee members are paid for their service on the Special Committee as follows:

the Special Committee members receive an annual fee of \$40,000, paid quarterly in arrears;

the chairman of the Special Committee receives an additional fee of \$25,000 for service as chairman, paid quarterly in arrears; and

the Special Committee members are reimbursed for their reasonable expenses.

These fees are in addition to the fees these board members receive for serving on the Meadow Valley board.

**Certain Effects of the Merger** (see page 58)

Upon completion of the merger:

Meadow Valley will be a privately-held, wholly-owned subsidiary of Investor and price quotations for Meadow Valley common stock will no longer be available;

each holder of Meadow Valley common stock (other than as provided for with respect to the Rollover Participants and Mr. Bottcher) will be entitled to receive \$11.25 in cash, without interest (and less applicable

withholding taxes), for each share of common stock owned at the effective time of the merger;

each option to purchase shares of Meadow Valley common stock that is outstanding and unexercised (whether vested or unvested) will be canceled and the holders of such options will be entitled to receive an amount, in cash, equal to the product of the number of shares subject to each such option multiplied by the excess, if any, of the merger consideration over the exercise price per share subject to each such option, net of applicable withholding taxes;

adequate provision will be made so that the holders of warrants to purchase common stock of Meadow Valley will have the right to receive, upon exercise of the warrants and subject to the terms and conditions thereof, \$11.25 per share, without interest (and less applicable withholding taxes), but given that the exercise price of all outstanding warrants is in excess of the merger consideration, we do not expect any warrant holder to exercise their warrants;

the registration of Meadow Valley's common stock under the Securities Exchange Act of 1934, as amended (the Exchange Act), will be terminated; and

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unaffiliated stockholders will no longer have a direct or indirect interest in or be stockholders of Meadow Valley, and, therefore, will not be able to participate in the surviving corporation's future earnings and growth, and dividends, if any.

**Merger Financing** (see page 66)

Investor and Merger Sub estimate that the total amount of funds necessary to consummate the merger and related transactions, including related customary fees and expenses, will be approximately \$71 million, which will be funded by a combination of (i) an equity contribution by Insight Equity and certain other investors in an amount of up to approximately \$42.0 million and (ii) debt financing in the current committed amount of up to \$29.0 million. Insight Equity's equity contribution is expected to be funded through a capital call to the limited partners of Insight Equity.

In order to fund the debt financing, Insight Equity received two debt commitment letters each dated as of July 27, 2008 from LBC Credit Partners, Inc., or LBC, to provide, subject to the conditions set forth therein, (i) an up to \$10 million senior secured term loan facility, or the Term Facility I, and (ii) an up to \$19 million secured term loan facility, or the Term Facility II. Additionally, the surviving corporation and its wholly-owned subsidiaries, together with Investor, who we sometimes collectively refer to herein as the Debt Parties, anticipate obtaining an asset-based revolving credit facility, or the Revolving Credit Facility, but have not yet selected a lender for the Revolving Credit Facility. As of the date of this proxy statement, no alternative financing arrangements or plans have been made.

The debt financing is subject to the satisfaction or waiver of certain conditions, including, without limitation, the following:

the negotiation, execution and delivery of definitive documentation with respect to the Term Facility I or the Term Facility II, as applicable (including, without limitation, an intercreditor agreement), satisfactory to the administrative agent in its reasonable discretion;

since the date of the merger agreement, no event, change, effect, development, condition or occurrence shall have occurred that has had or could reasonably be expected to have, individually or in the aggregate, a material adverse effect (as defined in the merger agreement) with respect to Meadow Valley or, in the case of the Term Facility I, a material adverse effect on the condition (financial or otherwise), business, or assets of the borrower;

Insight Equity's compliance in all material respects with the terms of the commitment letter for the Term Facility I or the Term Facility II, as applicable;

the conditions to closing of the merger set forth in the merger agreement shall have been met (or waived with the administrative agent's prior consent, which consent shall not be unreasonably withheld);

after giving effect to the merger and the transactions contemplated thereby, Investor and its subsidiaries shall have no indebtedness for borrowed money, guarantees, or preferred stock outstanding other than, as applicable, (i) the Term Facility I, (ii) the Term Facility II, (iii) the Revolving Credit Facility, (iv) the existing Ready Mix credit facility, (v) capital leases existing as of July 27, 2008 and additional capital leases to the extent permitted under section 5.1(vi) of the merger agreement, and (vi) other indebtedness and preferred stock existing prior to the merger and reasonably acceptable to the administrative agent;

the administrative agent shall have received a certificate, in form and substance reasonably satisfactory to it, confirming the solvency of certain of the Debt Parties; and

consummation of the merger and the related transactions, including closing of the Term Facility I, the Term Facility II and the Revolving Credit Facility, as applicable, shall not (i) violate any applicable law, statute, rule or regulation, (ii) violate, or result in an event of default under, any material agreement after giving effect to any consents or approvals that shall have been obtained, or (iii) require any governmental or other consent or approval that shall not have been obtained so as to permit the Debt Parties to operate their business, in all material respects, consistent with past practices following the merger.

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**Conditions to the Merger** (see page 85)

Completion of the merger is subject to a number of closing conditions, including, but not limited to:

Meadow Valley's stockholders voting to adopt and approve the Merger Proposal;

the representations and warranties made by the respective parties to the merger agreement being true and correct as of the effective time of the merger, except for such failures as could not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Effect (as detailed on page 78 of this proxy statement);

each party to the merger agreement having performed, in all material respects, all obligations that it is required to perform under the merger agreement;

no change, event or occurrence, individually or in the aggregate, that would, or could reasonably be expected to, have a Material Adverse Effect on Meadow Valley or any of its subsidiaries, including Ready Mix, occurring between the date of the merger agreement and the effective time of the merger;

Meadow Valley's and its subsidiaries (excluding Ready Mix) bonding capacity being at least \$200.0 million in the aggregate and at least \$50.0 million for any individual engagement, which amounts Meadow Valley and its subsidiaries (excluding Ready Mix) met as of the date of this proxy statement;

Meadow Valley's work backlog being at least \$112.5 million, which Meadow Valley met as of the date of this proxy statement;

Meadow Valley shall have EBIT during the twelve full calendar months immediately preceding the effective time of the merger of no less than \$5.5 million;

Ready Mix shall have EBIT during the twelve full calendar months immediately preceding the effective time of the merger of no less than negative \$4.0 million;

receipt of certain real estate deliverables, including delivery by Meadow Valley of estoppel certificates, landlord and other consents for leased property, title insurance, and collateral access agreements with respect to certain leased property;

there shall be no order, injunction or decree preventing, restraining or rendering illegal the consummation of the merger;

Meadow Valley shall have obtained all required permits, licenses and the written consent of any party necessary for the consummation of the merger;

certain Meadow Valley employees shall have waived their rights to any change of control, severance or similar payments that could be due and owing as a result of the merger;

no warrants or other rights for the purchase of any shares of Meadow Valley capital stock shall be outstanding;

Meadow Valley and its subsidiaries (including Ready Mix), on a consolidated basis, shall have a minimum book value of \$31.0 million;



Meadow Valley shall have terminated certain stock pledge agreements and Meadow Valley and its subsidiaries (excluding Ready Mix) shall be released as guarantors, grantors, co-borrowers and/or pledgors with respect to any and all indebtedness or other obligations of Ready Mix; and

Meadow Valley shall continue to own at least 66% of the Ready Mix common stock outstanding on a fully diluted basis and no shares of Ready Mix preferred stock shall be issued.

At any time before the merger, Investor and Merger Sub may waive the conditions applicable to Meadow Valley and Meadow Valley may waive the conditions applicable to Investor and Merger Sub. While circumstances may change, the parties do not expect that any conditions will be waived.

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**Restrictions on Solicitation of Other Acquisition Proposals** (see page 82)

Pursuant to the merger agreement, from the date of the merger agreement until September 11, 2008 (45 days), we were permitted to:

initiate, solicit and encourage Acquisition Proposals (as detailed on page 83 of this proxy statement), including by way of providing access to non-public information pursuant to one or more acceptable confidentiality agreements; and

participate in discussions or negotiations with respect to Acquisition Proposals or otherwise cooperate with or assist or participate in, or facilitate, any such discussions or negotiations.

From and after September 12, 2008, subject to certain exceptions discussed below, we have agreed that we will not, and will cause our subsidiaries (excluding Ready Mix to the extent not acting as our representative) and use our reasonable best efforts to cause our representatives not to:

initiate, solicit or knowingly encourage the submission of any inquiries, proposals or offers that constitute or may reasonably be expected to lead to any Acquisition Proposal or engage in any discussions or negotiations with respect thereto or otherwise cooperate with or assist or participate in, or knowingly facilitate any such inquiries, proposals, discussions or negotiations; or

approve or recommend, or publicly propose to approve or recommend, any Acquisition Proposal or enter into any merger agreement, letter of intent, agreement in principle, share purchase agreement, asset purchase agreement or share exchange agreement, option agreement or other similar agreement relating to an Acquisition Proposal or enter into any agreement or agreement in principle requiring us to abandon, terminate or fail to consummate the transactions contemplated by the merger agreement or breach our obligations thereunder or resolve, propose or agree to do any of the foregoing.

Notwithstanding the foregoing, under certain circumstances, our board of directors (acting through the Special Committee if it still exists) may respond to a bona fide unsolicited Acquisition Proposal or terminate the merger agreement and enter into an acquisition agreement with respect to a Superior Proposal (as detailed on page 83 of this proxy statement), so long as we comply with certain terms of the merger agreement described under **The Merger Agreement – Restrictions on Solicitation, Acquisition Proposals and Changes in Recommendation.**

**Termination of the Merger Agreement** (see page 86)

The merger agreement also grants the parties certain termination rights. The merger agreement may be terminated:

upon the mutual written agreement of Meadow Valley and Investor;

by either Meadow Valley or Investor after the issuance of a final injunction or order prohibiting the merger, or the final denial of any approval necessary to consummate the merger;

by either Meadow Valley or Investor if, in certain circumstances, the merger has not been consummated on or before December 31, 2008 (unless extended under limited circumstances in Investor's sole discretion to a date not later than January 31, 2009), unless the reason for not closing the merger is due to the actions or beach by the party seeking termination (the **Outside Date Termination Right** );

by either Meadow Valley or Investor if the Merger Proposal does not receive the requisite stockholder vote at the special meeting (the Stockholder Rejection Termination Right ), unless the special meeting is adjourned or postponed pursuant to the terms of the merger agreement;

by Meadow Valley upon a failure or breach by Investor of any of its obligations, covenants, representations, or warranties in the merger agreement, and if such failure or breach would result in a failure of the Meadow Valley closing conditions to be satisfied and is not cured within the period of time provided for in the merger agreement, provided that Meadow Valley is not then in material breach of its obligations under the merger agreement (the Investor Breach Termination Right );

by Investor upon a failure or breach by Meadow Valley of any of its obligations, covenants, representations, or warranties in the merger agreement, if such failure or breach would reasonably be expected to result in a failure of Investor closing conditions to be satisfied and if such failure or breach is not cured within the period of time provided for in the merger agreement, provided that Investor is not then in material breach of its obligations under the merger agreement (the Meadow Valley Breach Termination Right );

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by Investor upon Meadow Valley or Meadow Valley's board of directors, as the case may be, (i) changing its recommendation that Meadow Valley's stockholders approve the Merger Proposal, (ii) approving, adopting, or recommending any Acquisition Proposal, (iii) approving, recommending or entering into a letter of intent, agreement in principle or definitive agreement for an Acquisition Proposal, (iv) failing to publicly reaffirm the board of directors' recommendation in favor of the Merger Proposal, (v) materially breaching its obligations under the go shop provision or the stockholder vote provision in the merger agreement, (vi) failing to include the board of directors' recommendation in favor of the Merger Proposal in this proxy statement, or (vii) authorizing any of the above (the Change of Recommendation Termination Right);

by Investor upon an event, change or occurrence that has had or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect that cannot reasonably be expected to be cured by December 31, 2008;

by Meadow Valley any time prior to receiving the requisite stockholder vote in favor of the Merger Proposal, if Meadow Valley has received a Superior Proposal in accordance with the go shop provision, provided that Meadow Valley must enter into such alternative acquisition agreement within 24 hours after, and pay a fee in advance of, terminating the merger agreement (the New Agreement Termination Right); or

by Meadow Valley upon Investor's failure to consummate the merger within 10 days after Meadow Valley makes a written demand of Investor, provided that all the requirements and conditions necessary to consummate the merger have been satisfied.

**Termination Fees** (see page 87)

The merger agreement provides for the payment of certain fees and expenses in certain instances when the merger agreement is terminated.

***Payable by Meadow Valley***

Meadow Valley will be required to pay Investor an amount in cash equal to the sum of (1) 4.5% of the aggregate merger consideration, or approximately \$2.5 million, plus (2) certain of Investor's and Merger Subs' documented and reasonable out-of-pocket transaction expenses, if the merger agreement is terminated pursuant to:

the Outside Date Termination Right, if, at the time of the delay, Investor has taken all actions necessary on its part to consummate the merger, but Meadow Valley has failed to do so;

the Stockholder Rejection Termination Right, if Meadow Valley subsequently enters into a definitive agreement with respect to an Acquisition Proposal within 12 months after such termination;

the Meadow Valley Breach Termination Right;

the Change of Recommendation Termination Right, unless the termination relates to a Superior Proposal from certain parties that had previously expressed an interest in Meadow Valley; or

the New Agreement Termination Right, unless the termination relates to a Superior Proposal from certain parties that had previously expressed an interest in Meadow Valley.

If, during the 45-day go shop period, the merger agreement was terminated pursuant to the Change of Recommendation Termination Right, or the New Agreement Termination Right and the termination related to a Superior Proposal from certain parties that had previously expressed an interest in Meadow Valley, then, in lieu of the amount set forth above, Meadow Valley would have been obligated to pay Investor an amount equal to the sum of (1) 2.5% of the aggregate merger consideration, or approximately \$1.5 million, plus (2) certain of Investor's and Merger Sub's documented and reasonable out-of-pocket transaction expenses. The go shop period expired on September 11, 2008. No party qualified as an excluded party under the terms of the merger agreement. Accordingly, we did not exercise any of these termination rights.

Unless otherwise provided, if the merger agreement is terminated, Meadow Valley will be required to pay Investor a fee equal to the sum of (1) \$500,000 plus (2) certain of Investor's and Merger Sub's reasonable and documented out-of-pocket transaction expenses.

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***Payable by Investor***

Investor will be required to make a payment to Meadow Valley in an amount equal to the sum of (1) 2.5% of the aggregate merger consideration, or approximately \$1.5 million, plus (2) certain of Meadow Valley's documented and reasonable out-of-pocket expenses related to the merger (excluding expenses incurred during the go shop period), if the merger agreement is terminated pursuant to:

the Outside Date Termination Right, if, at the time of the delay, Meadow Valley has taken all actions necessary on its part to consummate the merger, but Investor has failed to do so;

the Investor Breach Termination Right; or

the terms of the merger agreement if either Investor or Merger Sub has breached any agreement terms such that their conditions to close are not satisfied thereby causing the closing not to be effective by December 31, 2008.

**Litigation** (see page 68)

On or about August 5, 2008, Pennsylvania Avenue Funds filed a lawsuit in the Clark County, Nevada District Court against Meadow Valley, each of its directors, Investor and Merger Sub, alleging, among other matters, that Meadow Valley and its directors breached their fiduciary duties by failing to maximize stockholder value in the negotiation of the merger. The complaint further alleges that Investor and Merger Sub aided and abetted the alleged breach by Meadow Valley's directors of their fiduciary duties. On October 7, 2008, the plaintiff filed an amended complaint, which Meadow Valley received on October 15, 2008. The named individual defendants were never served with the original complaint or the amended complaint. On or about October 20, 2008, counsel for the individual defendants, after contacting plaintiff's counsel, agreed to accept service of the amended complaint on the individual defendants behalf, but plaintiff's counsel has not yet provided an acceptance of service to counsel for the individual defendants. In the opinion of Meadow Valley's counsel, the amended complaint, like the original complaint, does not attempt to state a claim for relief against Meadow Valley, even though Meadow Valley is named as a defendant. The amended complaint is similar to the original complaint except it includes an additional claim against the individual defendants for breach of fiduciary duty based on alleged materially misleading and/or incomplete statements in the proxy statement.

**Rights of Dissenting Stockholders** (see page 69)

Pursuant to applicable Nevada law, there are no dissenters' or appraisal rights relating to the matters to be acted upon at the special meeting.

**Material U.S. Federal Income Tax Consequences** (see page 65)

Your receipt of the merger consideration will be a taxable transaction for U.S. federal income tax purposes under the Internal Revenue Code of 1986, as amended, and may be a taxable transaction for foreign, state, and local income tax purposes as well. For U.S. federal income tax purposes, you will recognize gain or loss measured by the difference between the amount of cash you receive in the merger and your tax basis in the shares of common stock exchanged for the merger consideration, provided that it is possible that if you are related, under applicable attribution rules, to a person deemed to own shares of the surviving corporation after the merger, all the cash you receive could be treated as a dividend of the surviving corporation. You should consult your own tax advisor regarding the U.S. federal income tax consequences of the merger, as well as any tax consequences under state, local, or foreign laws.



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**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING**

*The following questions and answers are intended to address briefly some commonly asked questions regarding the merger, the merger agreement and the special meeting. These questions and answers may not address all questions that may be important to you as our stockholder. Please refer to the Summary Term Sheet and the more detailed information contained elsewhere in this proxy statement, the appendices to this proxy statement, and the documents incorporated by reference into this proxy statement, which you should read carefully and in their entirety.*

**Q: Why am I receiving this proxy statement and proxy card?**

A: You are receiving this proxy statement and proxy card because you are a record or beneficial holder of Meadow Valley common stock and consequently you are being asked to consider and vote upon important matters at a special meeting of stockholders of Meadow Valley.

**Q: When and where is the special meeting?**

A: The special meeting of our stockholders will be held on \_\_\_\_\_, 2008 at \_\_\_\_\_ a.m., local time, at \_\_\_\_\_.

**Q: What matters will be considered and voted on at the special meeting?**

A: At the special meeting, you will be asked to consider and vote on the following:

to adopt and approve the Merger Proposal;

to approve the Adjournment Proposal; and

to transact such other business as may properly come before the special meeting or any adjournment or postponement thereof.

The merger agreement is attached as Appendix A to this proxy statement. We strongly recommend that you read the merger agreement carefully and in its entirety. See The Merger Agreement beginning on page 75.

**Q: How do the Special Committee and board of directors recommend that I vote on the proposals?**

A: Each of the Special Committee and the board of directors of Meadow Valley (with Bradley E. Larson and Kenneth D. Nelson abstaining) has unanimously determined that the merger and the merger agreement are fair to, and in the best interests of, Meadow Valley and its unaffiliated stockholders, and the Special Committee and the board of directors of Meadow Valley each recommend that you vote FOR the Merger Proposal and FOR the Adjournment Proposal. Please be aware that Messrs. Larson and Nelson abstained from voting as members of Meadow Valley's board of directors and, as a result, the members of the Special Committee and the members of the board of directors that voted on the merger were identical.

**Q: Who is entitled to vote at the special meeting?**

A: All stockholders of record as of the close of business on \_\_\_\_\_, 2008 will be entitled to notice of, and to vote at, the special meeting.



**Q: How many shares must be present to hold the special meeting?**

A: The holders of one-third of all outstanding shares of Meadow Valley common stock must be present, in person or represented by proxy, at the special meeting in order to hold the special meeting and conduct business. This is called a quorum. If you submit a properly executed proxy card or properly submit your proxy by telephone or through the Internet, then your shares will be counted as part of the quorum. Abstentions and shares that are the subject of broker non-votes will also be counted in determining the presence of a quorum.

**Q: What vote is required to approve the proposals?**

A: Approval of the Merger Proposal requires the affirmative vote of the holders of a majority of the outstanding shares of Meadow Valley common stock entitled to vote at the special meeting, or \_\_\_\_\_ shares. Approval of the Adjournment Proposal requires the affirmative vote of a majority of the outstanding shares of Meadow Valley common stock entitled to vote and represented at the special meeting.

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**Q: What will I receive in the merger?**

A: For each share of common stock owned, stockholders will receive \$11.25 in cash, without interest. Investor, the surviving corporation and the paying agent designated by Investor will be entitled to deduct and withhold from the merger consideration any amounts required to be deducted and withheld under any applicable tax law, and any amounts so withheld shall be treated as having been paid to the holder from whose merger consideration the amounts were so deducted and withheld.

If you hold any options to purchase shares of Meadow Valley common stock that are outstanding and unexercised as of the effective time of the merger (whether vested or unvested), such options will be canceled, and you will be entitled to receive from Meadow Valley, in consideration for such cancellation, an amount in cash, equal to the product of the number of shares subject to such options multiplied by the excess, if any, of the merger consideration over the exercise price per share subject to such options, net of applicable withholding taxes.

**Q: What do I need to do now?**

A: We ask that you please vote by proxy, whether or not you plan on attending the special meeting in person. If your shares are held in your name, you can submit your proxy (i) by mail, by completing, signing, dating, and returning the enclosed proxy card in the enclosed postage-paid envelope, (ii) by telephone, using the toll-free number shown on your proxy card, or (iii) through the Internet by visiting the website shown on your proxy card, in each case before 5:00 p.m., Eastern Time, on \_\_\_\_\_, 2008. If you submit a proxy, but do not specify how you want your shares to be voted, they will be voted FOR the approval of the Merger Proposal and FOR approval of the Adjournment Proposal. If your shares are registered differently or are in more than one account, you will receive more than one proxy card. Please complete and return all of the proxy cards you receive or submit your proxy by telephone or through the Internet for all such proxy cards to ensure that all of your shares are voted.

**Q: What rights do I have if I oppose the merger?**

A: You may vote against the Merger Proposal and Adjournment Proposal, but pursuant to applicable Nevada law, there are no dissenters' or appraisal rights relating to the matters to be acted upon at the special meeting.

**Q: If I am in favor of the merger, should I send my share certificates now?**

A: No. As soon as reasonably practicable after the effective time of the merger, a paying agent designated by Investor will commence mailing a letter of transmittal and instructions to you and the other stockholders of Meadow Valley. The letter of transmittal and instructions will tell you how to surrender your stock certificates in exchange for the merger consideration. **You should not return your stock certificates with the enclosed proxy card and you should not forward your stock certificates to the paying agent without a letter of transmittal.**

**Q: If my shares are held in street name by my broker, banker or other nominee, will my broker or banker vote my shares for me?**

A: No for the Merger Proposal, but yes for the Adjournment Proposal.

If your shares are held by your broker as your nominee (that is, in street name), you will need to obtain a proxy form from the institution that holds your shares and follow the instructions included on that form regarding how to instruct your broker to vote your shares or obtain an authorization from your broker allowing you to vote your shares at the special meeting in person or by proxy. If you do not give instructions to your broker, your broker can vote your shares with respect to discretionary items, but not with respect to non-discretionary items. Discretionary items are proposals

considered routine under the rules of Nasdaq on which your broker may vote your shares held in street name in the absence of your voting instructions. On non-discretionary items for which you do not give your broker instructions, your shares will be treated as broker non-votes and will not be voted.

The Merger Proposal is not a routine matter. As a result, for the Merger Proposal, your broker or banker will not vote your shares of Meadow Valley common stock without specific instructions from you. If you fail to give

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your broker or banker specific instructions, your shares will not be voted, which will have the effect of a vote against the Merger Proposal.

The Adjournment Proposal is a routine matter. As a result, for the Adjournment Proposal, your broker or banker will have the discretionary voting power to vote on the Adjournment Proposal without specific instructions from you.

**Q: May I change my vote after I have submitted a proxy?**

A: Yes. You may change your vote at any time before your proxy is voted at the special meeting. You may do this in one of the following ways:

by sending a written notice of revocation to the secretary of Meadow Valley;

by sending a completed proxy card bearing a later date than your original proxy card;

by calling the telephone number specified on your proxy card and following the instructions;

by submitting a later dated proxy via the Internet in the same manner that you submitted your earlier proxy via the Internet and following the instructions; or

by attending Meadow Valley's special meeting and voting in person.

Your attendance at Meadow Valley's special meeting alone will not revoke any proxy. If you choose to change your vote, you must take the described action, and the applicable notice must be received, no later than the beginning of Meadow Valley's special meeting.

If your shares are held in an account at a broker or other nominee, you must contact your broker or other nominee to change your vote.

**Q: When is the merger expected to be completed?**

A: The merger will become effective upon the later of the date and time of the filing of the articles of merger with the Secretary of State of the State of Nevada or such later date and time as may be specified in the articles of merger with the consent of the parties. The filing of the articles of merger will occur as promptly as practicable, but unless otherwise agreed to in writing by the parties to the merger agreement, in no event later than the third business day after the conditions to completion of the merger have been satisfied or waived. The parties are working toward completing the merger as quickly as possible and anticipate closing the merger prior to the end of this year.

**Q: How do Meadow Valley's directors and executive officers intend to vote?**

A: As of \_\_\_\_\_, 2008, the record date for the special meeting, the directors and executive officers of Meadow Valley held and are entitled to vote, in the aggregate, shares of our common stock representing approximately 3.5% of the outstanding shares. Our directors and executive officers have advised us that they intend to vote all of their shares of our common stock FOR the Merger Proposal and FOR the Adjournment Proposal. In particular, Messrs. Larson and Nelson will be entitled to vote their shares in favor of the proposals described in this proxy statement and have indicated their intent to do so. Assuming Messrs. Larson and Nelson do not exercise their options to acquire Meadow Valley common stock prior to the record date for the special meeting, they will be able to vote an aggregate of 180,325 shares in favor of the Merger Proposal and the Adjournment Proposal. In the

event Messrs. Larson and Nelson exercise their options prior to the record date for the special meeting, they will be able to vote an aggregate of 285,625 shares in favor of the Merger Proposal and the Adjournment Proposal.

**Q: What effects will the proposed merger have on Meadow Valley?**

A: This is a going private transaction. As a result of the proposed merger, we will cease to be a publicly-traded company and will be directly owned by Investor and controlled by Insight Equity. You will no longer have any interest in our future earnings or growth, and dividends, if any. In addition, upon consummation of the proposed merger, our common stock will no longer be listed on any exchange or quotation system.

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**Q: What happens if one of the parties to the merger terminates the merger agreement?**

A: Under specified circumstances, Meadow Valley may be required to pay Investor a termination fee and reimburse Investor and Merger Sub for certain of their documented and reasonable out-of-pocket expenses, or Investor and Merger Sub may be required to pay Meadow Valley a reverse termination fee and reimburse us for certain of our documented and reasonable out-of-pocket expenses.

**Q: What happens to Meadow Valley shares if the merger is not consummated?**

A: Stockholders will not receive any payment for their shares in connection with the merger. Instead, Meadow Valley will remain an independent public company, investors will continue to hold our common stock and our common stock will continue to be listed and traded on Nasdaq. If you want to sell your common stock, you would need to sell that stock in the open market or in a privately negotiated transaction in compliance with applicable securities laws and the price you would receive for that stock is uncertain.

**Q: Does this special meeting replace our annual meeting of stockholders?**

A: No. If the merger agreement is not approved by our stockholders or if the merger is not consummated for any other reason, the board of directors of Meadow Valley intends to promptly call and hold our next annual meeting of stockholders to elect directors and to attend to such other matters as may properly come before the annual meeting.

**Q: What are the material U.S. federal income tax consequences of the merger to me?**

A: The cash you receive for your shares generally will be taxable for U.S. federal income tax purposes to the extent the cash received exceeds your tax basis in your shares. To review the federal income tax consequences to stockholders in greater detail, see Special Factors Material U.S. Federal Income Tax Consequences of the Merger.

**Q: I do not know where my stock certificate is how will I get my cash?**

A: The materials the paying agent will send you after completion of the merger will include the procedures that you must follow if you cannot locate your stock certificate. This will include an affidavit that you will need to sign attesting to the loss of your certificate. You may also be required to provide a bond to the surviving corporation in order to cover any potential loss and follow other procedures.

**Q: What happens if I sell my shares before the special meeting?**

A: The record date of the special meeting is earlier than the date set for the special meeting and the date that the merger is expected to be completed. If you transfer your shares of common stock after the record date, but before the special meeting, you will retain your right to vote at the special meeting, but will have transferred the right to receive \$11.25 per share in cash, without interest (and less applicable withholding taxes), to be received by our stockholders in the merger. In order to become entitled to receive \$11.25 per share, without interest (and less applicable withholding taxes), you must hold your shares through the effective time of the merger.

**Q: What does it mean if I receive more than one proxy card?**

A: It means that you have multiple accounts at the transfer agent and/or with brokers, banks or other nominees. Please sign and return all proxy cards that you receive or submit proxies for each proxy card by telephone or

through the Internet to ensure that all your shares are voted.

**Q: How are votes counted?**

A: For the Merger Proposal, you may vote FOR, AGAINST or ABSTAIN. If you abstain or do not vote on the proposal, it will have the same effect as if you voted against the Merger Proposal. In addition, if your shares are not represented at the special meeting or if your shares are held in the name of a broker, bank or other nominee, and your broker, bank or other nominee does not receive specific instructions from you on how to vote, it will have the effect of a vote against the Merger Proposal.

For the Adjournment Proposal, you may vote FOR, AGAINST or ABSTAIN. If you abstain, it will have the same effect as if you voted against the Adjournment Proposal. If your shares are not represented at the

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special meeting, it will have no effect on the Adjournment Proposal. If your shares are held in the name of a broker, bank or other nominee and you fail to provide such nominee with specific instructions on how to vote, your broker, bank or other nominee will be entitled to vote your shares on the Adjournment Proposal.

**Q: Will any other business be conducted at the special meeting?**

A: Our board of directors knows of no business, other than as set forth in the attached Notice of Special Meeting, that will be presented at the special meeting. If any other proposal properly comes before the stockholders for a vote at the special meeting, the persons named in the proxy card that accompanies this proxy statement will, to the extent permitted by law and to the extent we were not notified of the proposal in a reasonable amount of time before our solicitation, vote your shares in accordance with their judgment on such matter.

**Q: Who is soliciting my vote?**

A: This proxy solicitation is being made and paid for by Meadow Valley. In addition, we have retained The Altman Group, Inc. to assist in the solicitation. We will pay The Altman Group, Inc. approximately \$8,500 plus out-of-pocket expenses for its assistance. Our directors, officers and employees may also solicit proxies by personal interview, mail, e-mail, telephone, facsimile or by other means of communication. These persons will not be paid additional remuneration for their efforts. We will also request brokers and other fiduciaries to forward proxy solicitation material to the beneficial owners of shares of Meadow Valley common stock that the brokers and fiduciaries hold of record. We will reimburse them for their reasonable out-of-pocket expenses.

**Q: Who can help answer my questions?**

A: If you have any questions about the merger or if you need additional copies of this proxy statement or the enclosed proxy card, you should contact The Altman Group, Inc., which is acting as the proxy solicitation agent and information agent in connection with the merger, by telephone at (866) 721-1324 or by mail to the following address:

The Altman Group, Inc.  
1200 Wall Street West, 3rd Floor  
Lyndhurst, New Jersey 07071



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**SPECIAL FACTORS**

**Background of the Merger**

Meadow Valley's board of directors has discussed from time to time the possibility of pursuing strategic alternatives for Meadow Valley in light of market, economic, competitive and other conditions and developments, as well as Meadow Valley's historical stock price and its relative illiquidity and the costs of operating as a public company.

Bradley E. Larson, a director of Meadow Valley and its President and Chief Executive Officer, has been acquainted with Mr. John B. Furman for many years, primarily through an industry association where Mr. Furman was the association's legal counsel and Mr. Larson served as an officer and director. During the spring of 2007, Mr. Furman mentioned the idea of a possible leveraged buyout on several happenstance meetings with Mr. Larson. Mr. Larson then began to become interested in the possibility of such a transaction as a way to increase stockholder value. In May 2007, Mr. Larson shared with Kenneth D. Nelson, a director of Meadow Valley and its Vice President and Chief Administrative Officer, the content of Mr. Larson's conversations with Mr. Furman. Mr. Nelson indicated that he would possibly be interested in such a transaction for the same reasons expressed by Mr. Larson and would be willing to participate in preliminary discussions regarding the same.

During the spring of 2007 and subsequent to his initial meeting with Mr. Larson, Mr. Furman approached Peter C. Marcil of ThomasLloyd Capital LLC ( ThomasLloyd ) regarding Mr. Furman's idea of a leveraged buyout of Meadow Valley and possibly its majority owned subsidiary, Ready Mix. Messrs. Furman and Marcil informally discussed this idea from time to time during this period. Also during this time, ThomasLloyd conducted its own internal analysis to determine the viability of a leveraged buyout and, following completion of such analysis, concluded that a leveraged buyout could be a viable transaction.

On June 1, 2007, Messrs. Larson, Nelson, Furman and Marcil met with representatives of Greenberg Traurig, LLP ( Greenberg Traurig ) to discuss the possibility of a leveraged buyout of Meadow Valley and possibly Ready Mix, the methods by which it could be accomplished, and the various legal considerations involved in such a transaction. Messrs. Larson and Nelson sought Greenberg Traurig's assurance that Greenberg Traurig would provide legal representation in the event that Messrs. Larson and Nelson decided to pursue such a transaction.

On June 4, 2007, Mr. Furman formed YVM Acquisition Corporation ( YVM ) as a convenience to act as a potential acquisition vehicle if it was determined to pursue a transaction with Meadow Valley. Mr. Furman became the sole officer and sole director of YVM on June 4, 2007. Messrs. Larson and Nelson became officers and directors of YVM on August 5, 2007, at which time Mr. Furman resigned as a director of YVM. Messrs. Larson, Nelson, and Furman became stockholders of YVM on September 6, 2007. Mr. Larson owns 48.6% of YVM, Mr. Nelson owns 46.7% of YVM, and Mr. Furman owns 4.7% of YVM. At no time during the transaction has Mr. Furman owned any shares of common stock of Meadow Valley.

Mr. Furman recommended to Messrs. Larson and Nelson that ThomasLloyd be engaged to evaluate the merits of such a transaction and to address the capital requirements needed to complete a transaction involving Meadow Valley. Mr. Larson had known Mr. Marcil from a previous effort to raise capital for a matter unrelated to the present transaction. On June 8, 2007, YVM executed a confidentiality agreement with ThomasLloyd.

Mr. Marcil suggested to Mr. Furman that another financial advisory firm, Alare Capital, could provide needed assistance in the various financial modeling used in deciding whether or not to pursue a leveraged buyout of Meadow Valley. As a result, YVM executed a confidentiality agreement with Alare Capital on June 12, 2007.

On July 11, 2007, Messrs. Larson and Nelson met with a representative of Meadow Valley's surety company. Messrs. Larson and Nelson recognized the importance of adequate surety credit to Meadow Valley and wanted to gain a better understanding of leverage parameters used by surety companies and the possibility of a company that had undergone a leveraged buyout or "going private" transaction securing surety credit before any further consideration of any leverage buyout transaction. On July 31, 2007, a representative of Meadow Valley's surety company responded to Mr. Larson with some general considerations regarding the availability of surety credit.

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On August 3, 2007, Mr. Larson provided to Mr. Marcil preliminary financial information containing Meadow Valley's forecast for the balance of 2007, 2008 and 2009 and generally applying the considerations provided to Mr. Larson by Meadow Valley's surety company described in the preceding paragraph.

On August 7, 2007, YVM engaged ThomasLloyd as its exclusive placement agent to assist YVM and its subsidiaries and affiliates with any private placement of equity or debt securities, and also to act as its exclusive financial adviser to render certain financial advisory and investment banking services to YVM, in each case in connection with the potential acquisition of common stock or other equity securities of Meadow Valley should Messrs. Larson and Nelson determine that such a transaction was feasible and that Meadow Valley's stockholders should have the opportunity to evaluate such a transaction.

On August 14, 2007, Meadow Valley held a regularly scheduled meeting of its board of directors in Phoenix, Arizona at which David D. Doty, Meadow Valley's Chief Financial Officer, Gary Agron, the former outside counsel and a former director of Meadow Valley, were present at the invitation of the board. Mr. Larson was not present at this meeting. Immediately prior to the meeting, Mr. Larson held an informal telephonic conference with Don A. Patterson, Charles E. Cowan and Charles R. Norton, the three independent members of the board of directors, to inform them of the preliminary activities with respect to considering a possible leveraged buyout transaction as described above. Mr. Nelson then answered a few general questions regarding these preliminary activities immediately prior to the start of the board meeting. As none of the independent directors requested Messrs. Larson or Nelson to suspend or cease these preliminary activities, Messrs. Larson and Nelson continued to proceed with the knowledge of the independent directors.

On August 16, 2007, Mr. Furman and YVM entered into a letter agreement pursuant to which Mr. Furman would advise YVM and its subsidiaries and affiliates with respect to the proposed acquisition of Meadow Valley's common stock and other equity securities. Mr. Furman acted as a consultant to YVM. As compensation for his services, Mr. Furman expects to receive up to a 0.25% equity interest in Phoenix Holdings.

On August 24, 2007, an affiliate of ThomasLloyd entered into a consulting agreement with Mr. Furman with respect to a possible transaction involving Meadow Valley. This agreement was superseded by a consulting agreement between Mr. Furman and an affiliate of ThomasLloyd dated May 1, 2008. Mr. Furman acted as a consultant to ThomasLloyd. As compensation for his services, Mr. Furman expects to receive a fee from ThomasLloyd of up to \$432,375 plus reimbursement of expenses.

Throughout the summer and early fall of 2007, Messrs. Larson and Nelson, with the assistance of Mr. Furman and ThomasLloyd, continued to engage in preliminary discussions and related structuring analysis with respect to considering a possible leveraged buyout transaction as described above. These discussions took place during the course of many meetings conducted both in person and telephonically. Messrs. Larson and Nelson participated in these discussions in their individual capacities and as executive officers of YVM and not as representatives of Meadow Valley.

On October 8, 2007, Mr. Robert Strawbridge from ThomasLloyd traveled to Phoenix, Arizona to make a site visit to several of Meadow Valley's ongoing construction projects and ready-mix batch plants.

During the week of October 22, 2007, Messrs. Larson and Nelson flew to the offices of ThomasLloyd in New York City to engage in preliminary discussions with private equity firms to determine their preliminary interest in pursuing a transaction involving Meadow Valley. A total of six private equity firms were met with on this trip and one introduction to a private equity firm was made by telephone.

On October 22, 2007, Mr. Marcil, a representative of ThomasLloyd, spoke with representatives of Insight Equity I LP ( Insight Equity ), namely Conner Searcy and Chris Zugaro, by telephone conference. Insight Equity was informed that ThomasLloyd was engaged by a third party. ThomasLloyd provided Insight Equity with a general overview of a potential acquisition transaction. ThomasLloyd explained it was exploring the utilization of equity and debt funds from one or more financial institutions or professional investors in such acquisition.

Following the initial conversation between Insight Equity and ThomasLloyd, on October 23, 2007, Messrs. Larson, Nelson, and Furman determined that it was likely that Insight Equity or another private equity fund was likely to provide financing for a leveraged buyout transaction and decided to attempt to proceed with such

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a transaction. As a result, on October 23, 2007, Insight Equity executed a confidentiality agreement with Mr. Furman, in his individual capacity and on behalf of any investment entity owned or controlled by Mr. Furman. Mr. Furman was referred to as the CEO of Project Alpha in such agreement in an effort to preserve confidentiality. Insight Equity was chosen based on its industry knowledge, its initial interest level, its ability to complete a transaction, and its likelihood of providing the most favorable opportunity for Meadow Valley's unaffiliated stockholders.

On October 25, 2007, a telephone conference was held with Messrs. Marcil and Strawbridge of ThomasLloyd and Messrs. Searcy and Zugaro of Insight Equity. During the telephone conference, Messrs. Marcil and Strawbridge provided a general overview and a high-level presentation of Meadow Valley. ThomasLloyd also provided Insight Equity with its preliminary financial analysis with respect to a possible leveraged buy-out transaction involving Meadow Valley and Ready Mix and discussed this analysis for Meadow Valley.

On November 2, 2007, YVM notified Meadow Valley by letter that YVM and Messrs. Larson, Nelson, and Furman were considering proposing a transaction or series of transactions that would result in the acquisition of all of the outstanding common stock of Meadow Valley.

Also on November 2, 2007, YVM and Messrs. Larson, Nelson and Furman filed a Schedule 13D with the Securities and Exchange Commission (the "SEC"), disclosing that such parties had entered into a joint filing agreement and were considering such a transaction. YVM and Messrs. Larson, Nelson, and Furman are referred to in this proxy statement as the "YVM Group." The filing of the Schedule 13D was necessitated by the October 23, 2007 decision among the YVM Group to attempt to proceed with a leveraged buyout transaction.

On November 6 and 7, 2007, Messrs. Larson and Nelson and Mr. Strawbridge of ThomasLloyd met with six private equity firms in San Francisco, California and one private equity firm in Los Angeles, California, respectively, and engaged in preliminary discussions about each private equity firm's business and investment model and possible interest in pursuing a transaction involving Meadow Valley.

On November 7, 2007, Mr. Patterson met informally with representatives of DLA Piper LLP (US) ("DLA Piper") and Alvarez & Marsal to discuss generally the implications of the Schedule 13D filing and the prospect for DLA Piper and Alvarez & Marsal to serve as the legal and financial advisors, respectively, to a special committee of Meadow Valley's board of directors when or if such a committee was formed.

A regularly scheduled meeting of Meadow Valley's board of directors was held on November 8, 2007 in Phoenix, Arizona at which Mr. Doty, Mr. Agron, and Dan A. Stewart, a member of the board of directors of Ready Mix, were present at the invitation of the board. At the meeting, Mr. Patterson led a discussion regarding the Schedule 13D filed by the YVM Group on November 2, 2007. At the board's request, Mr. Larson updated the board of directors on the filing of the Schedule 13D, and the YVM Group's intentions with respect to submitting a proposal to acquire Meadow Valley. Mr. Larson also updated the board on the status of his initial preliminary discussions with 13 private equity firms since late October 2007. Mr. Larson noted that the initial discussions with private equity firms had been exploratory in nature in order to enable him to better understand the private equity market and how private equity firms might view a possible transaction with a company such as Meadow Valley, whether such firms might have an interest in a private equity transaction for a company such as Meadow Valley and other preliminary matters.

Mr. Larson indicated to the board of directors at the November 8th meeting that he wanted to pursue further exploratory discussions with one or more private equity firms to determine how such a transaction might be structured and whether such a transaction would be feasible and beneficial to Meadow Valley's unaffiliated stockholders. Mr. Larson also discussed with the board the likely next steps that might occur regarding follow-up conversations with representatives of these private equity firms concerning their potential interest in Meadow Valley. After extensive discussions at such board meeting, the board (with Messrs. Larson and Nelson abstaining) gave its approval

to Mr. Larson to engage in discussions and exchange information with private equity firms who executed confidentiality agreements in order to explore how a private equity transaction might be structured and requested that Mr. Larson keep the board informed of further developments. The board also discussed with Mr. Larson its preliminary perspective on how a possible private equity transaction would be reviewed by the board of directors or a special committee if one was formed.

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At the November 8th board meeting, the board established a Special Committee of the board comprised of Mr. Patterson as chairman, Charles E. Cowan and Charles R. Norton, the three independent members of Meadow Valley's five member board of directors. Mr. Patterson then explained draft resolutions distributed to the board members clarifying that Meadow Valley's board had delegated to the Special Committee the exclusive power and authority to, among other things (i) consider, evaluate, investigate, and negotiate the terms and conditions of a potential sale of Meadow Valley to, or business combination of Meadow Valley with, third parties that may bring value to Meadow Valley's unaffiliated stockholders, including a possible transaction with the YVM Group, (ii) reject or discontinue pursuing any or all such transactions if the Special Committee determines that doing so would be in the best interests of Meadow Valley's unaffiliated stockholders, and (iii) make such recommendations to the entire board at such time and in such manner as the Special Committee considered appropriate. Following a discussion, certain members of Meadow Valley's board of directors, excluding Messrs. Larson and Nelson who had left the meeting at the request of the remaining members, unanimously approved such resolutions. Mr. Patterson then discussed the role of separate legal counsel and a financial advisor in connection with the formation of the Special Committee. The board discussed the factors that could affect independence of any particular board member in such process. In reaching its conclusions concerning the independence of the members of the Special Committee, the members of the board considered whether there existed any conflicts of interest or financial or other interests that the directors might have with respect to Meadow Valley or the YVM Group that would impair their independence. They also resolved to review such conflict questions with counsel following the meeting. After discussion among the board members, the members of the board concluded, subject to confirming the same with counsel, that all members of the board other than Messrs. Larson and Nelson, could be considered independent with respect to Meadow Valley and the YVM Group.

The remaining members of the board, all of whom were members of the Special Committee, continued the November 8th meeting by next discussing the process that had been undertaken following the Schedule 13D filing to interview lawyers from different law firms to serve as independent legal counsel to the Special Committee. The independent board members thereafter specifically discussed the retention of DLA Piper to serve as independent legal counsel to the Special Committee and the qualifications of such firm. Following such discussion, the independent board members unanimously approved the retention of DLA Piper to serve as independent legal counsel to the Special Committee.

Thereafter, Mr. Patterson reviewed with the members of the Special Committee the investment banking firms previously contacted or considered by him following the Schedule 13D filing by YVM and Messrs. Larson, Nelson and Furman to potentially serve as the financial advisor to the Special Committee in connection with a possible transaction with the YVM Group or a similar transaction. Mr. Patterson reminded the Special Committee that Meadow Valley was currently party to an engagement agreement with Alvarez & Marsal pursuant to which Alvarez & Marsal provided advice to Meadow Valley with respect to evaluating and executing possible strategic business alternatives available to Meadow Valley. The Special Committee then reviewed Alvarez & Marsal's current engagement letter, the fact that under the terms of such engagement letter it would be entitled to a fee if Meadow Valley engaged in a transaction with YVM or another third party, and considered whether Alvarez & Marsal could act impartially on behalf of the Special Committee given Alvarez & Marsal's prior engagement on behalf of Meadow Valley. Following extensive discussions, the Special Committee unanimously concluded that it would be in the best interests of Meadow Valley and its unaffiliated stockholders for the Special Committee to pursue the engagement of Alvarez & Marsal. The Special Committee also concluded that it should engage a separate investment banking firm to render a fairness opinion to the Special Committee should one become necessary. After some discussion, the members of the Special Committee unanimously authorized Mr. Patterson to proceed with negotiating an amendment to Meadow Valley's current engagement agreement with Alvarez & Marsal, to engage Alvarez & Marsal as financial advisor to the Special Committee.

The Special Committee then discussed on a preliminary basis the advisability of waiting for the YVM Group to secure financing to put forth a proposal to acquire Meadow Valley and the likelihood of the YVM Group securing such financing based on current market and other conditions, as opposed to immediately initiating a broader canvass of the market to solicit possible interest in an acquisition of Meadow Valley or other strategic transaction. The members of the Special Committee discussed the advantages and disadvantages of a widespread solicitation of market interest in an acquisition of Meadow Valley in advance of entering into a specific acquisition agreement. The



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Special Committee members elected continue to consider and discuss the issue and to seek input from representatives of DLA Piper and Alvarez & Marsal regarding the feasibility and reasonability of awaiting for discussions with the YVM Group to see if a proposal could be developed.

On November 13, 2007, Messrs. Marcil and Strawbridge of ThomasLloyd held a conference call during which Messrs. Larson, Nelson, Searcy and Zugaro participated. The telephonic meeting focused on preliminary discussions about Insight Equity's business and investment model and possible interest in pursuing a transaction involving Meadow Valley. Also on that date, Mr. Nelson provided Mr. Zugaro with financial information regarding Meadow Valley.

On November 13, 2007, Mr. Marcil received a due diligence request list from Insight Equity.

On November 20, 2007, Messrs. Searcy and Zugaro, and Mr. Robert Strauss of Insight Equity visited Meadow Valley's headquarters. Mr. Strawbridge of ThomasLloyd and Messrs. Larson, Nelson and Doty of Meadow Valley, as well as certain managers of Meadow Valley, all participated in discussions during the visit. The discussions related to Insight Equity's interest in conducting due diligence of Meadow Valley. Messrs. Searcy, Strauss and Zugaro were introduced to various members of Meadow Valley's management and visited several job sites as part of Insight Equity's overview efforts and were provided some overview diligence material related to Meadow Valley, including certain contracts, backlog information, and historical management reports and bonding data.

On November 28 and 29, 2007, Messrs. Larson and Doty provided Mr. Zugaro with additional diligence material.

On November 29, 2007, Messrs. Larson and Nelson held a follow-up telephonic meeting with representatives of Insight Equity. Messrs. Larson and Nelson responded to additional questions from Insight Equity regarding Meadow Valley, its business and operations.

On December 10, 2007, Meadow Valley entered into a confidentiality agreement with YVM to facilitate the YVM Group's consideration of a possible negotiated transaction between Meadow Valley, the YVM Group and its representatives and potential financing sources.

On December 10, 2007, Messrs. Larson and Nelson met with representatives of a private equity firm in Phoenix, Arizona to engage in preliminary discussions about their business and investment model and possible interest in pursuing a transaction involving Meadow Valley. No further meeting with such firm took place.

On December 12, 2007, Messrs. Larson and Nelson met with representatives of a private equity firm to engage in preliminary discussions about such firm's business and investment model and possible interest in pursuing a transaction involving Meadow Valley. Such firm is referred to in this proxy statement as PE Firm A.

During the weeks of December 7, 2007 and December 14, 2007, Messrs. Searcy and Zugaro of Insight Equity began negotiating a potential term sheet between Insight Equity and the YVM Group regarding conditions under which they would jointly pursue a potential acquisition of Meadow Valley. During this period, telephone conferences were held to discuss the terms of the proposed term sheet, with Messrs. Searcy, Zugaro, Larson, Nelson and Furman attending those calls. Mr. Marcil of ThomasLloyd also attended some of these calls.

On December 14, 2007, Mr. Marcil of ThomasLloyd received a revised term sheet from Insight Equity.

On December 19, 2007, Mr. Marcil received a term sheet from PE Firm A.

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On January 4, 2008, Insight Equity received updated financial information regarding Meadow Valley from Messrs. Larson and Nelson.

On January 10, 2008, Messrs. Searcy and Zugaro of Insight Equity had a telephone conference with Mr. Marcil of ThomasLloyd regarding potential structures for a possible acquisition of Meadow Valley.

On January 11, 2008, Messrs. Larson and Nelson held a follow-up meeting with representatives of PE Firm A at which job and plant site visits were made, the parties discussed business, economic and market factors that affect Meadow Valley and Meadow Valley's industry, and Messrs. Larson and Nelson responded to questions regarding Meadow Valley's operations and market.

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On January 14, 2008, ThomasLloyd sent Insight Equity an update to its October 25, 2007 financial analysis, which set forth ThomasLloyd's analysis regarding an alternative transaction structure. Also on such date, ThomasLloyd signed an engagement letter with Alare Capital to assist ThomasLloyd in the transaction.

On January 22, 2008, Messrs. Larson and Nelson held a follow-up in-person meeting in Las Vegas, Nevada with Messrs. Searcy and Zugaro of Insight Equity, and responded to additional questions from Insight Equity regarding Meadow Valley, its business and operations. Todd Skinner from ThomasLloyd also participated in the meeting. On the same date, Messrs. Larson and Nelson accompanied Messrs. Searcy and Zugaro on visits to certain of Meadow Valley's job sites and to certain aggregate pits/plants of Ready Mix.

On January 23, 2008, Messrs. Larson, Nelson, Marcil and Furman met with representatives of a private equity firm to engage in preliminary discussions about such firm's business and investment model and possible interest in pursuing a transaction involving Meadow Valley. Such firm is referred to herein as PE Firm B.

On January 27, 2008, Messrs. Larson and Nelson held another follow-up meeting with representatives of PE Firm A.

On January 28, 2008, the Special Committee held a telephonic meeting at which a representative of DLA Piper and Alvarez & Marsal were in attendance. The representative from DLA Piper reviewed with the Special Committee members the fiduciary duties of the members of the Special Committee and the role of the Special Committee in negotiating and approving extraordinary corporate transactions. The representatives of DLA Piper and Alvarez & Marsal and the Special Committee discussed potential strategic alternatives available to Meadow Valley, including a sales transaction, key considerations for such alternatives, how a sales transaction process could unfold with respect to YVM and the Special Committee's alternatives with respect to waiting for a possible offer by YVM or initiating a broader canvass of the market to solicit possible interest in an acquisition of Meadow Valley in advance of receiving any offer from YVM.

On February 1, 2008, Messrs. Searcy and Zugaro of Insight Equity had a telephone conference with Messrs. Larson, Nelson, Furman and Marcil of ThomasLloyd, during which the parties negotiated terms of a term sheet between Insight Equity, YVM and Messrs. Larson and Nelson related to the potential acquisition of Meadow Valley, including the basic terms of working together, the potential for Messrs. Larson and Nelson to receive equity in a successor company and confidentiality and exclusivity provisions.

On February 5, 2008, Mr. Marcil received a revised term sheet from Insight Equity.

On or about February 8, 2008, Messrs. Searcy and Zugaro of Insight Equity had a follow-up telephone conference with Mr. Marcil of ThomasLloyd, and Mr. Furman, during which the parties continued to negotiate the term sheet.

On February 14, 2008, Mr. Searcy of Insight Equity traveled to Las Vegas, Nevada and met with Messrs. Larson, Nelson, Furman and Marcil. The parties continued to negotiate the term sheet.

On February 18, 2008, representatives of Hunton & Williams LLP (Hunton & Williams), Insight Equity's outside legal counsel, contacted Mr. Furman and discussed an overview of the events that had occurred to date.

On February 19, 2008, a representative of each of DLA Piper and Alvarez & Marsal met with Mr. Patterson to discuss generally potential strategic alternatives available to Meadow Valley, including, but not limited to, a sales transaction, key considerations for such alternatives, issues to consider during a sales transaction process and an illustrative transaction timeline should the Special Committee receive an offer from the YVM Group.

On February 20, 2008, the Special Committee held a telephonic meeting at which representatives of DLA Piper and Alvarez & Marsal were in attendance. During the meeting, the DLA Piper and Alvarez & Marsal representatives and the Special Committee extensively discussed the potential strategic alternatives available to Meadow Valley. These strategic alternatives consisted of engaging in a sales transaction, such as a merger, stock sale or similar going private transaction, remaining a public company and pursuing an acquisition program of its own, or maintaining the status quo (i.e., remaining a public company and focusing on implementing Meadow Valley's business plan).

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The Special Committee concluded that Meadow Valley did not receive many of the benefits associated with being a public company due in part to the fact that Meadow Valley lacked research coverage and its shares of common stock were thinly traded and Meadow Valley faced significant costs associated with remaining a public company. As a result, the Special Committee determined that a potential sales transaction, if consummated at an appropriate valuation and if structured properly, would provide Meadow Valley stockholders with a value maximizing result. With respect to pursuing a possible going private transaction, the meeting participants extensively discussed the advantages and disadvantages of initiating a broader canvass of the market prior to receipt of an offer from the YVM Group or any other third party, the likelihood and timing of the receipt of an offer from the YVM Group or any other third party, or waiting to conduct a broad canvass of the market during a negotiated go shop period following receipt of an offer and negotiation of a purchase agreement with the YVM Group or any other third party. During the meeting, the DLA Piper and Alvarez & Marsal representatives also reviewed the illustrative transaction timeline discussed with Mr. Patterson the preceding day. Representatives of DLA Piper and Alvarez & Marsal discussed at length the role and benefits and costs of a go shop provision and its purpose as a term of any definitive agreement entered into with a third party in order to assess whether other third parties would be willing to pay a higher price and responded to questions from committee members regarding the same. The Special Committee also considered the advantages and disadvantages of soliciting superior proposals from third parties during a go shop period if Meadow Valley entered into an agreement with the YVM Group, given management's involvement in the transaction. The Special Committee directed Alvarez & Marsal to begin preparation of the relevant materials and documents required to initiate a sale transaction process. The Special Committee concluded at this time that it would not initiate a broad canvass of the market, due in part to the potential disruption on Meadow Valley's business and management, but would continue to meet regularly and monitor the progress of the YVM Group's efforts to secure financing and the likelihood of receiving an offer in the near term. The Special Committee left open the prospect of remaining a public company if it determined, with the advice of its professional advisors, that any offer received by the Special Committee was not in the best interests of Meadow Valley and its stockholders. In that connection, the Special Committee discussed the potential advantages and potential disadvantages of remaining a public company, including the potential advantages of access to public funds through the capital markets, increased brand recognition as a public company, bonding capacity considerations, and employee motivation, and the potential disadvantages of continuing as a public company, namely the increased costs, including the costs related to compliance with the Sarbanes-Oxley Act of 2002.

Also on February 20, 2008, representatives of Hunton & Williams contacted a representative of Greenberg Traurig and discussed an overview of the events that had occurred to date.

On February 26, 2008, representatives of GaiaTech, Inc. ( GaiaTech ), Insight Equity's environmental consultant for the transaction, had a telephone conference with Mr. Nelson with respect to environmental diligence and proposed dates and procedures for site visits.

On February 27, 2008, Messrs. Larson and Nelson met with representatives of PE Firm B to further discuss Meadow Valley's business and operations.

On February 27 and 28, 2008, Messrs. Patterson, Cowan and Norton, in their role as members of the Special Committee, authorized the further release of diligence information requested by Insight Equity. Mr. Larson reminded the members of the Special Committee that YVM had a separate non-disclosure agreement directly with Insight Equity that required such information to be maintained as confidential.

On February 28 and 29, 2008, representatives of GaiaTech conducted site visits at Meadow Valley and various plant sites and had conversations regarding environmental matters with Meadow Valley's local managers at such locations.

On February 29, 2008, a representative of Hunton & Williams spoke with Mr. Larson and discussed diligence logistics and travel plans in preparation for sending a representative to Meadow Valley's offices.

On March 3, 2008, Messrs. Larson and Nelson traveled to Dallas, Texas, the location of Insight Equity's headquarters, and participated in a meeting with representatives of Insight Equity. The purpose of the meeting was for Messrs. Larson and Nelson to meet various Insight Equity personnel and determine their comfort level with

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Insight Equity. At the meeting, the parties discussed Insight Equity's capabilities as well as its historical track record.

On March 4 and 5, 2008, a representative of Hunton & Williams arrived at Meadow Valley's headquarters in Phoenix, Arizona and collected and reviewed due diligence material. During that visit, the representative of Hunton & Williams met with a representative of DLA Piper at Meadow Valley's offices and discussed the nature of the diligence being sought and collected and the due diligence process generally.

On March 10, 2008, the Special Committee held a telephonic meeting. During such meeting, the Special Committee discussed and approved the proposed terms to an amended engagement letter with Alvarez & Marsal. The amended engagement letter was entered into on March 12, 2008, between the Special Committee and Alvarez & Marsal.

On March 11, 2008, a regularly scheduled in person board meeting was held at which a representative of Brownstein Hyatt Farber & Schreck ( BHFS ), counsel to Meadow Valley, Mr. Doty and Mr. Stewart attended. At the meeting, Mr. Larson updated the board on the progress of further discussions with Insight Equity. Mr. Larson indicated that Insight Equity was continuing its due diligence review of Meadow Valley. Mr. Larson updated the board regarding the type of information requested by Insight Equity, the expected timeline for Insight Equity's due diligence review and related matters. Mr. Larson also discussed his view of each of the firms and the possibility of ceasing discussions with PE Firm A and PE Firm B and focusing on due diligence efforts with Insight Equity. The board also discussed the due diligence process of multiple private equity firms and the demands this process would place on Meadow Valley.

On March 13, 2008, Messrs. Searcy and Zugaro of Insight Equity traveled to Las Vegas, Nevada and met with Messrs. Larson and Nelson. During the meeting, Messrs. Larson and Nelson updated Messrs. Searcy and Zugaro on Meadow Valley's performance and discussed Meadow Valley's use of surety bonds in its business. On this date, Messrs. Larson and Nelson met with representatives of Meadow Valley's surety company and, during that meeting, discussed the YVM Group's tentative acquisition plans with Insight Equity. Separately and following the meeting between Messrs. Larson and Nelson with Meadow Valley's surety company, while still in Las Vegas, Messrs. Searcy and Zugaro of Insight Equity, as well as Mike Herrod from Aon, Insight Equity's insurance consultant, met with Meadow Valley's surety company to discuss the proposed transaction and potential capital structures and, assess the potential impact, if any, of such a transaction on Meadow Valley's future bonding capacity. Insight Equity also discussed its long-standing relationship with that surety company.

On March 19, 2008, Messrs. Larson and Nelson met with representatives of PE Firm B to further discuss Meadow Valley's business and operations.

On March 20, 2008, Meadow Valley received a supplemental due diligence request list from Hunton & Williams and commenced responding to the same.

Beginning on March 21, 2008 through March 27, 2008, a representative of Huron Consulting, one of Insight Equity's business consultants for the proposed acquisition transaction, conducted management interviews and diligence at Meadow Valley's headquarters in Phoenix, Arizona.

On or about March 24, 2008 through March 28, 2008, representatives of Accuval, Insight Equity's appraisal firm for the proposed acquisition transaction, conducted site visits at Meadow Valley and various plant sites and had conversations regarding equipment with Meadow Valley's local managers at such locations.

On March 25, 2008, the Special Committee held a telephonic meeting at which representatives of DLA Piper and Alvarez & Marsal were present. During the meeting, the attendees discussed generally the potential strategic alternatives available to Meadow Valley and the key considerations for such alternatives, including remaining a public company, an acquisition transaction and a sales transaction. As a result of such discussions, the Special Committee

reaffirmed its prior conclusions that Meadow Valley did not receive many of the benefits associated with being a public company and faced significant costs associated with remaining a public company. At the request of the Special Committee, representatives of Alvarez & Marsal presented, and the attendees discussed, the materials prepared by Alvarez & Marsal for possible distribution to prospective strategic and financial buyers during either a broad canvass of the market conducted by Alvarez & Marsal on behalf of the Special Committee prior to receipt of



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an offer (i.e., a pre-offer market check) or during a go shop period following the entry into a definitive agreement with a potential buyer. The proposed materials entitled Confidential Summary Offering Memorandum and Bidding Procedures contained (i) a cover letter by Alvarez & Marsal addressing the source, purpose and confidential nature of the memorandum as well as the type of sale transactions Meadow Valley would consider, (ii) bidding instructions and information to be included in bids and indications of interest, (iii) background information regarding Meadow Valley, Meadow Valley Contractors, Inc. and Ready Mix, (iv) summary historic financial information for Meadow Valley and Ready Mix, and (v) certain investment highlights, including information related to backlog, asset base, client base, revenue mix, and competitive advantages for each of Meadow Valley and Ready Mix. All of the content contained in items (iii), (iv) and (v) above was based on publicly available information.

On March 27, 2008, YVM received a revised term sheet from Insight Equity.

On April 1, 2008, Messrs. Larson and Nelson met with representatives of PE Firm B to further discuss Meadow Valley's business and operations.

On April 1, 2008, the Special Committee held a telephonic meeting at which representatives of DLA Piper, BHFS and Alvarez & Marsal were present. Also present at the meeting was Mr. Doty, who was invited by the Special Committee to attend committee meetings to assist the Special Committee from an administrative standpoint in the sale process and to provide feedback and input from Meadow Valley's standpoint with respect to matters discussed at such meeting. At the outset of the meeting, a representative of DLA Piper reminded the participants that the Special Committee's discussions, deliberations and thoughts were to be maintained as confidential and were not to be shared with Messrs. Larson or Nelson, except at appropriate times in connection with board of directors meetings.

During the meeting, the attendees discussed generally the potential strategic alternatives available to Meadow Valley, including a sales transaction, and key considerations for such alternatives. Committee members and Mr. Doty provided additional feedback to Alvarez & Marsal regarding the draft materials prepared by Alvarez & Marsal and distributed at the March 25th Special Committee meeting. The Special Committee also discussed the recent question and answer section of Meadow Valley's earnings call, particularly questions related to the strategic alternatives process. The Special Committee also revisited the issue of launching a sales transaction process in light of the amount of time that had passed since the YVM Group filed its Schedule 13D indicating its interest in possibly purchasing Meadow Valley. The Special Committee instructed Alvarez & Marsal to proceed with finalizing its list of potential strategic and financial buyers and the related executive summary document in anticipation of launching a sale transaction process in the near term in light of the uncertainty surrounding the YVM Group's process and timing for making an offer.

On April 2, 2008, Messrs. Larson and Nelson elected to cease discussions with PE Firm B and all other private equity firms and focus on a possible transaction involving Insight Equity as the financial sponsor. Mr. Marcil telephonically notified PE Firm B of Messrs. Larson and Nelson's decision. Messrs. Larson and Nelson made this decision primarily as a result of their individual assessment of Insight Equity's industry knowledge, its ongoing interest level and ability to complete the transaction, the fact that the term sheet negotiations with Insight Equity were progressing satisfactorily and were further along than with the discussions with PE Firm B and all other private equity firms and that Insight Equity had more relevant experience than PE Firm B and the other interested private equity firms with which they had spoken or met.

Also on April 2, 2008, Messrs. Larson and Nelson (in their individual capacities) and YVM executed a term sheet with Insight Equity, which outlined, among other matters, the general terms on which Insight Equity, YVM and Messrs. Larson and Nelson would structure the organizational and other matters related to an acquisition of Meadow Valley, including the amount of equity in the post-merger structure that Messrs. Larson and Nelson and YVM would receive at the closing of the transaction in exchange for their existing ownership of Meadow Valley, as well as

post-closing employment and incentive arrangements for Messrs. Larson and Nelson. Also on such date, Insight Equity provided Meadow Valley with a supplemental due diligence request list.

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Also on April 2, 2008, a representative of Hunton & Williams advised a representative of DLA Piper that Insight Equity and the YVM Group intended to deliver a preliminary offer to purchase Meadow Valley in the next few days to the Special Committee.

Also on April 2, 2008, Mr. Searcy provided a copy of a proposed draft of a merger agreement to Messrs. Larson, Nelson and Furman.

On April 3, 2008, Mr. Zugaro of Insight Equity received updated financial information regarding Meadow Valley from Mr. Larson setting forth a financial and operational forecast for 2007 to 2010.

On April 4, 2008, Mr. Zugaro of Insight Equity traveled to Las Vegas, Nevada and met with Mr. Larson. Mr. Larson provided Mr. Zugaro with an update on Meadow Valley's operating performance and the parties discussed the state of Meadow Valley's business.

On April 4, 2008, Insight Equity provided Meadow Valley with a draft exclusivity agreement, the terms of which included Meadow Valley agreeing to enter into a 20-day exclusivity period with Insight Equity and YVM as a condition to receiving Insight Equity's acquisition proposal. The exclusivity period would be subject to extension by Insight Equity and YVM for two additional consecutive 20-day periods, for a maximum of 60 days. The exclusivity agreement also contemplated that Meadow Valley would have to reimburse Insight Equity and YVM for reasonable out-of-pocket expenses incurred by either of them in the event Meadow Valley did not enter into a merger agreement with Insight Equity or if Meadow Valley entered into a definitive agreement with another party within 12 months following the termination of the exclusivity period. The exclusivity agreement referred to Insight Equity and YVM collectively as the Buyer Group.

On April 4, 2008, following receipt of the draft exclusivity agreement, Mr. Patterson and representatives of DLA Piper and Alvarez & Marsal held an informal telephonic meeting to discuss their initial reaction to the Insight Equity draft exclusivity agreement and coordinate a meeting of the entire Special Committee.

On April 7, 2008, the Special Committee held a telephonic meeting at which representatives of DLA Piper and BHFS were present. Also present at the meeting were Mr. Doty and a representative of Alvarez & Marsal. Following extensive discussions regarding the terms of the exclusivity agreement, the Special Committee elected to reject the terms of such agreement and instructed DLA Piper and Alvarez & Marsal to discuss with Insight Equity and its counsel an alternative to entering into an exclusivity agreement prior to receiving Insight Equity's proposed offer. While the Special Committee noted Insight Equity's efforts to date, it determined to reject Insight Equity's proposed exclusivity agreement and further determined that it would only consider agreeing to an exclusivity period if such agreement included certain provisions, including the proposed purchase price to acquire 100% of the outstanding shares of common stock of Meadow Valley, an indication that the contemplated transaction agreement governing such purchase would include a go shop provision, a short exclusivity period and no expense reimbursement. The Special Committee instructed the Alvarez & Marsal and DLA Piper representatives to discuss these requirements with Insight Equity and its counsel and to propose an alternative exclusivity agreement that encompassed the Special Committee's requirements. The Special Committee members also discussed what, if any, additional compensation should be paid to the Special Committee members in connection with the transaction process.

Mr. Doty updated the Special Committee as to Meadow Valley's year-to-date financial performance, the current business outlook and prospects and the impact thereof on Meadow Valley's existing financial forecast. Thereafter, a representative of Alvarez & Marsal updated the Special Committee regarding the status of the executive summary document and the communication strategy for dealing with any incoming calls received by Special Committee members regarding Meadow Valley's plans. The Alvarez & Marsal representative also reviewed materials prepared by them and previously distributed to the Special Committee, which included (i) a sum of the parts analysis of Meadow

Valley and Ready Mix, (ii) information regarding Meadow Valley's historic share price performance over the previous five years, (iii) information regarding Meadow Valley's historic share price performance over the preceding two years compared to a selected peer group of companies operating in Meadow Valley's market segments, (iv) Ready Mix's historic share price performance over the preceding two years compared to a selected peer group of companies operating in Ready Mix's market segments, (v) a comparable company analysis, (vi) a comparable transaction analysis with respect to Meadow Valley and Ready Mix, (vii) an analysis regarding Meadow Valley's and Ready Mix's historic enterprise value compared to peer operating

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companies, and (viii) background information regarding publicly traded peer group companies. Alvarez & Marsal responded to questions from the Special Committee members regarding such data and information.

During the period from April 4 to April 9, 2008, representatives of DLA Piper, Alvarez & Marsal, Insight Equity and Hunton & Williams engaged in discussions regarding the Special Committee's requirements related to an exclusivity agreement and an alternative to Insight Equity's proposed exclusivity agreement. Hunton & Williams indicated that, in order to produce an exclusivity agreement that met the Special Committee's demand, a confidentiality agreement must be executed between the Buyer Group and the Special Committee.

On April 8, 2008, a representative of Hunton & Williams, together with Messrs. Searcy and Zugaro and Rob Conner of Insight Equity, had a conference call with a representative of Greenberg Traurig. Messrs. Larson, Nelson and Furman participated in that call during which the participants discussed the status of the exclusivity agreement.

On April 9, 2008, the Special Committee held a telephonic meeting at which representatives of DLA Piper and BHFS were in attendance. Also in attendance were Mr. Doty and a representative of Alvarez & Marsal. During the meeting, the Special Committee discussed the terms and purpose of the draft confidentiality agreement prepared by DLA Piper and the presentation of such draft to Hunton & Williams and Insight Equity. Immediately after that meeting, representatives of DLA Piper, Alvarez & Marsal and Hunton & Williams participated in a conference call regarding the concept of entering into a confidentiality agreement.

On April 10, 2008, a representative of DLA Piper presented a draft letter agreement to a representative of Hunton & Williams, pursuant to which the Special Committee would agree to keep confidential, among other matters, the terms of the Buyer Group's proposal to acquire Meadow Valley and any documentation delivered to the Special Committee by the Buyer Group with respect to such proposal, subject to the requirements of applicable law. Unlike the exclusivity agreement previously presented to the Special Committee by the Buyer Group, this confidentiality agreement did not propose to obligate Meadow Valley to an exclusivity period or require Meadow Valley to reimburse the Buyer Group for its expenses in connection with a failed transaction with Meadow Valley. The purpose of the confidentiality letter was to enable the Special Committee to receive and consider the Buyer Group's proposal while addressing the Buyer Group's concern that the Special Committee would not in turn use the Buyer Group's proposal as a basis to seek alternative acquisition proposals, in light of the Buyer Group's contention that it had already expended considerable time, effort and money to date in reaching the point of making an offer. Accordingly, upon execution of the confidentiality agreement, Meadow Valley would be able to review and consider the Buyer Group's offer, and reject it if it chose to do so, but could not thereafter use the offer to solicit other interest in Meadow Valley.

On April 14, 2008, Meadow Valley entered into a confidentiality agreement with the Buyer Group on the terms discussed in the preceding paragraph. Immediately thereafter, the Buyer Group delivered an indication of interest letter (the April 14th Proposal Letter) to the Special Committee containing a proposal to acquire 100% of the outstanding shares of common stock of Meadow Valley in an all cash merger transaction at a price of \$9.80 per share. The closing bid price of Meadow Valley's common stock on such date was \$9.40. The April 14th Proposal Letter indicated that Insight Equity had substantially completed its review of all materials it had received to date and that Insight Equity remained enthusiastic about pursuing a transaction with Meadow Valley. The April 14th Proposal Letter also stated that, while there remained additional due diligence that would need to be completed prior to executing a definitive agreement, Insight Equity was prepared to expedite its review of all remaining due diligence materials, and was prepared following execution of the letter to immediately deliver a draft merger agreement to Meadow Valley and devote substantial resources towards negotiating a definitive agreement with respect to a proposed transaction on an expedited basis.

The April 14th Proposal Letter further provided that the merger agreement would contain customary representations, warranties, covenants and conditions to be negotiated by the parties, a reasonable go shop provision, a customary

fiduciary out provision, and a provision requiring the payment of a break-up fee to Insight Equity under certain circumstances to be negotiated by the parties. Insight Equity noted its significant experience and that it was committed to moving forward quickly. The letter also provided for an initial exclusivity period of seven days during which period the parties would agree to negotiate a definitive acquisition agreement. Upon expiration of the initial seven-day period, the Buyer Group would have the option to extend the seven-day period for an additional seven days. In the event the parties were unable to come to agreement on the terms of a definitive

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agreement during such 14-day period, the letter agreement provided that any further extension of the exclusivity period would be subject to the mutual agreement of the parties.

Also on April 14, 2008, Messrs. Larson and Nelson held a telephonic meeting with representatives of Insight Equity to discuss a preliminary idea surrounding Meadow Valley's Buckeye, Arizona operations, namely the possibility of expanding operations through acquisitions.

On April 16, 2008, the Special Committee held a telephonic meeting to review and discuss the terms of the April 14th Proposal Letter and ask questions. Mr. Doty and representatives of DLA Piper, BHFS and Alvarez & Marsal were in attendance. The participants discussed the key provisions of the April 14th Proposal Letter and considered such proposal in light of the analysis of the April 14th Proposal Letter provided by Alvarez & Marsal as well as analysis discussed at the April 7th Special Committee meeting. After extensive discussion, the Special Committee requested that Alvarez & Marsal engage in further discussions with Insight Equity to seek a meaningful increase in the proposed per share purchase price and clarification from Insight Equity regarding a number of other key terms of the April 14th Proposal Letter, including (i) Insight Equity's timing to complete diligence and reach a definitive agreement, (ii) the go shop period and its proposed duration, (iii) the nature of the proposed break-up fees, and (iv) whether Insight Equity was prepared to fund the purchase price with cash or whether there would be a financing contingency. The Special Committee members thereafter considered responses that could be provided to Insight Equity with respect to the April 14th Proposal Letter.

On April 16, 2008, the Special Committee notified the Buyer Group by letter that it had reviewed the Buyer Group's unsolicited proposal to acquire Meadow Valley with its financial and legal advisors and had unanimously determined, following careful evaluation of the proposal, that the proposal substantially undervalued Meadow Valley, its long-term future growth prospects and its earnings potential. As result, the Special Committee concluded that the proposal was not in the best interest of Meadow Valley and its unaffiliated stockholders. The Special Committee determined that discussions with Insight Equity were in their preliminary stages and the Special Committee was reluctant to take action at such time, such as the initiation of a broad canvass of the market, that could potentially discourage Insight Equity from proceeding with the transaction, without giving Insight Equity the opportunity to consider the Special Committee's request.

Representatives of Alvarez & Marsal contacted a representative of Insight Equity by telephone on or about April 17, 2008 to discuss certain aspects of the April 14th Proposal Letter. Representatives of Alvarez & Marsal and Insight Equity engaged in extensive discussions regarding Meadow Valley's historical financial performance, prospects, and valuation and the Special Committee's requirement of an increased per share purchase price. The representatives of Alvarez & Marsal and Insight Equity also discussed the proposed duration of the go shop period, the nature of the proposed break-up fees, and the financing sources required by Insight Equity to fund the transaction. Alvarez & Marsal followed up the conversation by providing Insight Equity with valuation and market information.

During the period from April 17 to April 22, 2008, representatives of Alvarez & Marsal and Insight Equity exchanged information and engaged in extensive discussions regarding each of the issues discussed in the preceding paragraph. Such negotiations centered on Meadow Valley's historical financial performance, prospects, and valuation and the Special Committee's requirements relating to an increase in the proposed per share purchase price, the proposed go shop period, termination fees and the financing sources required by Insight Equity to fund the transaction.

On April 21, 2008, following extensive discussions between representatives of Insight Equity and Alvarez & Marsal, the Buyer Group orally communicated to a representative of Alvarez & Marsal a willingness to raise its per share offer price to \$11.15 (the April 21st Oral Revised Proposal).

On April 22, 2008, the Special Committee held a telephonic meeting. Mr. Doty and representatives of DLA Piper, BHFS and Alvarez & Marsal were in attendance. A representative from Alvarez & Marsal updated the Special Committee on the discussions with Insight Equity that had occurred over the period from April 17 to April 21, 2008 and reviewed the April 21st Oral Revised Proposal. Mr. Doty orally updated the Special Committee with respect to Meadow Valley's recent financial performance and Meadow Valley's April 3, 2008 financial forecast. At the request of the Special Committee, during the meeting representatives of Alvarez & Marsal discussed various financial statistics relating to the April 21st Oral Revised Proposal with the Special Committee, including the purchase price multiples of the April 21st Oral Revised Proposal, a sum of the parts analysis of the April 21st Oral Revised Proposal of \$11.15



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per share and purchase offer premiums (1-day; 5-days; and 30-days) and historic purchase price premiums paid in similar sized transactions. The Special Committee thereafter extensively discussed the April 21st Oral Revised Proposal with representatives of DLA Piper and Alvarez & Marsal. In their deliberations, the Special Committee considered a variety of factors related to the April 21st Oral Revised Proposal, including the increased price being proposed by Insight Equity, Meadow Valley's current share price, Meadow Valley's near and long-term prospects, strategic alternatives available to Meadow Valley, current industry, economic and capital market conditions, and data previously presented by representatives of Alvarez & Marsal regarding comparable transactions. Upon conclusion of such discussions, the Special Committee instructed Alvarez & Marsal to again engage in further discussions with Insight Equity to seek an improvement in the per share purchase price above \$11.15, to request that the proposal contain no financing conditions and to seek clarity regarding the duration of the go shop period and the amount of the proposed break-up fees.

During the period from April 22 to April 28, 2008, representatives of Alvarez & Marsal and Insight Equity engaged in further discussions regarding Meadow Valley's financial performance and prospects, valuation and the Special Committee's requirement of an increase in the proposed \$11.15 per share purchase price, desire for no financing condition and other matters related to Insight Equity's proposal.

On the morning of April 29, 2008, the Special Committee held a telephonic meeting. Mr. Doty and representatives of DLA Piper, BHFS and Alvarez & Marsal were in attendance. Mr. Doty orally updated the Special Committee regarding Meadow Valley's first quarter results of operations and Meadow Valley's April 28, 2008 forecast. A representative of Alvarez & Marsal updated the Special Committee regarding the ongoing discussions with Insight Equity that had occurred over the period April 22 to April 28, 2008.

On the afternoon of April 29, 2008, the Buyer Group delivered a revised indication of interest letter to the Special Committee (the April 29th Proposal Letter) containing the Buyer Group's revised proposal to acquire 100% of the outstanding shares of common stock of Meadow Valley in an all cash merger transaction at a price of \$11.25 per share. The April 29th Proposal Letter generally provided for the same non-purchase price terms in the April 14th Proposal Letter, including the exclusivity period, other than the following notable modifications. The April 29th Proposal Letter stated that the proposed transaction contemplated that the Special Committee would be free to seek alternative acquisition proposals during a go shop period of 30 days following execution of a definitive merger agreement. The letter also stated that Meadow Valley would be required to pay to Insight Equity a break-up fee equal to 4.0% of the aggregate purchase price plus reasonable out-of-pocket expenses if the deal was terminated as a result of activities undertaken during the go shop period and equal to 5.5% of the aggregate purchase price plus reasonable out-of-pocket expenses if the deal was terminated as a result of activities undertaken after the go shop period. The April 29th Revised Proposal Letter further indicated that Insight Equity anticipated being able to execute a definitive agreement without a financing contingency.

On April 29, 2008, the Special Committee held a telephonic meeting. Mr. Doty and representatives of DLA Piper, BHFS and Alvarez & Marsal were in attendance. A representative of Alvarez & Marsal updated the Special Committee on the discussions that had occurred on April 29th and reviewed the April 29th Revised Proposal Letter. At the request of the Special Committee, representatives of Alvarez & Marsal again presented materials and discussed various financial statistics relating to the proposed transaction, including the purchase price multiples of the April 29th Revised Proposal Letter, a sum of the parts analysis of the April 29th Revised Proposal Letter of \$11.25 per share, purchase offer premiums (1-day; 5-days; and 30-days) and historic purchase price premiums paid in similar sized transactions, an illustrative and hypothetical analysis of the potential future stock price of Meadow Valley, and an illustrative and hypothetical analysis of a strategic acquisition of Meadow Valley from the perspective of illustrative buyers and the implied potential proceeds available to Meadow Valley's stockholders. An overview of key financial considerations and potential strategic alternatives available to Meadow Valley was also presented and discussed. The Special Committee thereafter extensively discussed the April 29th Revised Proposal Letter and various

considerations and analysis, including the advantages and disadvantages of continuing as a public company, the current state of Meadow Valley's industry, the current state of the merger and acquisition environment and the capital markets generally, the strategic benefits of a sale transaction, the possible reaction of Meadow Valley's customers and competitors to a sale transaction, and the various methods by which the Special Committee could run a sale process to maximize the value of Meadow Valley. The Special Committee then discussed the future value analysis and its implications as to the expected weak trading price of Meadow Valley's common stock during 2008 given its updated financial outlook and the potential that

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Meadow Valley's common stock price performance during 2009 would provide stockholders with a price per share lower than the April 29th Revised Proposal Letter of \$11.25 per share on a discounted basis. The Special Committee also discussed the illustrative and hypothetical analysis of a strategic acquiror acquisition and determined that while the analysis implied that a transaction could be accretive on a 2008 basis to a strategic acquiror at a share price that could result in higher all-in proceeds to Meadow Valley stockholders, such strategic acquiror, based on its past acquisition history (including a very recent acquisition) and past statements expressed by the potential strategic acquiror's management, had not indicated a willingness to pay valuation multiples at the level implied by such analysis and therefore was unlikely to do so in the case of Meadow Valley. Further, the Special Committee noted that a similar analysis based on Meadow Valley's 2009 projections could yield meaningfully less accretion to the potential strategic acquiror. The Special Committee also noted the inherent execution risk associated with the aforementioned illustrative and hypothetical sales transaction. Thereafter, the Special Committee extensively discussed the April 29th Revised Proposal Letter with representatives of DLA and Alvarez & Marsal. In its deliberations, the Special Committee again considered a variety of factors, including the increased per share purchase price being proposed by Insight Equity, Meadow Valley's current share price, Meadow Valley's near and long-term prospects, and current industry and economic and capital market conditions. Alvarez & Marsal reported that during conversations between representatives of Alvarez & Marsal and Insight Equity regarding the proposed price per share, representatives of Insight Equity stated that \$11.25 per share was the highest value Insight Equity would be willing to offer. The Special Committee also discussed the possibility of receiving offers from third parties during the go shop period and discussed a general timeline for closing the transaction as well as the desirability of timely reaching agreement with Insight Equity. Following such discussions, the Special Committee unanimously approved the terms of the April 29th Revised Proposal Letter and authorized Mr. Patterson to execute the same, subject to Alvarez & Marsal making another attempt to obtain further improvement to the \$11.25 per share offer price, the length of the go shop period and reductions in the contemplated termination fees.

On April 30, 2008, representatives of Alvarez & Marsal and Insight Equity engaged in further discussions regarding Meadow Valley's financial performance and prospects, valuation and the Special Committee's desire of an increase in the proposed \$11.25 per share purchase price and other matters related to their proposal, including the length of the go shop period and the level of termination fees.

On April 30, 2008, the Buyer Group delivered a revised indication of interest letter to the Special Committee containing a detailed proposal to acquire 100% of the outstanding shares of common stock of Meadow Valley in an all cash merger transaction at a price of \$11.25 per share (the April 30th Revised Proposal Letter). The April 30th Revised Proposal Letter generally provided for the same terms as the April 29th Revised Proposal Letter, including the exclusivity period, other than the following notable modifications. The April 30th Proposal Letter stated that the proposed transaction contemplated that the Special Committee would be free to seek alternative acquisition proposals during a go shop period of 45 days following execution of a definitive merger agreement. The letter also stated that Meadow Valley would be required to pay to Insight Equity a break-up fee equal to 2.5% of the aggregate purchase price plus reasonable out-of-pocket expenses if the deal was terminated as a result of activities undertaken during the go shop period and equal to 4.5% of the aggregate purchase price plus reasonable out-of-pocket expenses if the deal was terminated as a result of activities undertaken after the go shop period. The April 30th Revised Proposal Letter further indicated that Insight Equity anticipated being able to execute a definitive agreement without a financing contingency.

On April 30, 2008, a representative of Alvarez & Marsal met telephonically with Mr. Patterson to discuss the revised proposal from the Buyer Group and discuss next steps.

On May 1, 2008, Messrs. Patterson and Doty and representatives of Alvarez & Marsal and Insight Equity engaged in further discussions regarding Meadow Valley's financial performance and prospects, valuation and the Special Committee's desire of an increase in the proposed \$11.25 per share purchase price and other matters related to Insight

Equity's proposal. Representatives of Insight Equity indicated that their April 30th Revised Proposal Letter contained their best offer with respect to the purchase price per share and other matters covered therein. In addition, Insight Equity orally indicated that if their April 30th Revised Proposal Letter was not accepted, it was extremely unlikely that they would participate in a future sales process involving Meadow Valley.

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On May 2, 2008, Insight Equity and the Special Committee executed the April 30th Revised Proposal Letter, which we refer to herein as the May 2nd Letter Agreement. The May 2nd Letter Agreement contained the same terms and conditions as outlined in the April 30th Revised Proposal Letter. Promptly following receipt of such letter, representatives of Hunton & Williams delivered an initial draft merger agreement to representatives of DLA Piper.

On May 4, 2008, a representative of DLA Piper expressed objection to a representative of Hunton & Williams about the inclusion of a stock option as part of the terms of the merger agreement and discussed timing for a mark-up that would reflect comments from DLA Piper. The option agreement would have granted Insight Equity the right to acquire shares of common stock of Meadow Valley representing 19.9% of the outstanding shares of common stock for a specified period of time, whether or not the transaction with Insight Equity closed.

On May 6, 2008, the Special Committee held a telephonic meeting. Mr. Doty and representatives of DLA Piper, BHFS and Alvarez & Marsal were in attendance. At the meeting, a representative of DLA Piper updated the Special Committee regarding its review and comments to the previously delivered draft merger agreement and provided the Special Committee with a summary of the status of the draft merger agreement discussions that were ongoing with Hunton & Williams. The representative of DLA Piper reported that significant discussions still needed to occur with respect to various provisions, including Insight Equity's inclusion of an option agreement as part of the transaction, the impact of potential litigation on Insight Equity's right to terminate the transaction or alter the merger consideration, the various closing conditions, the definition of Material Adverse Effect, the go shop provisions, the termination provisions and the inclusion of a reverse termination fee payable to Meadow Valley should Insight Equity fail to close the transaction. The Special Committee discussed the open issues in the draft merger agreement and provided guidance to DLA Piper, Alvarez & Marsal and Mr. Doty as to how to respond to such issues.

Promptly following the May 6th meeting, DLA Piper delivered revisions to the draft merger agreement to Hunton & Williams. Throughout the remainder of May 2008 through the first three weeks of July 2008, negotiations between DLA Piper and Hunton & Williams regarding the draft merger agreement progressed. During the negotiations regarding the merger agreement and the governance of the post-merger entity, Insight Equity began structuring the transaction without the use of YVM. YVM, which had been formed as a convenience to act as a potential acquisition vehicle and was a party to the April 2, 2008 term sheet with Insight Equity, did not own any stock of Meadow Valley and did not possess significant capital or capital commitments. As a result, Insight Equity determined to form a new entity to act as the acquisition vehicle rather than using YVM. Until the signing of the definitive transaction documents, Messrs. Larson and Nelson continued to examine the utility of contributing their shares of Meadow Valley common stock to YVM rather than holding those shares in their individual capacity. Messrs. Larson and Nelson ultimately determined not to utilize YVM. As a result, YVM was not a party to any of the definitive transaction documents.

On May 9, 2008, Insight Equity exercised its right to extend the exclusivity period under the terms of the May 2nd Letter Agreement for an additional seven-day period.

On May 13, 2008, the Special Committee held a telephonic meeting. Mr. Doty and representatives of DLA Piper, Alvarez & Marsal and BHFS were in attendance. A representative of DLA Piper updated the Special Committee with respect to the status of negotiations on the draft merger agreement and discussions with Hunton & Williams. A representative of Alvarez & Marsal updated the Special Committee regarding conversations with Insight Equity, including the status of merger agreement provisions. The Special Committee discussed the open issues in the draft merger agreement and provided guidance to DLA Piper and Alvarez & Marsal as to how to respond to such issues. The Special Committee then discussed the various investment banking firms under consideration to render a fairness opinion in the transaction, if necessary. The Special Committee instructed Mr. Doty to commence discussions with such firms regarding fees, conflicts, process and timing consistent with the discussions at the meeting and to report to the Special Committee regarding the same.

On May 14, 2008, representatives of Alvarez & Marsal, DLA Piper and Hunton & Williams participated in a call with Mr. Doty and Messrs. Searcy, Conner and Zugaro. The parties sought to negotiate open terms of the merger agreement, including the closing conditions, termination provisions and definition of Material Adverse Effect.

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On May 16, 2008, Insight Equity exercised its right to extend the exclusivity period under the terms of the May 2nd Letter Agreement for the second seven-day period in accordance with the terms of such agreement.

Also on May 16, 2008, the Special Committee held a telephonic meeting. Mr. Doty and representatives of DLA Piper, Alvarez & Marsal and BHFS were in attendance. A representative of Alvarez & Marsal provided the Special Committee with an overview of discussions with Insight Equity regarding various merger agreement open issues. A representative of DLA Piper reported on the general status of the merger agreement. Mr. Doty reported on his discussions with six investment banking firms with respect to the issuance of a fairness opinion in the merger and the independence and qualifications of such firms. Following extensive discussions among the Special Committee members and consideration of the qualifications of the investment banking firms, the Special Committee instructed Mr. Doty and a representative of DLA Piper to finalize negotiations of an engagement letter with Morgan Joseph to review and analyze the proposed merger and render to the Special Committee a written opinion as to the fairness to the Meadow Valley stockholders, from a financial point of view, of the consideration to be received in the transaction. An engagement letter with Morgan Joseph was negotiated and executed by Mr. Patterson, on behalf of the Special Committee, as of May 20, 2008.

On May 16, 2008, Mr. Larson met with a select group of employees of the Arizona operations of Meadow Valley's wholly-owned subsidiary, Meadow Valley Contractors, Inc., to notify such employees that Meadow Valley had entered into an exclusivity period with a potential acquiror and that merger discussions were ongoing. This meeting was held in an effort to minimize speculation amongst Meadow Valley's employees regarding the Schedule 13D that had been filed by the YVM Group in November 2007.

On May 17, 2008, Insight Equity delivered a first draft of the proposed limited liability company operating agreement of Phoenix Holdings, the parent company of Investor, to Messrs. Larson and Nelson. Between May 17, 2008 and the date of the public announcement of the execution of the merger agreement, Messrs. Larson and Nelson, together with representatives of Greenberg Traurig, and Insight Equity, together with representatives of Hunton & Williams, negotiated the terms of the limited liability company agreement and related agreements that would provide for, among other things, the governance and equity ownership of Phoenix Holdings following the closing of the transactions contemplated by the merger agreement. For additional information about the equity roll-over and limited liability company agreement of Phoenix Holdings, see [Interests of Meadow Valley's Officers and Directors in the Merger](#) below.

On May 23, 2008, a representative of Hunton & Williams provided a representative of DLA Piper with a letter agreement, requesting that the Special Committee agree to extend the exclusivity period under the May 2nd Letter Agreement for an additional seven-day period, which extension required the mutual agreement of the parties.

On May 23, 2008, the Special Committee held a telephonic meeting. Mr. Doty and representatives of DLA Piper, BHFS and Alvarez & Marsal were in attendance. A representative of Alvarez & Marsal updated the Special Committee regarding the status of ongoing discussions with Insight Equity regarding various merger agreement open issues. A representative of DLA Piper reported on the general status of the merger agreement negotiations. A discussion ensued among the meeting participants regarding the primary open issues and impediments to completing the merger agreement negotiations. The Special Committee provided guidance to DLA Piper and Alvarez & Marsal as to how to respond to such issues. The Special Committee also agreed to the exclusivity period extension set forth in the May 23rd letter in light of the progress of the ongoing discussions with Insight Equity.

On May 27, 2008, Hunton & Williams sent a second supplemental due diligence request to Mr. Doty.

On or about May 28, 2008, Mr. Searcy had a conversation with Mr. Patterson and a representative from Alvarez & Marsal. During that call, they discussed open deal terms, including the nature of any parent guarantee, a requested

offset of any litigation expenses against the purchase price, the scope of various representations and warranties and interim operating covenants, Insight Equity's request to obtain the identity of potential bidders during the go shop period, the thresholds for and scope of various conditions to closing, the magnitude of the break-up fees, the request for a reverse break-up fee and the definition of Material Adverse Effect.

On May 29, 2008, the Special Committee held a telephonic meeting. Mr. Doty and representatives of DLA Piper, Alvarez & Marsal and BHFS were in attendance. Mr. Patterson reported to the Special Committee his impressions of the ongoing negotiations with Insight Equity and, in particular, his participation in lengthy



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telephonic negotiating sessions that occurred on the prior day. Representatives of Alvarez & Marsal and DLA Piper similarly updated the Special Committee on the status of the ongoing discussions with Insight Equity regarding various merger agreement open issues. A discussion ensued among the meeting participants regarding the primary open issues and impediments to completing the merger agreement negotiations and the Special Committee provided guidance to DLA Piper and Alvarez & Marsal as to how to respond to such issues.

On May 29, 2008, a representative of Hunton & Williams provided a representative of DLA Piper with a revised draft of the merger agreement. Meadow Valley prepared a draft disclosure letter in connection with the draft merger agreement and delivered the initial draft of the disclosure letter to Hunton & Williams on May 30, 2008.

On June 2, 2008, Mr. Doty and representatives of DLA Piper and Alvarez & Marsal held an in-person meeting to review the May 29th draft of the merger agreement, focusing in particular detail on the conditions to closing, Meadow Valley's closing deliverables, associated responsibilities and the risks of failing to satisfy those conditions. Thereafter, Messrs. Doty and Patterson and representatives of DLA Piper, Alvarez & Marsal, Hunton & Williams and Insight Equity held a telephonic meeting for the purpose of reviewing and discussing the remaining open issues under the merger agreement. Discussions centered around the deliverables and conditions under the merger agreement, Meadow Valley's comfort level with meeting the applicable closing conditions, the termination fees payable by Meadow Valley to Insight Equity in the event the agreement is terminated and the definition of Material Adverse Effect.

On June 2, 2008, Mr. Larson held a telephonic meeting with a select group of employees of the Nevada operations of Meadow Valley's subsidiary, Meadow Valley Contractors, Inc., to notify such employees that Meadow Valley had entered into an exclusivity period with a potential acquiror and that merger discussions were ongoing. Like the previous meeting with the employees of Meadow Valley Contractors, Inc., this meeting was also held in an effort to minimize speculation amongst employees regarding the Schedule 13D filed by the YVM Group in November 2007.

On June 3, 2008, a representative of DLA Piper held a telephonic meeting with a representative of Hunton & Williams regarding additional comments and concerns with respect to the May 29th draft of the merger agreement.

On June 4, 2008, a representative of Hunton & Williams provided a representative of DLA Piper with a further revised draft of the merger agreement and advised the DLA Piper representative that this draft reflected further concessions on the part of Insight Equity and Insight Equity's final position on certain open matters, subject to the receipt of further input from specialty legal counsel of the parties, finalization of Meadow Valley's disclosure letter and related matters.

On June 6, 2008, the Special Committee held a telephonic meeting. Mr. Doty and representatives of DLA Piper, Alvarez & Marsal and BHFS were in attendance. Representatives of Alvarez & Marsal and DLA Piper similarly updated the Special Committee with regard to those discussions and the status of the ongoing discussions with Insight Equity regarding various merger agreement open issues. The Special Committee instructed representatives of DLA Piper and Alvarez & Marsal to continue to negotiate the merger agreement.

On June 7, 2008, a representative of DLA Piper delivered further comments to the merger agreement to a representative of Hunton & Williams.

On June 8, 2008, a representative of Hunton & Williams orally communicated Insight Equity's response to the comments received the prior day.

On June 9, 2008, the Special Committee held an in-person meeting in Phoenix, Arizona. Mr. Doty and representatives of DLA Piper, Alvarez & Marsal and BHFS were in attendance. A representative of DLA Piper updated the Special Committee with respect to the status of the merger agreement negotiations. An extensive discussion ensued among the

meeting participants with respect to the open issues under the merger agreement, including, but not limited to, the closing conditions, the scenarios in which a termination fee would be payable and the risks attendant to closing the transaction. Thereafter, a representative of Alvarez & Marsal provided the Special Committee with an overview of the following:

a summary of the terms of the Buyer Group's offer;

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a list of key considerations in deciding to select the Buyer Group as the stalking horse in lieu of proceeding with a widespread solicitation of market interest in Meadow Valley, including a lengthy list of advantages and disadvantages of proceeding with the Buyer Group as the stalking horse;

an overview of Meadow Valley's financial condition and historic share price performance;

Meadow Valley's year-to-date financial performance (through April 2008) and summary of Meadow Valley's April 28, 2008 financial projections, including Meadow Valley's April 2008 year-to-date operating results as compared to Meadow Valley's business plan and Meadow Valley's most recent projections through 2010;

purchase offer premiums (1-day; 5-days; and 30-days) and historic purchase price premiums paid in similar sized transactions;

a list of Meadow Valley's top institutional holders and their estimated basis in Meadow Valley's common stock;

the historic trading activity in Meadow Valley's common stock at selected price ranges over the preceding 12 months;

a total equity value summary of Meadow Valley;

a sum of the parts analysis of the Buyer Group's offer of \$11.25 per share;

a hypothetical acquisition transaction analysis of potential strategic buyers of Meadow Valley;

an analysis of termination fees potentially payable by Meadow Valley;

factors affecting the public market value of Meadow Valley; and

a comparable company analysis.

Following such discussion, the Special Committee concluded that, subject to further efforts by representatives of DLA Piper and Alvarez & Marsal to further narrow the scope of the closing conditions and the definition of "Material Adverse Effect" and related matters, and the receipt of an opinion from Morgan Joseph to the effect that, subject to the assumptions made, matters considered and limits on review set forth therein, the consideration to be received by the holders of Meadow Valley common stock in the merger was fair, from a financial point of view, to such holders, the Special Committee would be in a position to approve the transaction and recommend the same to Meadow Valley's board of directors.

Meadow Valley's board of directors met immediately following the Special Committee meeting. A representative of BHFS, Mr. Doty and Mr. Agron were also in attendance at the meeting. Mr. Patterson briefed the full board regarding the status of the merger agreement negotiations, the feedback from representatives of Alvarez & Marsal and DLA Piper and the projected timetable for completing the negotiations.

On June 12, 2008, a representative of Hunton & Williams delivered a further revised draft of the merger agreement to a representative of DLA Piper.

On June 18, 2008, Messrs. Searcy and Zugaro of Insight Equity traveled to Phoenix, Arizona to meet with Messrs. Nelson and Doty of Meadow Valley, as well as with representatives of a potential lender. During the meeting,

Messrs. Nelson and Doty provided general information about Meadow Valley to the potential lender.

On June 20, 2008, Hunton & Williams delivered a third supplemental due diligence request list to a representative of DLA Piper.

On June 23, 2008, Meadow Valley and Insight Equity entered into a letter agreement providing for an additional 21-day exclusivity period, such exclusivity period to commence upon the delivery of certain draft Phase I environmental site assessment reports and other related materials that were prepared on behalf of Insight Equity to DLA Piper. On June 25, 2008, in accordance with the June 23<sup>rd</sup> letter agreement, Hunton & Williams sent to DLA Piper certain environmental materials generated by GaiaTech, namely, draft Phase I environmental site assessment reports and draft memoranda created for the environmental compliance review of Meadow Valley's real property,

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facilities and operations. DLA Piper received these environmental materials on June 26, 2008, at which time the 21-day exclusivity period contemplated by the June 23<sup>rd</sup> letter agreement commenced.

Also, on June 25, 2008, representatives of Hunton & Williams and DLA Piper participated in a due diligence call with Messrs. Doty and Nelson.

On July 10, 2008, Hunton & Williams sent to DLA Piper a copy of due diligence materials reviewed by Hunton & Williams in connection with the proposed transaction.

During the period July 12 to 23, 2008, representatives of DLA Piper and Hunton & Williams and Mr. Doty engaged in extensive negotiations of the merger agreement. These negotiations were centered on the representations and warranties and closing deliveries applicable to real estate, environmental and employee benefit matters and the definition of Material Adverse Effect. From time to time each party's environmental consultants contributed to the ongoing negotiations.

On July 22, 2008, Messrs. Zugaro and Conner of Insight Equity and Messrs. Larson and Nelson, together with representatives from DLA Piper and Hunton & Williams, participated in a call regarding various consents as a condition to closing.

On July 23, 2008, representatives of DLA Piper, Alvarez & Marsal, Hunton & Williams and Insight Equity substantially completed negotiating the remaining details of the draft merger agreement, the disclosure letter, and the related ancillary documents.

On July 23, 2008, the latest draft of the merger agreement together with a summary of the termination fees payable thereunder were delivered to the members of the Special Committee and members of Meadow Valley's board of directors in advance of the Special Committee and board of directors meetings scheduled for July 25, 2008.

On July 25, 2008, the Special Committee met by telephone to consider the proposed Insight Equity transaction and the latest draft of the merger agreement. Mr. Doty and representatives of DLA Piper, Alvarez & Marsal and BHFS were in attendance. DLA Piper reviewed the material terms of the merger agreement, including:

the purchase price;

the provisions for a 45-day go shop period during which Meadow Valley could actively seek other bidders to buy Meadow Valley and after which Meadow Valley could continue to negotiate with certain Excluded Parties and could negotiate with unsolicited bidders, provided that the merger agreement could terminate if not consummated by December 31, 2008;

the definition of Material Adverse Effect, that had been heavily negotiated;

a break-up fee equal to 2.5% of the aggregate purchase price plus reasonable out-of-pocket expenses if the deal is terminated as a result of activities undertaken during the go shop period;

a break-up fee equal to 4.5% of the aggregate purchase price plus reasonable out-of-pocket expenses if the deal is terminated as a result of activities undertaken after the go shop period;

a break-up fee equal to \$500,000 plus reasonable out-of-pocket expenses if the deal is terminated under certain other circumstances;

a reverse termination fee payable to Meadow Valley equal to 2.5% of the aggregate purchase price plus reasonable out-of-pocket expenses if the deal is terminated by Insight Equity under certain circumstances;

continued indemnification protection for current and former directors and officers for a specified period of time and the mechanics by which insurance coverage may be maintained for such directors and officers;

closing requirements applicable to Meadow Valley and required in order for Investor and Merger Sub to consummate the merger, which requirements were reasonable and achievable in the view of Meadow Valley and its legal advisors and environmental consultants;

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the delivery to Investor of a letter of credit to support any necessary payments of its reverse termination fee obligations in the event that such a fee was payable in certain circumstances upon a termination of the merger agreement by Meadow Valley; and

the absence of a financing contingency with respect to Merger Sub's obligations to close the transaction contemplated by the merger agreement. Representatives of DLA Piper also reiterated the Special Committee's fiduciary duties as previously discussed with the Special Committee.

On that same date, representatives of Morgan Joseph reviewed various financial analyses and delivered to the Special Committee an oral opinion, subsequently confirmed in writing, that, as of July 25, 2008, and based upon the assumptions made, matters considered and limits of review set forth in its written opinion, the \$11.25 per share merger consideration to be received by holders of Meadow Valley's common stock in the merger was fair, from a financial point of view, to such holders. After consideration and deliberation of various factors in which representatives of DLA Piper, Alvarez & Marsal, BHFS, and Morgan Joseph participated, the Special Committee voted unanimously to determine and resolve (i) that the merger is fair to, and in the best interests of, Meadow Valley and its unaffiliated stockholders, and (ii) to recommend that Meadow Valley's board of directors (x) approve the merger agreement and the transaction contemplated thereby and declare its advisability, (y) propose the merger agreement to Meadow Valley's stockholders for adoption by Meadow Valley's stockholders, and (z) recommend that Meadow Valley's stockholders adopt the merger agreement and the transaction contemplated thereby. The Special Committee also voted unanimously to determine and resolve that its Rights Agreement dated February 13, 2007, with Corporate Stock Transfer, Inc. be amended to, among other things, provide that neither Investor or Merger Sub nor any of their affiliates will become an Acquiring Person (as such term is defined in the Rights Agreement) and that none of a Stock Acquisition Date, a Distribution Date, or a Triggering Event (each as defined in the Rights Agreement) would occur by reason of the approval, execution or delivery of, or the consummation of the transaction contemplated by, the merger agreement.

A meeting of the entire board of directors was held immediately following the Special Committee's meeting on July 25, 2008. At the meeting, representatives of BHFS and DLA Piper explained the Special Committee's determinations and recommendations to the board with respect to the proposed merger. BHFS and DLA Piper then summarized the terms of the proposed merger agreement and discussed various other issues. At the meeting, Mr. Patterson informed Meadow Valley's board that Morgan Joseph had reviewed various financial analyses for the Special Committee and that Morgan Joseph had delivered to the Special Committee an oral opinion, subsequently confirmed in writing, that, as of July 25, 2008, and based upon the assumptions made, matters considered and limits of review set forth in its written opinion, the consideration to be received by holders of Meadow Valley common stock in the merger was fair, from a financial point of view, to such holders. After consideration and deliberation in which BHFS and DLA Piper participated, the board of directors (other than Messrs. Larson and Nelson, each of whom abstained from voting), expressly adopted the unanimous recommendation of the Special Committee and determined and resolved (i) that the merger is fair to, and in the best interests of, Meadow Valley and its unaffiliated stockholders, (ii) to propose the merger agreement for adoption by Meadow Valley's stockholders and declare the advisability of the merger agreement and the transactions contemplated thereby and (iii) to recommend that Meadow Valley's stockholders adopt the merger agreement and the transactions contemplated by the merger agreement. In addition, the board of directors, with Messrs. Larson and Nelson abstaining, approved and adopted the amendment to the Rights Agreement. Through the approval of the merger and the merger agreement, the board of directors approved the transaction by which Phoenix Parent Corp., Phoenix Merger Sub and any of their affiliates may have become interested stockholders (as such term is defined in Section 78.423 of the Nevada Revised Statutes) such that the anti-takeover restrictions contained in Sections 78.411-78.444, inclusive, of the Nevada Revised Statutes are not applicable to the merger or the merger agreement.

On the afternoon of July 25, 2008, Investor, Merger Sub and Meadow Valley executed the signature pages to the merger agreement, with instructions for the signature pages to be held in trust pending authorization of release and delivery of the same on the morning of July 28, 2008. On July 26th and 27th, representatives of Hunton & Williams and DLA Piper, as well as Mr. Doty of Meadow Valley and Mr. Zugaro of Insight Equity, participated in discussions clarifying the nature of the permitted liens that would survive the closing and financing of the transaction. The disclosure letter and merger agreement were modified to reflect those conversations.



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At approximately 7:30 a.m., Eastern Time on July 28, 2008, a representative of Hunton & Williams provided a representative of DLA Piper with a letter from a lender indicating that the lender had agreed, subject to certain terms and conditions, to provide committed financing for a portion of the purchase price to be paid in connection with the proposed transaction. A brief telephonic meeting was then held at approximately 7:45 a.m., Eastern Time on July 28, 2008. Representatives of Insight Equity, Hunton & Williams, Meadow Valley, DLA Piper, and Messrs. Larson and Doty participated in the telephone conference. Following a brief discussion, the parties released their signature pages and immediately thereafter Meadow Valley issued a press release announcing the transaction and filed a Current Report on Form 8-K with the SEC regarding the transaction before the market opened.

To reflect the July 28, 2008 agreements, Messrs. Larson and Nelson filed Amendment No. 1 to Schedule 13D on July 29, 2008.

Beginning on July 28, 2008, pursuant to the go shop provisions in the merger agreement, under the supervision and authorization of the Special Committee, representatives of Alvarez & Marsal contacted certain potential acquirors located both within and outside the United States that were discussed with the Special Committee. Alvarez & Marsal solicited interest amongst such potential acquirors in participating in a sale transaction with Meadow Valley in its entirety or the sale of Meadow Valley's ownership interests in either Meadow Valley Contractors, Inc. or Ready Mix. Potential acquirors were contacted based on several criteria, including their likelihood of interest in Meadow Valley's based on current, past or expressed future business activities in market segments in which Meadow Valley operates and their financial wherewithal to consummate a transaction with Meadow Valley. During the go shop period, Alvarez & Marsal engaged in substantive conversations with approximately 70 parties. Of the parties with whom Alvarez & Marsal established contact, 11 executed confidentiality agreements with the purpose of receiving access to select confidential due diligence materials. The remaining parties ultimately chose not to further pursue a transaction.

During the period from July 28, 2008 to September 10, 2008, the Special Committee engaged in several discussions regarding matters related to the go shop process. Mr. Doty and representatives of DLA Piper and Alvarez & Marsal participated in such discussions. On September 12, 2008, the Special Committee sent a letter to Insight Equity stating that it had not received any Acquisition Proposals during the go shop period.

## **Reasons for the Merger and Recommendation of the Special Committee and Board of Directors**

### ***The Special Committee***

In anticipation of receiving an acquisition proposal from YVM and Messrs. Larson, Nelson and Furman following disclosure on November 2, 2007 on Schedule 13D of their interest in pursuing a transaction with Meadow Valley, the board of directors established the Special Committee consisting of the three independent directors, namely, Mr. Patterson, who served as chairman, and Messrs. Cowan and Norton, to consider any proposal. See Background of the Merger above for more information about the formation and authority of the Special Committee. The Special Committee retained Alvarez & Marsal as its financial advisor, Morgan Joseph for the purpose of providing its opinion as to the fairness, from a financial point of view, of the merger consideration to be received by Meadow Valley stockholders pursuant to the merger and DLA Piper and Ballard Spahr Andrews & Ingersoll, LLP (Ballard Spahr) as its legal advisors. On July 25, 2008, the Special Committee, after considering the presentations and advice of its financial and legal advisors and the opinion of Morgan Joseph, unanimously determined that the merger and the merger agreement are fair to and in the best interests of Meadow Valley and its unaffiliated stockholders. The Special Committee also unanimously recommended to the board of directors that the board of directors determine that the merger and the merger agreement are fair to and in the best interests of Meadow Valley and its unaffiliated stockholders and recommend to Meadow Valley's stockholders that they vote to approve the merger agreement.

The amount of the consideration to be paid in the merger was determined through negotiations between the parties. Morgan Joseph did not make any recommendation with respect to the amount of consideration to be paid in the merger.

In the course of reaching their decision to adopt and approve the merger agreement and in making their recommendations, the Special Committee consulted with senior management and outside financial and legal advisors, reviewed a significant amount of information, oversaw financial and legal due diligence by and through its advisors,

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conducted an extensive review and evaluation of Investor's proposal, conducted extensive negotiations with Investor and its representatives both directly and through its advisors, and considered the following positive factors:

the value of the merger consideration to be received by Meadow Valley's unaffiliated stockholders pursuant to the merger agreement, as well as the fact that the unaffiliated stockholders will receive the consideration in cash, which provides certainty of value to Meadow Valley's unaffiliated stockholders;

its view that the merger consideration is more favorable to Meadow Valley's unaffiliated stockholders than the potential value that might result from the other alternatives the Special Committee believed were reasonably available to Meadow Valley pursuing other strategic initiatives or continuing with Meadow Valley's current business plan, which view was based on the following factors: the prospects for the macro economy and the industries in which Meadow Valley operates that create challenges to Meadow Valley's ability to sustain gross margins and earnings growth, the perceived risks associated with the achievement of Meadow Valley's business plan, the determination that Meadow Valley did not receive many of the benefits associated with being a public company and faces significant costs associated with remaining a public company, the risk of uncertain returns to Meadow Valley's stockholders, the expected time, capital required and availability and cost to effectuate other strategic alternatives, and the analysis provided as to the fairness of the Buyer Group's offer and based on the analysis of the future potential value of Meadow Valley's business versus the Buyer Group's offer;

its view that the merger consideration is fair in light of the Special Committee's familiarity with Meadow Valley's business, assets, operations, financial condition, strategy and prospects, as well as Meadow Valley's historical and projected financial performance;

its view that the merger maximizes stockholder value by providing stockholder liquidity, without the risk to stockholders of a business plan constrained by uncertain market conditions;

that the merger consideration of \$11.25 per share, without interest, represented a 22.1% premium over the price per share of Meadow Valley's common stock, based on the closing sale price for Meadow Valley's common stock on July 25, 2008, the last trading day before public announcement of the merger;

that the merger consideration of \$11.25 per share, without interest, represented a 30.8% premium over the volume weighted average share price for the 30 calendar days prior to the public announcement of the merger agreement;

that notwithstanding the fact that the merger consideration of \$11.25 per share, without interest, reflected a premium that fell below the average historic purchase premiums paid in similar sized transactions, as reported in the April 7, 2008 materials presented to the Special Committee by Alvarez & Marsal, the Special Committee believed that Meadow Valley's valuation as implied by the Buyer Group's offer remained consistent with the current valuation of Meadow Valley as compared to the value of comparable companies in Meadow Valley's industry and in light of the increased competitive pressures and lower demand facing the construction industry, and that in the three year period ended July 28, 2008, Meadow Valley had seen a total increase in its historic per share price of approximately 72% (based on the \$11.25 per share offer);

a discounted cash flow analysis performed by Morgan Joseph revealed a range of equity values of \$8.99 per share to \$12.27 per share assuming a 19% discount rate and Terminal Value Multiples of EBITDA of 3.5x to 5.5x. Inherent in any discounted cash flow valuation are the use of a number of assumptions and the aforementioned valuation range should be viewed in connection with the full report of Morgan Joseph attached as Exhibit (c)(1) to the Schedule 13E-3 filed by Meadow Valley;

a book value analysis, based on Meadow Valley's business including its ownership interest of Ready Mix revealed that the per share cash merger consideration of \$11.25 represented a 56% premium over the net book value per diluted weighted average share as of June 30, 2008 of \$7.21. Further, analysis of companies generally comparable to Meadow Valley revealed price-to-book ratios consistent with the ratio implied by the per share cash merger consideration of \$11.25;

a liquidation value analysis was not materially considered by the Special Committee because it considered Meadow Valley to be a viable, going concern and as such, an orderly liquidation of Meadow Valley assets would not result in a value maximizing alternative for stockholders;

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that historically the common stock of Meadow Valley traded with low volume, making the stock relatively illiquid and often difficult to sell without negatively impacting the per share price and that Morgan Joseph presented the current and historical market prices of Meadow Valley's common stock, including the market price of Meadow Valley's common stock relative to those of other participants in Meadow Valley's industries and general market indices, as background material;

the opinion of Morgan Joseph, delivered orally and confirmed in writing, to the effect that as of the date of the opinion, and based upon and subject to the procedures followed, assumptions made, qualifications, and limitations on the review undertaken, the merger consideration was fair, from a financial point of view, to Meadow Valley's stockholders;

the presentation by Morgan Joseph to the Special Committee on July 25, 2008 in connection with the foregoing opinion, which is described under "Opinion of Morgan Joseph to the Special Committee" below;

the terms of the merger agreement that permitted Meadow Valley to conduct a post-signing market test designed to determine that the \$11.25 per share price provided in the merger agreement was the highest value reasonably available to Meadow Valley's unaffiliated stockholders, including (i) a 45-day "go shop" period during which Meadow Valley, under the direction of the Special Committee, was permitted to actively seek and negotiate competing Acquisition Proposals for a business combination or acquisition, which period the Special Committee (after consulting with its outside financial and legal advisors) believed was sufficient time for any potentially interested party to make such a competing Acquisition Proposal, (ii) the right, even after the end of the 45-day solicitation period, subject to certain conditions, to continue to explore Acquisition Proposals made by any interested party during the 45-day solicitation period, and (iii) the right, even after the end of the 45-day solicitation period, subject to certain conditions, to explore unsolicited Acquisition Proposals and to terminate the merger agreement and accept a Superior Proposal as determined by the Special Committee prior to stockholder approval of the merger agreement, subject to payment of what the Special Committee believed (after consulting with its outside financial advisors) was a reasonable termination fee and the reimbursement of certain of Investor's and Merger Sub's documented and reasonable out-of-pocket expenses;

the Special Committee's understanding, after consultation with its financial and legal advisors, that both the termination fees (and the circumstances when such fees are payable) set forth in the merger agreement and the requirement to reimburse Investor and Merger Sub for certain of their documented and reasonable out-of-pocket expenses in the event that the merger agreement is terminated under certain circumstances, were reasonable and customary in light of the benefits of the merger contemplated by the merger agreement, commercial practice and transactions of similar size and nature;

the increased costs associated with being a public company, particularly those costs associated with compliance with the Sarbanes-Oxley Act of 2002, which costs disproportionately impact smaller public companies;

that the terms of the merger agreement provided reasonable certainty of consummation because it was subject to and included conditions that the Special Committee believed would reasonably likely be satisfied, including the fact that the merger agreement does not contain a financing contingency, which the Special Committee found to be favorable given current market conditions;

that the financial and other terms and conditions of the merger agreement, as reviewed by the Special Committee with its legal and financial advisors, were the product of extensive negotiations between the parties, which resulted in, among other things, the following changes from Insight Equity's initial written proposal, (i) an increase of \$1.45 per share from the initial proposed \$9.80 per share price, (ii) a reduction by 1.5% in

termination fees to be paid by Meadow Valley if it terminated the merger agreement under certain circumstances, plus a cap on fees and expenses related to financing sources of \$500,000, (iii) a reduction by 1% in termination fees to be paid by Meadow Valley if it terminated the merger agreement under other circumstances (amount of expenses remains the same), (iv) the imposition of a reverse termination fee to be paid by Investor if Investor or Meadow Valley terminated the merger agreement under certain circumstances, plus Meadow Valley's expenses, (subject to certain limitations) supported by a \$2.5 million letter of credit,

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(v) an increase of 15 days to the go shop period, and (vi) the addition of certain carve-outs to the definition of Material Adverse Effect;

the fact that no alternative acquisition proposal for Meadow Valley had been submitted since the initial announcement of interest by YVM and Messrs. Larson, Nelson and Furman in pursuing a potential transaction with Meadow Valley on November 2, 2007;

the fact that no firm offers to acquire Meadow Valley were made by any unaffiliated person during the two year period preceding the Buyer Group's firm offer;

the fact that Meadow Valley had the option to initiate a broad market canvass prior to entering in to the merger agreement but that the Special Committee considered execution of the merger agreement followed by a go shop period to be in the best interests of Meadow Valley and its unaffiliated stockholders; and

the fact that all of the members of the Special Committee (which are all of the members of the board of directors of Meadow Valley who are not participating in the transaction), some of whom have investments in Meadow Valley's common stock, were unanimous in their determination to approve the merger agreement.

In the course of reaching their decision to undertake this transaction at this time in lieu of waiting, the Special Committee determined the proposed transaction provided Meadow Valley stockholders with the opportunity to realize a premium on their shares of Meadow Valley common stock based on the closing price of shares of Meadow Valley common stock on July 25, 2008, such premium implying a valuation of the business consistent with valuations of similar businesses with similar business prospects. The Special Committee's determination at this time was further based on its view that (i) Meadow Valley did not receive many of the benefits associated with being a public company, due in part to the fact that Meadow Valley lacked research coverage and its shares of common stock were thinly traded and Meadow Valley had incurred and was expected to continue to face significant costs associated with remaining a public company, (ii) the current and expected near-term challenges within the macro-economic and industry environment that created challenges to Meadow Valley's ability to continue to achieve sustained gross margin and earnings growth as evidenced by the downward revisions to Meadow Valley's financial projections as provided by management, (iii) the risk of uncertain returns to Meadow Valley's stockholders from its business, operations, financial condition and prospects, and (iv) the expected time, capital required and availability and cost of such required capital to effectuate other strategic initiatives, the time needed for Meadow Valley's share price to reflect the success of such strategic initiatives, and the risks and uncertainties associated with any such strategic initiatives and with the timing thereof.

In the course of reaching the determinations and decisions, and making the recommendations described above, the Special Committee considered the following risks and potentially negative factors relating to the merger agreement, the merger and the other transactions contemplated thereby:

that Meadow Valley's unaffiliated stockholders would not participate in any future earnings or growth of Meadow Valley and would not benefit from any appreciation in value of Meadow Valley if the merger is completed;

that Investor and its investors could realize significant returns on their equity investment in Meadow Valley from the merger;

the fact that Meadow Valley entered into a merger agreement with Investor and Merger Sub, newly-formed corporations with essentially no assets, that Meadow Valley's recourse was dependent on its ability to draw on a letter of credit obtained by Investor to support its obligations under the merger agreement and that Meadow

Valley's recovery for such a breach by Investor or Merger Sub is essentially capped by the lesser of the amount of the termination fees payable under the merger agreement or the amount of the letter of credit;

that the \$11.25 price per share, without interest, is the maximum amount per share receivable by Meadow Valley's unaffiliated stockholders unless the merger agreement is terminated in accordance with its terms;

that the historical stock price performance of Meadow Valley's common stock included a closing price as high as \$13.35 per share immediately following the formation of the Special Committee in early November 2007, and a trading price as high as \$14.20 per share during the two year period ended June 3, 2008, which



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per share prices were materially above the merger consideration of \$11.25 price per share, without interest, offered by the Buyer Group;

that the Special Committee was not able to solicit alternative proposals during intermittent periods prior to the signing of the merger agreement;

the fact of the participation of the Rollover Participants in the merger and the fact that the Rollover Participants have interests in the transaction that are different from, or in addition to, those of Meadow Valley's unaffiliated stockholders;

that the merger agreement contains restrictions on the conduct of Meadow Valley's business prior to the completion of the merger, generally requiring Meadow Valley to conduct its business only in the ordinary course, subject to specific limitations, which may delay or prevent Meadow Valley from undertaking business opportunities that may arise pending completion of the merger and the length of time between signing and closing when these restrictions are in place, due to the time needed to satisfy the conditions to closing;

the risks and costs to Meadow Valley if the merger does not close, including the diversion of management and employee attention, potential employee attrition and the potential effect on business and customer relationships;

that if the merger is not completed, Meadow Valley would be required to pay its fees and expenses associated with the transaction and also, under certain circumstances, pay a termination fee up to 4.5% of the aggregate merger consideration and reimburse Investor and Merger Sub for certain of their documented and reasonable out-of-pocket expenses associated with the transaction;

that the receipt of cash in exchange for shares of Meadow Valley common stock pursuant to the merger will be a taxable sale transaction for U.S. federal income tax purposes;

that Meadow Valley stockholders do not have dissenters' or appraisal rights under Nevada law;

the merger agreement's limitations on Meadow Valley's ability to solicit other offers after the go shop period, despite the fact that the Special Committee is authorized to respond to unsolicited proposals meeting specified criteria;

that, unless otherwise provided pursuant to the terms of the merger agreement, Meadow Valley will be required to pay Investor a termination fee of \$500,000 plus certain of Investor's and Merger Sub's documented and reasonable out-of-pocket expenses no matter the reason for termination of the merger agreement; and

that Investor's obligation to close the transaction is subject to certain conditions that are outside of Meadow Valley's control.

In the course of reaching the determinations and decisions, and making the recommendations, described above, the Special Committee also considered the following factors relating to the procedural safeguards that the Special Committee believes were and are present to ensure the fairness of the merger to Meadow Valley's unaffiliated stockholders and to permit the Special Committee to represent the interests of Meadow Valley's unaffiliated stockholders, each of which safeguards the Special Committee believes supported its decision and provided assurance of the fairness of the merger to Meadow Valley and its unaffiliated stockholders:

that the Special Committee consists solely of independent and disinterested directors who are not employees of Meadow Valley and who have no financial interest in the merger that is different from that of Meadow Valley unaffiliated stockholders (other than the acceleration of options to acquire shares of Meadow Valley common stock);

that the members of the Special Committee were adequately compensated for their services and that their compensation for serving on the Special Committee was in no way contingent on their approving the merger agreement and taking the other actions described in this proxy statement;

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that the Special Committee received an opinion from Morgan Joseph, delivered orally at the Special Committee meeting on July 25, 2008, and subsequently confirmed in writing, that, as of July 25, 2008, the date of the opinion, and based upon and subject to the factors, assumptions, limitations, qualifications and other conditions set forth in the opinion, the merger consideration of \$11.25 per share, without interest, to be received pursuant to the merger agreement by the public holders of shares of Meadow Valley common stock was fair, from a financial point of view, to such holders;

that the Special Committee was involved in extensive deliberations over many months regarding the proposal, and was provided broad authority and sufficient resources, including access to Meadow Valley's management;

that the Special Committee, with the assistance of its legal and financial advisors, negotiated with Investor and its representatives and sought and received numerous concessions;

the requirement that the merger agreement be approved by the affirmative vote of holders of a majority of the outstanding shares of Meadow Valley common stock entitled to vote at the special meeting;

that the Special Committee had ultimate authority to decide whether or not to proceed with a transaction or any alternative thereto, subject to the board of director's approval of the merger agreement, where the members of the Special Committee comprised a majority of the board of directors, as required by Nevada law;

that the Special Committee was aware that it had no obligation to recommend any transaction, including the proposal put forth by Investor; and

that the Special Committee made its evaluation of the merger agreement and the merger based upon the factors discussed in this proxy statement, and independent of members of the board who are Rollover Participants.

The foregoing discussion of the information and factors considered by the Special Committee includes the material factors considered by the Special Committee. In view of the variety of factors considered in connection with its evaluation of the merger, the Special Committee did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination and recommendation. In addition, individual directors may have given different weights to different factors. The Special Committee approved and recommends the merger agreement and the merger based upon the totality of the information presented to and considered by it.

***The Board of Directors***

The board of directors consists of five directors, two of whom, Messrs. Larson and Nelson, are Rollover Participants and have interests in the merger different from, or in addition to, the interests of Meadow Valley and its unaffiliated stockholders. The board of directors established the Special Committee, consisting of all of the independent directors, and empowered it to study, review, evaluate, negotiate and, if appropriate, make a recommendation to the board of directors regarding the proposal from Investor and any unsolicited proposals that were received. Since Messrs. Larson and Nelson recused themselves from many deliberations and abstained from voting on matters related to the merger due to their involvement in the transaction, the voting members of the board related to the merger were identical to the members of the Special Committee. That being said, on July 25, 2008, the board of directors met to consider the report and recommendation of the Special Committee. On the basis of the Special Committee's recommendation and the other factors described below, Meadow Valley's board of directors unanimously, with Messrs. Larson and Nelson abstaining:

determined that the merger and the merger agreement are fair to, and in the best interests of, the unaffiliated stockholders of Meadow Valley;

determined, based on the conclusions and recommendations of the Special Committee, that undertaking the transaction at this time was in the best interests of Meadow Valley and Meadow Valley's stockholders;

recommended that Meadow Valley's stockholders vote to approve the merger agreement;

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took all actions so that the merger agreement would not be subject to the Nevada business combination statutes or any other applicable merger, anti-takeover or similar statute or regulation;

took all actions so that the Rollover Participants, Investor, Merger Sub and their respective affiliates would not be an acquiring person under Meadow Valley's stockholder rights plan; and

approved various related resolutions.

In determining that the merger agreement is fair to, and in the best interests of, Meadow Valley and its stockholders, and approving the merger agreement, and recommending that Meadow Valley's stockholders vote for the approval of the merger agreement, the board of directors considered the following material factors:

the unanimous determination and recommendation of the Special Committee;

the fact that the merger consideration, including the amount thereof, and the other terms of the merger agreement resulted from negotiations between the Special Committee and Insight Equity, and the board of directors' belief that \$11.25 per share, without interest, was the highest consideration that it was able to negotiate with Insight Equity; and

the factors considered by the Special Committee, including the positive factors and potential benefits of the merger agreement, the risks and potentially negative factors relating to the merger agreement, the fairness opinion received by the Special Committee and the factors relating to procedural safeguards described above.

The board and the Special Committee did not (i) retain an unaffiliated representative to act solely on behalf of Meadow Valley's stockholders for purposes of negotiating the terms of the merger agreement or (ii) structure the transaction to require approval of at least a majority of unaffiliated stockholders. Nevertheless the board believes that taking into account the factors listed above and further taking into account the fact that the Rollover Participants will have the right to vote only approximately 3.5% of the outstanding Meadow Valley common stock (assuming they do not exercise their options prior to the record date), the absence of these two safeguards did not diminish the fairness of the process undertaken by the board and the Special Committee.

The foregoing discussion of the information and factors considered by Meadow Valley's board of directors includes the material factors considered by the board of directors. In view of the variety of factors considered in connection with its evaluation of the merger, Meadow Valley's board of directors did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination and recommendation. In addition, individual directors may have given different weights to different factors. The board of directors approved and recommends the merger agreement based upon the totality of the information presented to and considered by it. The board of directors also believes that the merger is procedurally fair because, among other factors, the terms of the merger agreement require the affirmative vote of a majority of the outstanding shares of Meadow Valley common stock entitled to vote at the special meeting.

**Our board of directors recommends that you vote **FOR** the approval of the Merger Proposal.**

**Opinion of Morgan Joseph to the Special Committee**

At the meeting of the Special Committee on July 25, 2008, Morgan Joseph rendered its oral opinion, subsequently confirmed in writing, to the Special Committee to the effect that, as of such date and based upon the assumptions made, matters considered and limits of review set forth in its written opinion, the consideration to be received by

holders of Meadow Valley common stock in the merger was fair, from a financial point of view, to those holders. Meadow Valley does not believe there have been any material changes in Meadow Valley's operations, performance or in any of the projections or assumptions upon which Morgan Joseph based its opinion since the delivery of the opinion and does not anticipate any material changes to occur before the stockholder meeting.

**The full text of the written opinion of Morgan Joseph, dated July 25, 2008, is attached as Appendix B to this proxy statement. You are encouraged to read Morgan Joseph's opinion carefully in its entirety for a description of the procedures followed, assumptions made and matters considered by Morgan Joseph, as well as the qualifications and limitations on the review undertaken by Morgan Joseph in rendering its opinion.**

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Morgan Joseph's written opinion was addressed to the Special Committee, and was directed only to the fairness, from a financial point of view, of the consideration to be received by holders of Meadow Valley common stock in the merger. It did not address any other aspect of the merger. Morgan Joseph's opinion was one of many factors taken into consideration by the Special Committee in making its determination to recommend and approve the merger. Morgan Joseph's opinion does not address the merits of the underlying business decision of Meadow Valley to enter into the merger and does not constitute a recommendation to Meadow Valley, the board of directors, the Special Committee or any other committee of the board of directors or Meadow Valley stockholders as to how such person should vote or as to the specific action that should be taken in connection with the merger. Morgan Joseph expressed no opinion with respect to the fairness of the amount or nature of any compensation to any officers, directors or employees of any party to the merger, or any class of such persons, relative to the consideration to be received by Meadow Valley stockholders in the merger.

In connection with rendering its opinion, Morgan Joseph reviewed and analyzed, among other things, the following:

the July 23, 2008 draft of the merger agreement, which we represented to Morgan Joseph was, with respect to all material terms and conditions thereof, substantially in the form of the definitive agreement to be executed by the parties promptly after receipt of Morgan Joseph's opinion;

Meadow Valley's annual report on Form 10-K filed with the SEC with respect to the year ended December 31, 2007, Meadow Valley's quarterly report on Form 10-Q filed with the SEC with respect to the quarter ended March 31, 2008, which our management had identified to Morgan Joseph as being the most current historical financial statements available at the time, and certain other filings made by Meadow Valley with the SEC;

certain other publicly available business and financial information concerning Meadow Valley and the industry in which we operate, which Morgan Joseph believed to be relevant to its opinion;

certain internal information and other data relating to Meadow Valley and our business and prospects, including budgets, projections and certain presentations prepared by Meadow Valley, which were provided to Morgan Joseph by Meadow Valley's senior management;

the reported sales prices and trading activity of Meadow Valley common stock;

certain publicly available information concerning certain other companies engaged in businesses that Morgan Joseph believed to be generally comparable to Meadow Valley and the trading markets for such other companies' securities; and

the financial terms of certain recent business combinations that Morgan Joseph believed to be relevant.

Morgan Joseph also participated in meetings and conference calls with certain of our officers and employees concerning our business, operations, assets, financial condition and prospects, as well as the merger, and undertook such other studies, analyses and investigations as it deemed appropriate.

Morgan Joseph, with the Special Committee's permission, assumed and relied upon the accuracy and completeness of the financial and other information used by it, including the internal information and other data relating to Meadow Valley that we provided, and did not attempt to independently verify such information, nor did it assume any responsibility to do so. Meadow Valley's management advised Morgan Joseph that Meadow Valley's forecasts and projections provided to or reviewed by Morgan Joseph were reasonably prepared based on the best current estimates and judgment of Meadow Valley's management as to the future financial condition and results of operations of Meadow Valley. Morgan Joseph made no independent investigation of any legal, accounting or tax matters affecting

Meadow Valley, and assumed the correctness of all legal, accounting and tax advice given to Meadow Valley, our board of directors, and the Special Committee. Morgan Joseph did not conduct a physical inspection of the properties and facilities of Meadow Valley, nor did it make or obtain any independent evaluation or appraisal of such properties and facilities. While Morgan Joseph took into account its assessment of general economic, market and financial conditions and its experience in transactions that, in whole or in part, it deemed to be relevant for purposes of its analysis, as well as its experience in securities valuation in general, Morgan Joseph's opinion necessarily is based upon economic, financial, political, regulatory and other events and conditions as they existed and could be evaluated on the date of its opinion and Morgan Joseph assumed no responsibility to update or



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revise its opinion based upon events or circumstances occurring after the date of its opinion. Morgan Joseph's opinion was approved by a fairness opinion committee of Morgan Joseph.

Set forth below is a summary of the material financial analyses presented by Morgan Joseph to the Special Committee in connection with rendering its opinion. The summary set forth below does not purport to be a complete description of the analyses performed by Morgan Joseph, nor does the order of the analyses described represent the relative importance or weight given to those analyses by Morgan Joseph. Certain of the summaries of the financial analyses include information set forth in tabular format. The tables must be read together with the text of each summary in order to fully understand the financial analyses used by Morgan Joseph. The tables alone do not constitute a complete description of the financial analyses. The preparation of opinions regarding fairness, from a financial point of view, involve various determinations as to the most appropriate and relevant methods of financial analyses and the application of these methods to the particular circumstances and, therefore, such opinions are not readily susceptible to partial analysis or summary description. Accordingly, notwithstanding the separate analyses summarized below, Morgan Joseph believes its analyses must be considered as a whole and that selecting portions of its analyses and factors considered by it, without considering all of its analyses and factors, or attempting to ascribe relative weights to some or all of its analyses and factors, could create an incomplete view of the evaluation process underlying Morgan Joseph's opinion.

Morgan Joseph performed its analyses for purposes of providing its opinion to the Special Committee as to the fairness, from a financial point of view, to the holders of Meadow Valley common stock of the consideration to be received by such holders pursuant to the merger. In performing its analyses, Morgan Joseph made numerous assumptions with respect to industry performance, general business, economic and financial conditions and other matters, many of which are beyond the control of Morgan Joseph and Meadow Valley. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities might actually be sold. Any estimates contained in the analyses performed by Morgan Joseph are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Accordingly, the analyses and estimates are inherently subject to substantial uncertainty and neither Meadow Valley nor Morgan Joseph assume responsibility if future results are materially different than those forecast.

No company or transaction used in the analyses described below is identical to Meadow Valley or the merger. Accordingly, an analysis of the results thereof necessarily involves complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the merger or the public trading or other values of Meadow Valley or companies to which they are being compared. Morgan Joseph deemed the selected companies to be relevant based upon such companies meeting one or more of the following general characteristics: (i) public company traded on U.S. exchange (primarily for trading comparable analysis); (ii) civil contractor primarily focused on infrastructure development and/or other public use projects; and (iii) majority of revenues derived from North American projects. Mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using selected acquisition or company data. In addition, Morgan Joseph relied on projections prepared by research analysts at established securities firms, any of which may or may not prove to be accurate.

The following is a summary of the material analyses performed by Morgan Joseph in connection with its opinion:

*Selected Publicly Traded Companies Analysis.* Using publicly available information, Morgan Joseph reviewed the stock prices (as of July 24, 2008) and selected market trading multiples of the following companies that, in Morgan Joseph's opinion, are relevant for purposes of this analysis:

Granite Construction Inc.

Perini Corp.

Sterling Construction Co. Inc.

The financial information used by Morgan Joseph included market trading multiples exhibited by the selected companies with respect to their 2008 estimated financial performance in general and earnings before interest, taxes,

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depreciation and amortization, which we refer to as EBITDA. In particular, the table below provides a summary of these comparisons:

<b>Multiple Percentile</b>	<b>High</b>	<b>Low</b>
EBITDA Multiple Range	5.8x	1.7x
2008E EBITDA for Meadow Valley	\$11.8 million	\$11.8 million
Implied Equity Valuation Range Per Share	\$13.11	\$6.46

*Selected Transactions Analysis.* Using publicly available information, Morgan Joseph reviewed the purchase prices and multiples paid in the following selected mergers and acquisitions that were announced since July 1, 2006 that, in Morgan Joseph's opinion are relevant for purposes of this analysis. The table below provides a summary of those comparisons:

<b>Target</b>	<b>Acquiror</b>	<b>Announcement Date</b>
Douglas E Barnhart Inc.	Balfour Beatty Plc	06/05/08
BE&K, Inc.	KBR, Inc. (NYSE:KBR)	05/06/08
Tutor-Saliba Corporation	Perini Corp. (NYSE:PCR)	04/02/08
Primoris Corporation	Rhapsody Acquisition Corporation	02/19/08
Schiavone Construction Company	Dragados Inversiones USA	12/28/07
Road & Highway Builders, LLC	Sterling Construction Co. Inc. (NasdaqNM:STRL)	10/31/07
Flatiron Construction Corp.	Hochtief AG (DB:HOT)	09/25/07
Five Road construction, Gravel Crushing and Log Hauling Businesses of Alberta	Petrowest Energy Services Trust (TSX:PRW.UN)	05/09/07
Ashland Paving and Construction, Contracting and Asphalt Activities	Undisclosed (six separate transactions)	12/12/06
Webcor, Inc.	Obayashi Corp. (TSE:1802)	11/13/06
Community Asphalt Corp./ The Tower Group	Obrascón Huarte Lain (OHL)	07/24/06

The financial information reviewed by Morgan Joseph included the purchase prices and multiples paid by the acquiring company of the target company's financial results, including EBITDA, for the last twelve months prior to the announcement of the acquisition. The table below summarizes the results of this analysis:

<b>Multiple Percentile</b>	<b>High</b>	<b>Low</b>
EBITDA Multiple Range	6.7x	3.9x
2008E EBITDA for Meadow Valley	\$11.8 million	\$11.8 million
Implied Equity Valuation Range Per Share	\$15.33	\$8.68

*Discounted Cash Flow Analysis.* Using certain projected financial information supplied by our senior management for calendar years 2008 through 2012, Morgan Joseph calculated the net present value of Meadow Valley's free cash

flows using discount rates ranging from 16.5% to 21.5%. Morgan Joseph's estimate of the appropriate discount rate was based on the estimated cost of capital for the selected public companies. Morgan Joseph also calculated the terminal value of Meadow Valley in the year 2012 based on multiples of EBITDA ranging from 3.5x to 5.5x and discounted these terminal values using the assumed range of discount rates. Morgan Joseph's estimate of the appropriate range of terminal multiples was based upon the multiples of the selected public companies and the precedent transactions.

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This analysis resulted in a range of equity values per share indicated in the table below:

<b>Discount Rate:</b>	<b>Terminal Value Multiples</b>		
	<b>3.5x</b>	<b>4.5x</b>	<b>5.5x</b>
19.0%	\$ 8.99	\$ 10.63	\$ 12.27

Inherent in any discounted cash flow valuation are the use of a number of assumptions, including the accuracy of projections and the subjective determination of an appropriate terminal value and discount rate to apply to the projected cash flows of the entity under examination. Variations in any of these assumptions or judgments could significantly alter the results of a discounted cash flow analysis.

The Special Committee selected Morgan Joseph to render an opinion as described above because it has substantial experience in transactions similar to the merger and regularly engages in the valuation of businesses and securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, secondary distributions of listed and unlisted securities and private placements. The Special Committee engaged Morgan Joseph to render its opinion pursuant to a letter agreement dated May 20, 2008. Under the terms of this engagement letter, we agreed to pay Morgan Joseph a fee of \$350,000 in connection with the delivery of its opinion, payable upon delivery of the opinion. This fee was not contingent upon the consummation of the merger. We also agreed to reimburse Morgan Joseph for its reasonable out-of-pocket expenses incurred in connection with its engagement, including certain fees and disbursements of its legal counsel, and to indemnify Morgan Joseph against liabilities relating to or arising out of its engagement. In the ordinary course of its business, Morgan Joseph may at any time acquire, hold or sell, long or short positions, or trade or otherwise effect transactions, for its own account or the accounts of customers, in debt, equity and other securities and financial instruments (including loans and other obligations) of, or investments in, Meadow Valley, any other company involved in the merger, and their respective affiliates. Other than this engagement, Morgan Joseph had not been, and was not, engaged by any party to the merger. Meadow Valley has not paid any consideration to Morgan Joseph for any services over the last two years other than in connection with their delivery of the opinion described in this proxy statement. Morgan Joseph did not act as financial advisor to the Special Committee and did not express any opinion with respect to the fairness of the amount or nature of any compensation to any officers, directors or employees of any party to the transaction relative to the consideration to be received by the unaffiliated stockholders.

**Reports of Alvarez & Marsal to the Special Committee**

Since October 2006, Alvarez & Marsal has served as Meadow Valley's exclusive financial advisor with respect to evaluating, pursuing and executing strategic alternatives, including in connection with Meadow Valley's pursuit of an acquisition transaction involving the publicly traded shares of Ready Mix and in connection with securing financing to fund such an acquisition transaction. In connection with these efforts, Alvarez & Marsal has received approximately \$900,500 in fees to date. On March 12, 2008, the Special Committee and Alvarez & Marsal entered into a letter agreement whereby Alvarez & Marsal was engaged to act as the Special Committee's exclusive financial advisor with respect to evaluating and pursuing strategic alternatives to the merger. In connection with the March 12, 2008 engagement letter, Alvarez & Marsal has received an additional \$250,000 in advisory fees to date. Upon the holding of a stockholder vote and the closing of the proposed merger agreement, Alvarez & Marsal is expected to receive additional fees of approximately \$1.1 million. In addition, Meadow Valley also has agreed to reimburse Alvarez & Marsal for its expenses, including reasonable fees and expenses of legal counsel retained by Alvarez & Marsal.

In determining to retain Alvarez & Marsal to act as a financial advisor in the merger, the Special Committee considered that Alvarez & Marsal is a national investment banking firm and registered broker-dealer that has provided

financial advisory services to past clients consistent with those being requested by the Special Committee. Further, the Special Committee considered that Alvarez & Marsal professionals benefited from prior industry experience and knowledge of Meadow Valley. The Special Committee determined that Alvarez & Marsal would not be impaired in its ability to provide advisory services to the Special Committee as a result of the prior advisory services provided by Alvarez & Marsal to Meadow Valley. Notwithstanding the foregoing, Alvarez & Marsal was not engaged by the Special Committee to render a fairness opinion for the merger.

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At meetings of the Special Committee held on April 7, 2008, April 22, 2008, April 29, 2008 and June 9, 2008, Alvarez & Marsal discussed presentations, dated as of such dates, prepared by Alvarez & Marsal and distributed to the Special Committee immediately prior to such meetings. These presentations are attached as Exhibits (c)(3), (c)(10), (c)(11), and (c)(4) to the Schedule 13E-3 filed by Meadow Valley. We strongly recommend that you read carefully and in their entirety these presentations for a description of the procedures followed, assumptions made, limits of review undertaken and other matters considered by Alvarez & Marsal in providing such presentations.

Alvarez & Marsal's presentations were addressed only to the Special Committee. These presentations did not address the fairness, from a financial point of view, of the consideration to be received by holders of Meadow Valley common stock in the merger. Morgan Joseph was engaged by the Special Committee to render such fairness opinion. These presentations were only one of the many factors taken into consideration by the Special Committee in making its determination to recommend and approve the merger. Alvarez & Marsal's presentations do not address the merits of the underlying business decision of Meadow Valley to enter into the merger and do not constitute a recommendation to Meadow Valley, the board of directors, the Special Committee or any other committee of the board of directors of Meadow Valley or Meadow Valley stockholders as to how such person should vote or as to the specific action that should be taken in connection with the merger. Alvarez & Marsal expressed no opinion with respect to the fairness of the amount or nature of any compensation to any officers, directors or employees of any party to the merger, or any class of such persons, relative to the consideration to be received by Meadow Valley stockholders in the merger.

In connection with providing advisory and investment banking services and making the presentations mentioned above to the Special Committee, Alvarez & Marsal:

participated in various meetings and conference calls with Meadow Valley's board of directors, the Special Committee, certain Meadow Valley employees and representatives of Insight Equity, DLA Piper, Ballard Spahr and BHFS concerning Meadow Valley's business, operations, assets, financial condition and prospects;

reviewed and analyzed certain public and internal financial and operating information relating to Meadow Valley, including its financial projections;

reviewed certain publicly available information concerning certain other companies engaged in businesses that Alvarez & Marsal believed to be generally comparable to Meadow Valley's business;

reviewed the trading markets for Meadow Valley's common stock;

reviewed the financial terms of certain recent business combinations that Alvarez & Marsal believed to be comparable to the merger; and

undertook such other studies, analyses and investigations as it deemed appropriate.

Alvarez & Marsal, with the Special Committee's permission, assumed and relied upon the accuracy and completeness of the financial and other information used by it, including the internal information and other data relating to Meadow Valley, which Meadow Valley provided, and did not attempt to independently verify such information, nor did it assume any responsibility to do so. Alvarez & Marsal assumed, at the Special Committee's and Mr. Doty's direction, that Meadow Valley's forecasts and projections provided to or reviewed by it were reasonably prepared based on the best current estimates and judgment of Meadow Valley's management as to its future financial condition and results of operations. Alvarez & Marsal made no independent investigation of any legal, accounting or tax matters affecting Meadow Valley, and assumed the correctness of all legal, accounting and tax advice given to Meadow Valley, its board of directors, the Special Committee or any other committee of its board of directors. Alvarez & Marsal did not conduct a physical inspection of the properties and facilities of Meadow Valley, nor did it make or obtain any

independent evaluation or appraisal of such properties and facilities.

Alvarez & Marsal provided the aforementioned presentations to the Special Committee in order to assist the Special Committee in its evaluation of the strategic alternatives available to Meadow Valley and in the execution of such strategic alternatives as selected and approved by the Special Committee. In rendering its services, Alvarez & Marsal made no representation or guarantee that an appropriate strategic alternative can be formulated, that any strategic alternative in general or any transaction in particular is the best course of action for Meadow Valley or, if formulated, that the execution of any proposed strategic alternative will, if required, be accepted or approved by



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Meadow Valley's stockholders and other constituents. Further, Alvarez & Marsal has assumed no responsibility for the selection and approval of any strategic alternative presented to Meadow Valley or Meadow Valley's board of directors (including the Special Committee).

In performing its analyses, Alvarez & Marsal made numerous assumptions with respect to industry performance, general business, economic and financial conditions and other matters, many of which are beyond the control of Alvarez & Marsal and Meadow Valley. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities might actually be sold. Any estimates contained in the analyses performed by Alvarez & Marsal are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses.

No company or transaction used in the analyses described below is identical to Meadow Valley or the merger. Accordingly, an analysis of the results thereof necessarily involves complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the merger or the public trading or other values of Meadow Valley or companies to which it is being compared.

Set forth below is a summary of the material analyses presented by Alvarez & Marsal to the Special Committee in connection with the aforementioned presentation materials. The summary set forth below does not purport to be a complete description of the analyses performed by Alvarez & Marsal, nor does the order of the analyses described represent the relative importance or weight given to those analyses by the Special Committee. Notwithstanding the separate analyses summarized below, these materials were considered in aggregate and taken as a whole and were considered in conjunction with other materials presented by management of Meadow Valley and Alvarez & Marsal.

As it relates to selected publicly traded companies analyses, Alvarez & Marsal used publicly available information, reviewed the stock prices (as of relevant dates) and selected market trading multiples of companies that, in Alvarez & Marsal's view (in consultation with management), were relevant for purposes of these analyses. These analyses were designed to assess how the market values the equity of reasonably comparable publicly traded companies for purposes of comparing such valuations to that of Meadow Valley as implied by the Buyer Group's offers.

As it relates to selected transactions analyses, Alvarez & Marsal, using publicly available information, reviewed the purchase prices and multiples paid in the selected mergers and acquisitions transactions that were announced since 2004 in the industrial industry group involving targets with enterprise valuations in a comparable size range to that of Meadow Valley. Alvarez & Marsal performed such analyses to obtain a broad set of meaningful and relevant transactions to benchmark the Buyer Group's offers.

As it relates to illustrative and hypothetical analyses of a strategic acquiror acquisition of Meadow Valley, Alvarez & Marsal analyzed the potential pro forma effect of a hypothetical merger of Meadow Valley with a potential strategic acquiror using Meadow Valley's financial projections and analyst projections of a potential strategic acquiror assuming a January 1, 2008 closing of the merger. Alvarez & Marsal made several assumptions with respect to such a merger, including the sources of funding for such a transaction and the cost of financing. Alvarez & Marsal calculated the accretion or dilution to a potential strategic acquiror's estimated earnings per share under scenarios that assumed no synergies from the merger and a range of illustrative and estimated synergies. These analyses were designed to assess potential alternatives to the Buyer Group's offers.

As it relates to illustrative and hypothetical analyses of a financial buyer's acquisition of Meadow Valley, Alvarez & Marsal analyzed the potential effect of a financial buyer's acquisition of Meadow Valley using Meadow Valley's financial projections and a variety of assumptions with respect to the sources of capital required to fund the transaction and the cost of such capital. These analyses were designed to assess how the Buyer Group was evaluating the acquisition of Meadow Valley.

The presentation materials dated April 7, 2008 include:

a sum of the parts analysis illustrating the enterprise valuation of Meadow Valley based on its share price on April 7, 2008 and Meadow Valley's then most current financial data, such valuation as a multiple of Meadow Valley's select 2007 financial results, the hypothetical allocation of such value among Meadow Valley's business units and the implied valuation multiples of such business units based on Meadow Valley's select

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2007 financial results. The analysis was used to determine valuation metrics and to draw comparisons to the selected comparable industry participants;

the historic share price performance of Meadow Valley from the period April 2003 through April 7, 2008 and of Ready Mix for the period commencing on the third fiscal quarter of 2005 through April 7, 2008 developed using publicly available stock price information;

the historic share price performance of Meadow Valley as compared to selected participants in industries that were generally comparable to those in which Meadow Valley operates ( comparable industries ) for the period April 10, 2006 through April 7, 2008 developed using publicly available stock price information. The analysis showed that Meadow Valley's stock price performance had outperformed such comparable participants during the period. The analysis also showed that Ready Mix's stock price performance had outperformed its most comparable industry participant during the period, but that it had underperformed as compared to a larger sample of comparable companies, some of which benefit from certain competitive advantages that Ready Mix did not possess (as illustrated in the descriptions of select participants in comparable industries pages later in the presentation);

selected publicly traded companies analysis developed using the then most current publicly available information among participants in comparable industries. The analysis showed that, based on Meadow Valley's and Ready Mix's then-current share prices, they currently traded below or at the low-end of the range of comparable industry participants in terms of certain valuation multiples;

selected transactions analysis of purchase prices and multiples paid in the selected mergers and acquisitions that were announced since 2004 among participants in comparable industries. The analysis showed that, based on Meadow Valley's and Ready Mix's current share prices, they currently traded below or at the low-end of the range of comparable industry participants in terms of certain valuation multiples;

selected publicly traded companies analysis developed using historic valuation metrics for Meadow Valley as compared to select participants in comparable industries. The analysis showed that Meadow Valley and Ready Mix had historically traded at a discount to comparable industry participants in terms of certain valuation multiples; and

descriptions and analysis of publicly available information regarding select participants in comparable industries.

The presentation materials dated April 22, 2008 include:

an analysis of the purchase offer premium implied by the April 21st Oral Revised Proposal on Meadow Valley's share price as of April 21, 2008, April 15, 2008 and March 11, 2008, and premiums paid by buyers in all industries for deal sizes ranging from \$25-\$250 million in total enterprise value for the period 2004 through year-to-date 2008; The analysis showed that, based on the Buyer Group's offer of \$11.25 per share, the premium offered was below the average premium paid by buyers in the selected comparable transactions;

a sum of the parts analysis illustrating the enterprise valuation of Meadow Valley based on the April 21st Oral Revised Proposal offer price of \$11.15 per share and Meadow Valley's then most current financial data, the hypothetical allocation of such value among Meadow Valley's business units and the implied valuation multiples of such business units based on Meadow Valley's select projected 2008 financial results. The analysis was used to determine valuation metrics and to draw comparisons to selected comparable industry participants;

The presentation materials dated April 29, 2008 include:

a list of selected key considerations for the Special Committee regarding the strategic alternatives available to Meadow Valley, including the advantages and disadvantages of remaining a public company, key considerations of a potential sale transaction and a budget to actual comparison of recent financial performance;

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an analysis of the purchase offer premium implied by the April 29th Revised Proposal Letter on Meadow Valley's share price as of April 25, 2008, April 21, 2008 and March 14, 2008; The analysis was included to illustrate the improvement of the Buyer Group's offer over previous Buyer Group offers;

a sum of the parts analysis illustrating the enterprise valuation of Meadow Valley based on the April 29th Revised Proposal Letter offer price of \$11.25 per share and Meadow Valley's then most current financial data, the hypothetical allocation of such value among Meadow Valley's business units and the implied valuation multiples of such business units based on Meadow Valley's select updated projected 2008 financial results; The analysis was used to determine the improved valuation metrics implied by the Buyer Group's \$11.25 offer price and to draw comparisons to selected comparable industry participants;

an illustrative and hypothetical analysis of the potential future stock price of Meadow Valley based on the average price / earnings multiples and enterprise value to EBITDA multiples that Meadow Valley has traded at historically (September 2005 through April 2008) and the Meadow Valley's select updated projected 2008 financial results; The analysis showed that, depending on the assumptions and methodologies employed, the present value per share implied by Meadow Valley's financial projections was below the current Buyer Group's offer through year-end 2009 and was above the current Buyer Group's offer by 2010; and

an illustrative and hypothetical analysis of a strategic acquiror acquisition of Meadow Valley from the perspective of certain illustrative buyers and the implied potential proceeds available to Meadow Valley's stockholders. The analysis showed that, based on certain purchase assumptions, a strategic acquirer's offer could provide more value per share in some cases and less value per share in other cases than Buyer Group's offer of \$11.25 per share;

The presentation materials dated June 9, 2008 include:

a list of selected key considerations for the Special Committee regarding a potential sale transaction;

a summary of key terms of the then current merger agreement, including purchase price per share, the lack of a financing contingency, various aspects of the go shop period, various aspects of the terminations fees and a summary of conditions to the merger agreement;

a summary of the key considerations for the Special Committee in executing the merger agreement, specifically a summary of selected advantages and disadvantages of such a decision;

a summary of Meadow Valley's operating fundamentals, its share price performance for the five year period ended June 3, 2008 developed using publicly available stock price information and the historic share price performance of Meadow Valley as compared to select peers for the period June 5, 2006 through June 3, 2008 developed using publicly available stock price information;

a summary of Meadow Valley's year-to-date results versus its most recent financial projections for the same period and a summary of Meadow Valley's financial projections through the fiscal year ended 2010;

an analysis of the purchase offer premium implied by the merger agreement based on Meadow Valley's share price as of June 6, 2008, June 2, 2008 and April 28, 2008 and a graphic of acquisition premiums paid by buyers in all industries for deal sizes ranging from \$25-\$250 million in total enterprise value of U.S. public company targets purchased by U.S. or international acquirers for the period 2004 through year-to-date 2008. The analysis showed that, based on the Buyer Group's offer of \$11.25 per share, the premium offered was below the

average premium paid by buyers in selected comparable transactions;

a table of Meadow Valley's top 14 institutional stockholders and estimates of such stockholders' basis in Meadow Valley's common stock based on publicly available information. The analysis showed that the weighted average basis of Meadow Valley's top 14 institutional stockholders was lower than the offer premium implied by the merger agreement;

a summary analysis of recent trading volume and pricing in Meadow Valley's common stock;

a sum of the parts analysis illustrating the enterprise valuation of Meadow Valley based on the Buyer Group's offer of \$11.25 per share and Meadow Valley's then most current financial data, such valuation as a multiple

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of Meadow Valley's select 2007 and projected 2008 financial results, the hypothetical allocation of such value among Meadow Valley's business units and the implied valuation multiples of such business units based on their select 2007 and projected 2008 financial results. The analysis showed that the \$11.25 offer was above, below and within the range of valuation multiples of comparable industry participants depending on the valuation metric and the assumptions and methodologies employed;

illustrative and hypothetical analyses of a financial sponsor buy-out and a strategic acquiror acquisition of Meadow Valley from the perspective of such illustrative buyers. The analysis illustrated that a hypothetical financial buyer, based on certain assumptions, would need to lower its investment return requirements in order to pay a purchase price above \$11.25 per share;

an analysis of the termination fees potentially payable under the merger agreement and a comparison of such termination fees to those contained in selected precedent going private transactions of similar size. The analysis showed that the go shop period of the Buyer Group's offer was longer than typical in similar sized transactions and that the termination fees in the Buyer Group's offer were within the range of termination fees of similar sized transactions;

a summary of selected factors affecting the public market valuation of Meadow Valley and an analysis of selected publicly traded companies developed using historic valuation metrics for Meadow Valley as compared to select participants in comparable industries;

selected publicly traded companies analysis developed using the then most current publicly available information among participants in comparable industries. The analysis showed that the \$11.25 offer was above, below and within the range of valuation multiples of comparable industry participants depending on the valuation metric and the assumptions and methodologies employed;

selected transactions analysis of purchase prices and multiples paid in the selected mergers and acquisitions that were announced since 2004 among participants in comparable industries. The analysis showed that the \$11.25 offer was above, below and within the range of valuation multiples of comparable industry participants depending on the valuation metric and the assumptions and methodologies employed;

a summary of selected recent events from the period October 23, 2007 through May 8, 2008; and

Meadow Valley's then current mark-up of the material adverse effect definition in the merger agreement.

## **Position of the Rollover Participants Regarding the Fairness of the Merger**

Under the rules governing going private transactions, the Rollover Participants are deemed to be engaged in a going private transaction and therefore are required to express their beliefs as to the substantive and procedural fairness of the proposed merger to Meadow Valley's stockholders (other than the Rollover Participants). The Rollover Participants are making the statements included in this subsection solely for the purposes of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act. The Rollover Participants' views as to the fairness of the proposed merger should not be construed as a recommendation to any stockholder of Meadow Valley as to how such stockholder should vote on the proposal to adopt and approve the merger agreement. The Rollover Participants abstained from voting on the merger as members of Meadow Valley's board of directors.

The Rollover Participants have not performed, or engaged a financial advisor to perform, any valuation or other analysis for the purposes of assessing the substantive and procedural fairness of the merger to Meadow Valley's stockholders. However, the Rollover Participants believe that the proposed merger is substantively and procedurally

fair to Meadow Valley's stockholders (other than the Rollover Participants) based on the following factors:

the merger consideration of \$11.25 per share represented a 22.1% premium over the price per share of Meadow Valley's common stock, based on the closing sale price for Meadow Valley's common stock on July 25, 2008, the last trading day before public announcement of the merger;

the merger consideration of \$11.25 per share represented a 30.8% premium to the volume weighted average share price for the 30 calendar days prior to the announcement of the merger agreement;



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the opinion of Morgan Joseph delivered to the Special Committee to the effect that as of the date of the opinion, and based upon the assumptions made, matters considered, and limits of review set forth therein, the merger consideration was fair, from a financial point of view, to Meadow Valley's stockholders;

each of the Special Committee and Meadow Valley's board of directors determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are both procedurally and substantively fair to and in the best interests of Meadow Valley's unaffiliated stockholders;

the Special Committee consisted entirely of directors who are independent directors with respect to the transaction and included all the independent directors on Meadow Valley's board of directors;

except with respect to any options held by the Special Committee, the members of the Special Committee will not personally benefit from the consummation of the merger in a manner different from Meadow Valley's unaffiliated stockholders;

the Special Committee retained and was advised by independent legal counsel experienced in advising on similar transactions;

the Special Committee retained Alvarez & Marsal, which has experience in advising on similar transactions, as its financial advisor in connection with the merger;

the merger was unanimously approved by the members of the Special Committee and by Meadow Valley's board of directors (Messrs. Larson and Nelson abstained from voting as members of Meadow Valley's board of directors and, as a result, the members of the Special Committee and the members of the board of directors that voted on the merger were identical); and

that the terms of the merger agreement permitted Meadow Valley to conduct a post-signing market test designed to determine that the \$11.25 per share price provided in the merger agreement was the highest value reasonably available to Meadow Valley's stockholders, including (i) a 45-day "go shop" period during which Meadow Valley, under the direction of the Special Committee, was permitted to actively seek and negotiate competing Acquisition Proposals for a business combination or acquisition, which period the Special Committee (after consulting with its outside financial advisors) believed was sufficient time for any potentially interested party to make such a competing Acquisition Proposal, (ii) the right, even after the end of the 45-day solicitation period, subject to certain conditions, to continue to explore Acquisition Proposals made by any interested party during the 45-day solicitation period, and (iii) the right, even after the end of the 45-day solicitation period, subject to certain conditions, to explore unsolicited Acquisition Proposals and to terminate the merger agreement and accept a Superior Proposal as determined by the Special Committee prior to stockholder approval of the merger agreement, subject to payment of what the Special Committee believed (after consulting with its outside financial advisors) was a reasonable termination fee and the reimbursement of certain of Investor's and Merger Sub's documented and reasonable out-of-pocket expenses.

The board and the Special Committee did not (i) retain an unaffiliated representative to act solely on behalf of Meadow Valley's stockholders for purposes of negotiating the terms of the merger agreement or (ii) structure the transaction to require approval of at least a majority of unaffiliated stockholders. Nevertheless, the Rollover Participants believe that taking into account the factors listed above and further taking into account that the Rollover Participants will have the right to vote only approximately 3.5% of the outstanding Meadow Valley common stock (assuming they don't exercise their options prior to the record date), the absence of these two safeguards did not diminish the fairness of the process undertaken by the board and the Special Committee.

The Rollover Participants did not consider the liquidation value of Meadow Valley because they considered Meadow Valley to be a viable, going concern and therefore did not consider liquidation value to be a relevant methodology. Further, the Rollover Participants did not consider net book value of Meadow Valley, which is an accounting concept, as a factor because they believed that net book value is not a material indicator of the value of Meadow Valley as a going concern but rather is indicative of historical costs. Meadow Valley's net book value per diluted weighted average share as of June 30, 2008 was approximately \$7.21, or approximately 35.9% lower than the \$11.25 per share cash merger consideration. In addition, the Rollover Participants did not consider the purchase

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prices paid in previous purchases of Meadow Valley common stock made by the Rollover Participants within the last two years, as such purchases consisted solely of the exercise of stock options and therefore did not reflect the market price of Meadow Valley's common stock at the time of such purchases.

The foregoing discussion of the factors considered and weight given by the Rollover Participants in connection with their evaluation of the substantive and procedural fairness to Meadow Valley's stockholders (other than the Rollover Participants and possibly Mr. Bottcher) of the merger is not intended to be exhaustive, but is believed to include all material factors considered by the Rollover Participants. The Rollover Participants did not find it practicable to, and did not, quantify or otherwise assign relative weights to the individual factors in reaching their position as to the substantive and procedural fairness to Meadow Valley's unaffiliated stockholders of the merger. Rather, their fairness determinations were made after consideration of all of the foregoing factors as a whole.

## **Purpose and Reasons for the Merger of Investor, Merger Sub and the Insight Group**

If the proposed merger is completed, Meadow Valley will become a direct subsidiary of Investor and an indirect subsidiary of Insight Equity. Investor is a wholly-owned subsidiary of Phoenix Holdings, which is a wholly-owned subsidiary of Insight Equity Acquisition Resources LLC, a Texas limited liability company (Resources). Insight Equity GP I LP, a Delaware limited partnership, acts as the sole general partner of Insight Equity, and Insight Equity Holdings I LLC, a Delaware limited liability company, acts as the sole general partner of Insight Equity GP I LP. In this proxy statement, we refer to Phoenix Holdings, Resources, Insight Equity, Insight Equity GP I LP, Insight Equity Holdings LLC, a Texas limited liability company, and Insight Equity Holdings I LLC collectively as the Insight Group. For Investor and Merger Sub, the purpose of the transaction is to effectuate the transactions contemplated by the merger agreement. For the Insight Group, the purpose of the merger is to allow the Insight Group to indirectly own Meadow Valley and to bear the rewards and risks of such ownership after Meadow Valley's common stock ceases to be publicly traded. The transaction has been structured as a cash merger in order to provide Meadow Valley's stockholders (other than the Rollover Participants and possibly Mr. Bottcher) with cash for their shares of Meadow Valley common stock and to provide a prompt and orderly transfer of ownership of Meadow Valley in a single step, without the necessity of financing separate purchases of Meadow Valley common stock in a tender offer or implementing a second-step merger to acquire any shares of common stock not tendered into any such tender offer, and without incurring any additional transaction costs associated with such activities.

Investor, Merger Sub and the Insight Group believe that it is best for Meadow Valley to operate as a privately-held entity because, as such, the Insight Group believes Meadow Valley will have greater operating flexibility, allowing management to concentrate on long-term growth, reduce its focus on the quarter-to-quarter performance often emphasized by the public markets and pursue alternatives that Meadow Valley may not have as a public company. In addition, Investor, Merger Sub and the Insight Group believe that Meadow Valley's future business prospects can be improved through the Insight Group's active participation in the strategic direction and operation of Meadow Valley. Investor, Merger Sub and the Insight Group believe that there will be significant opportunities associated with the Insight Group's investment in Meadow Valley, but also realize that there are substantial risks, including the risks and uncertainties related to Meadow Valley's prospects and the operational and other risks related to the incurrence by the surviving corporation of significant additional debt as described below under Merger Financing.

Investor, Merger Sub and the Insight Group believe that structuring the transaction as a merger is preferable to other transaction structures because it will enable Investor to acquire all of the equity of Meadow Valley at one time and provides the opportunity for Meadow Valley's stockholders to receive fair value for their shares, payable in cash.

## **Position of Investor, Merger Sub and the Insight Group Regarding the Fairness of the Merger**

Each of Investor, Merger Sub and the Insight Group is making the statements included in this subsection solely for the purposes of complying with the requirements of Rule 13e-3 and related rules under the Exchange Act. The views of Investor, Merger Sub and the Insight Group as to the fairness of the proposed merger should not be construed as a recommendation to any Meadow Valley stockholder as to how that stockholder should vote on the Merger Proposal or the Adjournment Proposal.

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Investor, Merger Sub and the Insight Group attempted to negotiate the terms of a transaction that would be most favorable to themselves, and not to stockholders of Meadow Valley and, accordingly, did not negotiate the merger agreement with the goal of obtaining terms that were fair to Meadow Valley's stockholders. Investor, Merger Sub and the Insight Group did not participate in the deliberations of Meadow Valley's board of directors or the Special Committee regarding, or receive advice from Meadow Valley's or the Special Committee's legal or financial advisors as to, the substantive and procedural fairness of the proposed merger. Investor, Merger Sub and the Insight Group did not undertake any independent evaluation of the fairness of the proposed merger to the unaffiliated stockholders of Meadow Valley or engage a financial advisor for such purposes. Investor, Merger Sub and the Insight Group believe, however, that the proposed merger is substantively fair to Meadow Valley's unaffiliated stockholders based on the following factors:

the current and historical market prices of Meadow Valley common stock, including the market price of Meadow Valley common stock relative to those of other industry participants, the high volatility of Meadow Valley common stock and the relatively low volume and illiquid nature of Meadow Valley common stock;

the \$11.25 per share merger consideration represented a premium of approximately 22.1% over the price per share of Meadow Valley's common stock on July 25, 2008, the last trading day before public announcement of the merger, and a 30.8% premium over the volume weighted average share price for the 30 calendar days prior to the public announcement of the merger agreement;

the terms of the merger agreement provide Meadow Valley with a 45-day post-signing "go shop" period during which Meadow Valley has the right to solicit additional interest in a transaction involving Meadow Valley and, after such 45-day period, permit Meadow Valley to respond to unsolicited proposals during the period prior to the stockholders' vote, subject to certain conditions as more fully described below under "The Merger Agreement - Restrictions on Solicitation, Acquisition Proposals and Changes in Recommendation";

the Meadow Valley board of directors (with Messrs. Larson and Nelson abstaining) unanimously determined, based, in part, on the recommendation of the Special Committee, that the merger agreement and the merger are substantively and procedurally fair to the unaffiliated stockholders of Meadow Valley and in the best interests of such stockholders;

the merger will provide consideration to the stockholders of Meadow Valley (other than the Rollover Participants and possibly Mr. Bottcher) entirely in cash, which provides certainty of value; and

Meadow Valley would not have to establish the existence and amount of its damages in the event of a failure of the merger to be consummated under certain circumstances in light of the 2.5% reverse break-up fee (not including certain of Meadow Valley's documented and reasonable out-of-pocket expenses associated with the transaction) payable by Investor if Investor were to breach its obligations under the merger agreement and fail to complete the merger, which such obligation is supported by a letter of credit obtained by Investor.

Investor, Merger Sub and the Insight Group also believe that the factors discussed below relating to the procedural safeguards involved in the negotiation of the merger, provided assurance of the procedural fairness of the proposed merger to Meadow Valley's unaffiliated stockholders:

the \$11.25 per share merger consideration and other terms and conditions of the merger agreement resulted from extensive negotiations between the Special Committee and its advisors and Investor, Merger Sub and Insight Equity and their respective advisors;

the Special Committee consisted entirely of directors who are independent directors with respect to the transaction and included all the independent directors on Meadow Valley's board of directors;

except with respect to any options held by the Special Committee, the members of the Special Committee will not personally benefit from the consummation of the merger in a manner different from Meadow Valley's unaffiliated stockholders;

that Meadow Valley had opportunities to market a transaction to third parties even during its negotiations with Insight Equity;

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the Special Committee unanimously determined that the merger agreement and the merger are substantively and procedurally fair to the unaffiliated stockholders of Meadow Valley and in the best interests of such stockholders;

the Special Committee retained and received advice from Alvarez & Marsal, as financial advisor, DLA Piper and Ballard Spahr, as legal advisors, and retained Morgan Joseph and received the opinion referred to above;

the fact that Investor, Merger Sub and the Insight Group did not participate in or have any influence on the deliberative process of, or the conclusions reached by, the Special Committee or the negotiating positions of the Special Committee; and

the fact that there is a provision in the merger agreement allowing the board of directors (acting upon the recommendation of the Special Committee, if then in existence) or the Special Committee to withdraw or change its recommendation of the merger agreement, and to terminate the merger agreement, in certain circumstances relating to the presence of a Superior Proposal, subject, in certain cases, to a payment by Meadow Valley to Investor of a termination fee.

The board and the Special Committee did not (i) retain an unaffiliated representative to act solely on behalf of Meadow Valley's stockholders for purposes of negotiating the terms of the merger agreement or (ii) structure the transaction to require approval of at least a majority of unaffiliated stockholders. Nevertheless the Investor, Merger Sub and the Insight Group believe that taking into account the factors listed above and further taking into account the fact that the Rollover Participants will have the right to vote only approximately 3.5% of the outstanding Meadow Valley common stock (assuming they don't exercise their options prior to the record date), the absence of these two safeguards did not diminish the fairness of the process undertaken by the board and the Special Committee.

Investor, Merger Sub and the Insight Group did not consider the liquidation value of Meadow Valley because they considered Meadow Valley to be a viable, going concern and therefore did not consider liquidation value to be a relevant methodology. Further, Investor, Merger Sub and the Insight Group did not consider net book value of Meadow Valley, which is an accounting concept, as a factor because they believed that net book value is not a material indicator of the value of Meadow Valley as a going concern but rather is indicative of historical costs. Meadow Valley's net book value per share as of June 30, 2008 was approximately \$7.21, or approximately 35.9% lower than the \$11.25 per share cash merger consideration.

The foregoing discussion of the information and factors considered and weight given by Investor, Merger Sub and the Insight Group in connection with the fairness of the merger is not intended to be exhaustive, but is believed to include the material factors considered by Investor, Merger Sub and the Insight Group. Investor, Merger Sub and the Insight Group did not find it practicable to assign, and did not assign, relative weights to the individual factors considered in reaching their conclusions as to the fairness of the proposed merger. Rather, their fairness determinations were made after consideration of all of the foregoing factors as a whole.

**Reports of Advisors to Investor, Merger Sub and the Insight Group**

***Report of AccuVal Associates, Incorporated***

In connection with its review and analysis of the proposed merger of Merger Sub with and into Meadow Valley, Insight Equity engaged AccuVal Associates, Incorporated ( AccuVal ) to conduct an asset appraisal of machinery and equipment owned by Meadow Valley. This appraisal is referred to as the AccuVal Report. AccuVal is an industrial and commercial appraisal and consulting firm providing valuations with expertise in machinery, inventory, real estate,

businesses and intangible assets worldwide. AccuVal regularly engages in asset appraisals similar to that conducted for Insight Equity. Insight Equity selected AccuVal to perform the asset appraisal based on AccuVal's knowledge, experience and reputation in conducting similar reviews.

On April 7, 2008, AccuVal presented the AccuVal Report to Insight Equity. AccuVal also provided in a separate letter a summary table describing the values attributed to the assets of Meadow Valley by location. The AccuVal Report and the letter are attached as Exhibits (c)(7) and (c)(8) to the Schedule 13E-3 that Meadow Valley



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filed with the SEC. For instructions on how to obtain materials from the SEC, see [Where You Can Find More Information](#) on page 101.

The following is a summary of the material analyses and conclusions contained in the AccuVal Report. Please refer to the full text of the AccuVal Report for a further description of the assumptions made, matters considered and qualifications and limitations of the AccuVal Report and the review and analyses undertaken in furnishing the AccuVal Report to Insight Equity.

**The AccuVal Report is addressed and was furnished to Insight Equity. It does not address the merits of the underlying business decision by Insight Equity to propose, consider, approve, recommend, declare advisable or consummate the merger, and does not constitute a recommendation to the partners of Insight Equity, or any other person or entity as to any specific action that should be taken (or not taken) in connection with the merger or as to any strategic or financial alternatives to the merger or as to the timing of any of the foregoing. Without limiting the foregoing, the AccuVal Report does not constitute a recommendation to Meadow Valley's stockholders on how to vote at the special meeting or with respect to any other action that should be taken (or not taken) in connection with the merger or otherwise.**

Between March 24, 2007 and March 26, 2008, AccuVal personnel inspected certain machinery and equipment identified as owned by Meadow Valley. The inspection was conducted to gather data regarding the value of Meadow Valley's tangible personal property to be used for business diligence purposes in connection with the proposed merger.

The appraisal estimated the Orderly Liquidation Value and Fair Market Value of certain tangible personal property of Meadow Valley. For purposes of the report, (i) the Orderly Liquidation Value means the estimated most probable price that the subject personal property could realize at a privately negotiated sale, properly advertised and managed by a seller obligated to sell over a time period of three to six months, and (ii) the Fair Market Value means the estimated most probable price that the subject personal property could typically realize in an exchange between a willing buyer and willing seller, with equity to both, neither being under compulsion to buy or sell, and with both parties fully aware of all relevant facts.

### *Methodology*

In connection with the AccuVal Report, two basic valuation methods were used to derive an indication of value of the assets. These methods include the Cost Approach and the Sales Comparison Approach.

The Cost Approach is a set of procedures in which an appraiser derives a value indication by estimating the current cost to reproduce or replace the personal property, deducting for all depreciation, including physical deterioration, functional obsolescence, and external or economic obsolescence.

The Sales Comparison Approach is a set of procedures in which an appraiser derives a value indication by comparing the personal property being appraised with similar assets that have been sold recently, applying appropriate units of comparison, and making adjustments based on the elements of comparison to the sale prices of the comparable.

The Sales Comparison Approach was the primary basis upon which the assets were appraised. The Cost Approach was also considered and given some limited weight in the final analysis.

In connection with the AccuVal Report, AccuVal relied upon information provided by Meadow Valley personnel with respect to certain assets that were in transit or offsite on the dates of the inspection. The valuation analysis included consideration of transactions involving sales of similar assets. It also considered the availability of competitive equipment on the open market and the overall condition and quality of the subject assets compared with the assets

soled or available. Research included searches of comparable sales databases. AccuVal contacted original equipment manufacturers, manufacturers representatives, used machinery and equipment dealers, and auctioneers and liquidators. AccuVal assembled and analyzed all of the information gathered for the subject assets and during the market research process. The approaches to value most appropriate to the purposes and intended use of the appraisal were then developed. The value indications were reconciled and the most meaningful data was considered in the final value estimates.

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*Summary of Findings*

Gross Orderly Liquidation Value of \$24,279,100;

Net Orderly Liquidation Value of \$23,355,000; and

Fair Market Value of \$28,491,600.

***Draft Letter Opinion of Value of CMC, Inc.***

In connection with its review and analysis of the proposed merger of Merger Sub with and into Meadow Valley, Insight Equity engaged CMC, Inc. ( CMC ) to provide a letter opinion of value of a particular mining property operated by Ready Mix, which is referred to in this section as the subject property. The draft letter opinion of value is referred to herein as the Draft CMC Opinion. The letter opinion of value was delivered to Insight Equity in draft form only and was never finalized or executed by CMC. CMC prepared the Draft CMC Opinion and delivered that draft on May 10, 2008. The Draft CMC Opinion is attached as Exhibit (c)(12) to the Schedule 13E-3 Meadow Valley filed with the SEC. In addition to providing Insight Equity the Draft CMC Opinion, CMC provided Insight Equity a draft limited market survey report as part of Insight Equity's due diligence efforts.

CMC is a professional mining and mineral appraisal, brokerage and consulting firm, specializing in construction materials and industrial commodities, properties and operations. CMC regularly engages in reviews similar to that conducted for Insight Equity. Insight Equity selected CMC to perform the review based on CMC's knowledge, experience and reputation in conducting similar reviews. Other than Insight Equity's engagement of CMC as described above and the engagement of CMC by Insight Equity to assist with market due diligence efforts, no other material relationship has existed during the past two years between CMC or its affiliates and Meadow Valley or its affiliates.

The Draft CMC Opinion does not address the merits of the underlying business decision by Insight Equity to propose, consider, approve, recommend, declare advisable or consummate the merger, and does not constitute a recommendation to the partners of Insight Equity or any other person or entity as to any specific action that should be taken (or not taken) in connection with the merger or as to any strategic or financial alternatives to the merger or as to the timing of any of the foregoing. Without limiting the foregoing, the Draft CMC Opinion does not constitute a recommendation to Meadow Valley's stockholders on how to vote at the special meeting or with respect to any other action that should be taken (or not taken) in connection with the merger or otherwise. The Draft CMC Opinion contained numerous assumptions, matters considered and qualifications and limitations.

The Draft CMC Opinion estimated the market value of the mineral interest of the subject property, the market value of the mining interest of the subject property and the market value of the mining interest of the subject property using certain property specific metrics. For purposes of the CMC Draft Opinion, (i) the mineral interest value assumes that the owner of the subject property would simply lease the subject property out to a mining company, who would mine the subject property and pay royalties back to the owner for extracted materials, and (ii) the mining interest value assumes that the owner of the subject property has the experience, knowledge and capacity to mine the property efficiently and competitively, and receives the net mining income from the property. These approaches have different assessment parameters and conditions, to reflect the situation and the risk.

*Parameters and Analyses*

In calculating the opinions of value reflected in the Draft CMC Opinion, the following parameters were required to be assessed:

effective date of opinion of value;

commencement date of production/sales;

sustainable production and sales rates;

saleable reserves;

reserve lives;

sustainable royalty or mining income rates;

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applicable fees or mining costs; and

applicable discount/capitalization rates.

A further description of the parameters assessed by CMC is contained in the Draft CMC Opinion.

CMC's opinions of value were based on an independent examination of certain data provided by Insight Equity and Ready Mix, discussions with certain representatives of Insight Equity and Ready Mix and certain third-party documents. CMC relied upon such data and assumed the data to be correct and accurate. CMC also relied on its experience evaluating properties similar to the subject property, as well as certain market data, to conduct its valuation analyses. CMC used appropriate scientific methods and its best professional judgment in the validation, preparation and evaluation of the data presented in the Draft CMC Opinion. According to CMC, letter opinions of value, even when finalized, are technical letters that provide a professional opinion of the probable range of mineral and/or mining related valuations based upon brief analyses of data, basic calculations, professions experience and market data. Letter opinions of value cannot be utilized for lending or financial purposes, which normally require a formal appraisal report. However, they can be used for an estimate of the potential value or for preliminary discussions on lending options with a financial institution.

*Summary of Draft Findings*

Market value of the mineral interest of the subject property as of the effective date of the Draft CMC Opinion:

\$1,133,800    \$2,098,000

Market value of the mining interest of the subject property as of the effective date of the Draft CMC Opinion:

\$11,434,500    \$14,288,400

Market value of the mining interest of the subject property using a property specific metric as of the effective date of the Draft CMC Opinion:

\$5,670,000    \$6,881,500

**Plans for Meadow Valley After the Merger**

After the merger, Investor expects that the business and operations of the surviving corporation will be continued substantially as they are currently being conducted by Meadow Valley and its subsidiaries.

Other than the financing of the merger described elsewhere in this proxy statement, Investor has no present plans or proposals involving Meadow Valley or its subsidiaries, including Ready Mix, that relate to or would result in an extraordinary corporate transaction such as a merger, reorganization, or liquidation, or a purchase, sale, or transfer of a material amount of assets, or any other material change in their corporate structures or businesses. However, after consummation of the merger, the board of directors of the surviving corporation may review proposals relating to or may propose an acquisition or disposition of assets or other changes in the business, corporate structure, capitalization, or management of the surviving corporation or its subsidiaries, including Ready Mix.

**Certain Effects of the Merger**

If the merger is consummated, Investor will directly hold the entire equity interest in the surviving corporation, and will exclusively benefit from any future earnings or growth of the surviving corporation and any increases in value of the surviving corporation. The unaffiliated stockholders of Meadow Valley will no longer have any interest in, and will not be stockholders of, Meadow Valley. Accordingly, the unaffiliated stockholders will not benefit from any future earnings or growth of Meadow Valley or from any increases in the value of Meadow Valley or any future dividends that may be paid, if any, and will no longer bear the risk of any decreases in value of Meadow Valley. Instead, each unaffiliated stockholder will have the right to receive, upon consummation of the merger, the merger consideration, for each share of common stock held.

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Each option to purchase shares of Meadow Valley common stock that is outstanding and unexercised (whether vested or unvested) will be canceled and the holders of such options will be entitled to receive an amount, in cash, equal to the product, if any, of the number of shares subject to each such option multiplied by the excess, if any, of the merger consideration over the exercise price per share of each such option, less applicable withholding taxes.

While adequate provision will be made so that the holders of the warrants will have the right to receive, upon exercise of the warrants and subject to the terms and conditions thereof, \$11.25 per share, without interest (and less applicable withholding taxes), because all warrants are out of the money, we do not expect any warrant holder to exercise their warrants.

The benefit to the unaffiliated stockholders of the merger is the payment of a premium, in cash, above the market value for their common stock prior to the initial announcement of the proposed merger on July 28, 2008. This cash payment assures that all unaffiliated stockholders will receive the same amount for their shares, rather than taking the risks associated with attempting to sell their shares in the open market. The receipt of cash will generally be a taxable sale transaction for U.S. federal income tax purposes.

As a result of the merger, Meadow Valley's common stock will be removed from listing on Nasdaq and deregistered under the Exchange Act, and Meadow Valley will no longer file reports with the SEC.

Upon the termination of the registration of Meadow Valley's common stock under the Exchange Act, the expenses related to compliance with the requirements of the Exchange Act, as well as the expenses of being a public company generally, will be eliminated. Because Investor will be the sole stockholder of the surviving corporation after the merger, Investor, and not the current stockholders, will benefit from any net savings resulting from the termination of Meadow Valley's Exchange Act registration.

Investor will, however, bear all of the risk of any decreases in value of the surviving corporation. Moreover, because the common stock will cease to be publicly-traded, Investor will bear the risks associated with the lack of liquidity in its investment in the surviving corporation.

The directors of Merger Sub will be the directors of the surviving corporation immediately after the merger. Investor expects that the officers of Meadow Valley immediately prior to the merger will be the officers of the surviving corporation following the merger.

The articles of incorporation and bylaws of Merger Sub immediately prior to the effective time of the merger will be the articles of incorporation and bylaws of the surviving corporation immediately after the merger.

## **Financial Projections**

Meadow Valley does not, as a matter of course, make public projections as to future revenue or earnings. However, Meadow Valley regularly prepares and updates financial projections and annual operating budgets as part of its budget and forecasting process. These financial forecasts and budgets are generally prepared in the fourth quarter of each year for the next fiscal year. As actual financial results become finalized, Meadow Valley updates its projections by replacing forecasted information. Meadow Valley's financial projections rely significantly on forecasts of awarded long-term construction contracts for its wholly-owned subsidiary Meadow Valley Contractors, Inc. In the same manner that Meadow Valley updates forecasted information based upon finalized financial results, it also updates forecasted backlog and contract revenues and gross profit estimates based upon the actual award of long-term contracts. As a result, new financial projections are usually generated once a month.

Meadow Valley's financial projections were provided to ThomasLloyd for the purpose of its evaluation and analysis of a potential leveraged buyout transaction. The financial projections provided to ThomasLloyd were prepared in the ordinary course as described above and they were based upon actual results through June 30, 2007 and projected financial results through December 31, 2009. ThomasLloyd prepared analyses that utilized Meadow Valley's financial projections as a basis for a comprehensive evaluation that contemplated a buyout scenario and that included, among other things, financial projections through 2014 and various transaction financing projections and related pro forma analyses.



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ThomasLloyd is a full-service global investment banking, securities and investment management firm that provides a diverse range of financial products and services worldwide to a client base that includes corporations, financial intermediaries, institutional clients and high-net-worth individuals.

ThomasLloyd is experienced in a broad range of advisory services including PIPE (private investment in public equity) and registered direct placement financings, mergers, acquisitions, takeover defenses, minority investments in private companies, special committee assignments, going private transactions as well as other financing and strategic advisory services. A significant portion of their investment banking business lies in providing advice on mergers and acquisitions and raising capital for companies that have significant recurring capital needs due to their growth and development strategies.

Meadow Valley had past discussions with a representative from ThomasLloyd when such representative was associated with a previous firm regarding separate merger and/or acquisition opportunities. Such discussions did not result in any relationship between Meadow Valley and ThomasLloyd.

The existing relationship between YVM and ThomasLloyd is the only material relationship between such parties during the past two years. ThomasLloyd expects to receive a fee in connection with this transaction. This fee may include advisory fees, placement fees, breakup or topping fees, plus reimbursement of expenses. Such fee is not determinable as of the date of this proxy statement. As Meadow Valley did not engage ThomasLloyd, Meadow Valley expects other participants in this transaction to be responsible for any such fee pursuant to the terms of the contractual agreements governing the same.

In preparing their financial analysis of the possible transaction scenarios, ThomasLloyd reviewed Meadow Valley's internally prepared financial projections that included basic financial projections through December 31, 2009 and extended such projections through the year 2014. Their financial analysis included sources and uses of funds for transaction financing terms, implied valuations assuming various offering prices, return and internal rate of rate sensitivity analysis, pro forma coverage ratios, capitalization analysis and debt capacity and repayment schedule. Various assumptions were developed in conjunction with management and utilized in ThomasLloyd's analyses.

ThomasLloyd prepared these financial projections dated October 24, 2007 for the purpose of presenting to prospective parties to ascertain any indication of interest in pursuing a possible transaction. ThomasLloyd provided its financial projection to Insight Equity as well as to other potential equity sponsors in October 2007 and as indicated in Background of the Merger. A summary of these financial projections provided by ThomasLloyd to Insight Equity is set forth in the first table below.

In early 2008, taking into account deteriorating financial conditions, Meadow Valley revised its financial projections to reflect economic trends experienced in the second half of 2007 and changes in Meadow Valley's assumptions in its projections of consolidated revenue and gross profit. Meadow Valley completed its initial review and change in its financial projections for 2008, 2009 and 2010 in early April 2008. At about the same time, Meadow Valley finalized its first quarter 2008 financial results and updated the newly prepared financial projections with these actual results. These financial projections were finalized on April 28, 2008.

Meadow Valley prepared and provided the April 28, 2008 financial projections to Insight Equity and their financial advisors and responded to questions regarding certain financial projections. Meadow Valley also provided these financial projections to Alvarez & Marsal, financial advisor to the Special Committee and Morgan Joseph who performed their own evaluation in order to provide a fairness opinion. The Special Committee reviewed and considered these financial projections and the financial analysis performed by Alvarez & Marsal and Morgan Joseph in reaching its determination to approve the merger and make its recommendation to Meadow Valley's board of directors and its unaffiliated stockholders.

These projections were not prepared with a view toward public disclosure or with a view toward compliance with U.S. generally accepted accounting principles ( GAAP ), the published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. The inclusion of this information should not be regarded as an indication that Meadow Valley, the Special Committee, our board of directors, or any other recipient of this information considered, or now considers, it to be a reliable prediction of future results.

Meadow Valley s projections dated April 28, 2008 have been prepared by, and are the responsibility of Meadow Valley. Neither Meadow Valley s independent auditor, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to these financial projections, nor have they

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expressed any opinion or other form of assurance on such information or its achievability, and they assume no responsibility for, and disclaim any association with, such financial projections.

In compiling Meadow Valley's projections, Meadow Valley took into account historical performance, combined with estimates regarding revenues, EBITDA and capital spending. These financial projections were developed in a manner consistent with historical development of budgets and were not developed for public disclosure. Although these financial projections are presented with numerical specificity, these financial projections reflect numerous assumptions and estimates as to future events that Meadow Valley believed were reasonable at the time the projections were prepared. In addition, factors such as industry performance and general business, economic, regulatory, market and financial conditions, all of which are difficult to predict and beyond the control of Meadow Valley, may cause the financial projections or the underlying assumptions to be inaccurate. Accordingly, there can be no assurance that Meadow Valley's financial projections dated April 28, 2008, will be realized, and actual results may be materially greater or less than those contained in the financial projections.

Meadow Valley does not intend to update or otherwise revise these financial projections to reflect circumstances existing after the date when made or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the projections are shown to be in error.

A summary of the financial projections dated April 28, 2008, provided by Meadow Valley to Insight Equity and its financial advisors as described above, in April 2008 is set forth in the second table below.

<b>\$ in thousands except as otherwise noted</b>	<b>ThomasLloyd Prepared Projections Provided in October 2007</b>			
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Revenue	\$ 212,672	\$ 246,382	\$ 301,248	\$ 331,373
Gross margin	11.4%	11.0%	9.6%	9.6%
Net income	\$ 5,558	\$ 3,417	\$ 3,487	\$ 4,053
Depreciation	\$ 4,129	\$ 5,543	\$ 6,243	\$ 7,013
EBITDA*	\$ 12,352	\$ 15,661	\$ 16,591	\$ 18,250
Working capital	\$ 20,516	\$ 3,606	\$ (1,575)	\$ (6,045)
Capital expenditures	\$ 4,800	\$ 7,000	\$ 7,000	\$ 7,700
Long-term debt	\$ 13,738	\$ 50,992	\$ 43,246	\$ 35,500
Interest expense	\$ 1,386	\$ 4,423	\$ 4,536	\$ 4,482

<b>\$ in thousands except as otherwise noted</b>	<b>Meadow Valley Prepared Projections Provided in April 2008</b>			
	<b>2007(1)</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Revenue	\$ 205,919	\$ 232,793	\$ 268,024	\$ 306,467
Gross margin	8.5%	5.9%	6.2%	7.6%
Net income	\$ 4,061	\$ 3,270	\$ 3,738	\$ 6,340
Depreciation	\$ 7,082	\$ 7,286	\$ 6,849	\$ 6,584
EBITDA*	\$ 14,197	\$ 11,973	\$ 13,099	\$ 18,416
Working capital	\$ 22,971	\$ 26,405	\$ 31,867	\$ 38,024
Capital expenditures	\$ 8,172	\$ 5,720	\$ 5,500	\$ 6,000
Long-term debt	\$ 12,269	\$ 11,154	\$ 8,789	\$ 6,174

Interest expense	\$	1,386	\$	1,365	\$	1,451	\$	1,517
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\* EBITDA, or earnings before interest income, interest expense, income taxes, depreciation expense and amortization expense, is a non-GAAP financial measure within the meaning of Regulation G promulgated by the SEC and is calculated by Meadow Valley by adjusting net income to exclude interest expense, interest income, income taxes, depreciation expense and amortization expense. For internal purposes, Meadow Valley analyzes operating performance using a non-GAAP financial measure since it believes that this measure enhances understanding and comparability of its performance by highlighting its results from continuing operations and the underlying profitability drivers.

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- (1) As of April 28, 2008, which is the date that Meadow Valley completed its financial projections summarized above, 2007 financial results were finalized and included in Meadow Valley's annual report on Form 10-K filed with the SEC on March 31, 2008.

**Interests of Meadow Valley's Officers and Directors in the Merger**

In considering the recommendation of the Special Committee and the board of directors of Meadow Valley with respect to the merger, Meadow Valley's unaffiliated stockholders should be aware that certain members of the board of directors of Meadow Valley and of Meadow Valley's management have interests that are different from, or in addition to, the interests of Meadow Valley's unaffiliated stockholders, as more fully described below. These interests may create actual or potential conflicts of interest. In an effort to eliminate or minimize the impact of any actual or potential conflicts of interest, Meadow Valley's board of directors formed the Special Committee to evaluate the proposed merger. The Special Committee is comprised solely of members of Meadow Valley's board of directors who are not employees of Meadow Valley, who are deemed to be independent under the listing standards of Nasdaq, and who have no commercial relationship with Investor, Merger Sub or their affiliates.

***Prior Purchases by the Rollover Participants***

During the past two years, Mr. Larson purchased Meadow Valley common stock as follows: On November 30, 2006, Mr. Larson exercised options to purchase 25,000 shares of common stock at an exercise price of \$4.375 per share and on March 26, 2008, Mr. Larson exercised options to purchase 7,000 shares of common stock at a purchase price of \$5.875 per share.

During the past two years, Mr. Nelson purchased Meadow Valley common stock as follows: On November 28, 2006, Mr. Nelson exercised options to purchase 15,000 shares of common stock at an exercise price of \$4.375 per share and on March 26, 2008, Mr. Nelson exercised options to purchase 5,800 shares of common stock at a purchase price of \$5.875 per share.

Other than as set forth above and the exercise of their outstanding options immediately prior to the effective time of the merger, the Rollover Participants have not purchased any shares of Meadow Valley common stock in the last two years, and do not intend to purchase, any Meadow Valley common stock. None of the Rollover Participants have entered into any transaction involving Meadow Valley common stock in the last 60 days.

***Rollover Arrangements***

In connection with the execution of the merger agreement, Messrs. Larson and Nelson entered into a rollover commitment letter with Phoenix Holdings. Pursuant to the rollover commitment letter, Messrs. Larson and Nelson will contribute substantially all of their shares of Meadow Valley common stock to Phoenix Holdings. Their respective contributions will include shares acquired by them upon exercise of their options prior to the merger and may, at their discretion, be net of shares utilized to pay the exercise price of their options and estimated federal income taxes. Shares held by Messrs. Larson and Nelson in their respective retirement plans, constituting 16,247 and 1,979 shares, respectively, may be canceled and converted into the right to receive \$11.25 per share in cash, without interest. Messrs. Larson and Nelson will be entitled to vote their shares in favor of the proposals described in this proxy statement and have indicated their intent to do so. Assuming Messrs. Larson and Nelson do not exercise their options to acquire Meadow Valley common stock prior to the record date for the special meeting, they will be able to vote an aggregate of 180,325 shares in favor of the proposals described in this proxy statement. In the event Messrs. Larson and Nelson exercise their options prior to the record date for the special meeting, they will be able to vote an aggregate of 285,625 shares in favor of the proposals described in this proxy statement.

Depending on how Messrs. Larson and Nelson determine to effect their respective contributions, Mr. Larson is expected to receive between a 3.6% and 4.5% fully diluted equity interest in Phoenix Holdings and Mr. Nelson is expected to receive between a 3.8% and 4.9% fully diluted equity interest in Phoenix Holdings. The percentages of fully diluted equity interests in Phoenix Holdings are based on the current debt commitment letters received by Insight Equity in connection with the proposed merger as described herein, Insight Equity's expected capital contributions to Phoenix Holdings as of the date hereof, the estimated taxes payable in connection with the exercise of options, the assumption that the shares held in their retirement plans are canceled and converted into the right to

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receive \$11.25 in cash, without interest, and the assumption that LBC Credit Partners, Inc., which has the right, but not the obligation, to make an equity investment in Phoenix Holdings, determines not to make such investment. Should any such factors or assumptions change prior to the closing of the merger, such percentages may also change. In addition, conditioned upon the occurrence of certain events subsequent to the merger, each of Messrs. Larson and Nelson will be entitled to earn additional Class B-1 Voting Units in an amount equal to between 0% and 3.5% of the Class B-1 Voting Units outstanding at the effective time of the merger.

Mr. Bottcher will be given the right, but will have no obligation, to contribute all of his shares of Meadow Valley common stock (other than those held in his retirement plan) to Phoenix Holdings. If he elects to do so, which he has advised Meadow Valley he intends to do, his contribution will include shares acquired by him upon exercise of his options prior to the merger and may, at his discretion, be net of shares utilized to pay the exercise price of his options and estimated federal income taxes. Shares held by Mr. Bottcher in his retirement plans, constituting 1,036 shares, will be canceled and converted into the right to receive \$11.25 per share in cash, without interest. Depending on how he determines to effect his contribution, Mr. Bottcher is expected to receive between a 0.9% and 1.0% fully diluted equity interest in Phoenix Holdings, such percentages being subject to certain factors and assumptions described more fully herein. The percentage of fully diluted equity interests in Phoenix Holdings is based on the same factors and assumptions described above with respect to the percentage of fully diluted equity interest in Phoenix Holdings to be held by Messrs. Larson and Nelson. In the event Mr. Bottcher determines to contribute his shares and makes an out-of-pocket federal income tax payment in connection with the exercise of any options, Phoenix Holdings has agreed to make cash distributions to him in an amount equal to such federal income tax payment; provided that Phoenix Holdings is not required to make cash distributions in excess of 35% of Mr. Bottcher's applicable income resulting from the exercise of such options. Any cash that Mr. Bottcher receives in connection with his payment of tax obligations, if any, would be offset (in equal one-third installments) against any bonus amounts awarded to Mr. Bottcher, if any, during the three fiscal years immediately following the closing of the merger.

By virtue of the equity rollovers and other matters described above, the Rollover Participants and Mr. Bottcher, if Mr. Bottcher elects to contribute his shares, will be parties to a limited liability company agreement of Phoenix Holdings to be entered into at the closing of the merger, and will have rights and obligations under such agreement with respect to Phoenix Holdings and its members.

***Phoenix Holdings Limited Liability Company Agreement***

*Governance.* The proposed limited liability company agreement of Phoenix Holdings to be entered into at the closing of the merger remains subject to negotiation. It is anticipated that pursuant to that agreement, a board of managers will have broad authority over the operations of Phoenix Holdings. At the effective time of the merger, the board of managers of Phoenix Holdings is expected to consist of six members. The board of managers is initially anticipated to be comprised of four individuals nominated by the Insight Equity Member, Bradley E. Larson and Kenneth D. Nelson. Each of Messrs. Larson and Nelson is expected to be entitled to be appointed to the board of managers so long as each such person is a full-time employee of Phoenix Holdings or one of its subsidiaries and owns at least 2.5% of Phoenix Holdings' outstanding Class B Common Units.

*Economic Rights.* The economic rights in Phoenix Holdings are initially anticipated to be divided into three classes of units: Class A Preferred Units, Class B-1 Voting Units and Class B-2 Non-Voting Units. Class B-1 Voting Units of Phoenix Holdings are expected to be voting interests, while Class A Preferred Units and Class B-2 Non-Voting Units of Phoenix Holdings are expected to be non-voting. Members holding at least a majority of the Class B-1 Voting Units are expected to be able to authorize additional classes of units of Phoenix Holdings having such rights, terms and conditions as such members may determine.

Distributions in respect of the units of Phoenix Holdings are expected to be made *first* to each member in an amount that would allow such member to pay its income taxes in the event Phoenix Holdings expects to report, or does report, to its members items of income or gain with respect to their units in excess of items of deduction or loss, *second* pro rata to the holders of Class A Preferred Units until such holders have received their preferred return, *third* pro rata to the holders of Class A Preferred Units until such holders' capital contributions with respect to such Class A Preferred Units have been returned and *fourth* pro rata to the holders of Class B-1 Voting Units and Class B-2 Non-Voting Units. The preferred return on the Class A Preferred Units is expected to be equal to the highest interest rate being charged by a lender to Phoenix Holdings for borrowed money as of the effective time of the merger, plus 2%, and is expected to be payable either in cash or in kind (as a deemed increase in the capital



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contributions of the Class A Preferred Unitholders). The anticipated terms of the limited liability company agreement are subject to negotiation and change.

The table below sets forth the initial anticipated equity capitalization of Phoenix Holdings immediately following the merger, detailing the contributions expected to be made by the Insight Equity Member and each of the Rollover Participants, as well as Mr. Bottcher:

**Equity Capitalization of Phoenix Holdings Immediately Following the Merger(1)**

<b>Capital Contributions Contributed</b>							<b>% of Fully</b>
<b>Shares of</b>							<b>%</b>
<b>Meadow Valley Common Stock</b>	<b>Imputed Value</b>	<b>Class A Preferred Units</b>	<b>% of Class A Preferred Units</b>	<b>Class B-1 Voting Units</b>	<b>% of Class B-1 Voting Units</b>	<b>Class of B-2 Non-Voting Units</b>	<b>Diluted Common Equity Interests</b>
Insight Equity Member		30,716,618	91.7%	30,716,618	91.7%		91.7%
Bradley E. Larson	107,788	1,212,619	3.6%	1,212,619	3.6%		3.6%
Kenneth D. Nelson	112,608	1,266,836	3.8%	1,266,836	3.8%		3.8%
Robert W. Bottcher	25,755	289,743	0.9%	289,743	0.9%		0.9%
<b>Total</b>	<b>246,151</b>	<b>\$ 2,769,197</b>	<b>33,485,815</b>	<b>100.0%</b>	<b>33,485,815</b>	<b>100.0%</b>	<b>100.0%</b>

- (1) Based on the current debt commitment letters received by Insight Equity in connection with the proposed merger as described herein, Insight Equity's expected capital contributions to Phoenix Holdings as of the date hereof, the estimated taxes payable with respect to the exercise of options, and the assumption that no other party makes an equity investment in Phoenix Holdings. Should any such factors or assumptions change prior to the closing of the merger, the information reflected in this table may also change. The information in this table also assumes that Messrs. Larson, Nelson and Bottcher effect a cashless exercise of their options and, as a result, is net of shares utilized to pay the exercise price of their options and estimated federal income taxes, and that shares held by them

in their respective retirement plans are canceled and converted into the right to receive \$11.25 in cash, without interest. If, instead, they choose not to engage in a cashless exercise and to pay their own estimated federal income taxes, Messrs. Larson, Nelson and Bottcher are expected to receive a 4.5%, 4.9%, and 1.0% fully diluted equity interest in Phoenix Holdings, respectively, subject to certain factors and assumptions described herein. The information in the table excludes the up to 0.25% interest of Phoenix Holdings Mr. Furman expects to receive in connection with this transaction.

*Other Provisions.* The limited liability company agreement for Phoenix Holdings is expected to contain restrictions and other provisions relating to transfers of units, including tag along rights, rights of first refusal and, in the case of the Insight Equity Member, drag along rights. In addition, each member of Phoenix Holdings will have piggyback registration rights with respect to a secondary public offering of Phoenix Holdings, or its successors, equity interests.

***Expenses; Termination Fee***

If the closing of the merger occurs, Phoenix Holdings will pay, or cause to be paid, the fees and expenses incurred by Insight Equity or its affiliates and the Rollover Participants in connection with the merger agreement and related transactions. In the event the merger does not close, the Rollover Participants would be responsible for any costs they incurred in excess of \$150,000 and any costs they incurred that did not benefit pursuit of the acquisition of Meadow Valley by Insight Equity, Investor and Messrs. Larson and Nelson. If the closing of the merger does not occur solely as a result of the Rollover Participants' failure to diligently pursue the acquisition of Meadow Valley, Insight Equity or its affiliates and the Rollover Participants will each pay their own fees and expenses. If the termination fee contemplated by the merger agreement is paid to Investor, the Rollover Participants and Investor shall receive their pro rata portion of such termination fee remaining, if any, following the payment of the fees and expenses contemplated above. Each party's pro rata share of such termination fee, if any, shall be based upon their initial anticipated ownership of Class B Units of Phoenix Holdings.

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### ***Pursuit of Transaction***

Each of Insight Equity and Messrs. Larson and Nelson agreed, absent written consent to the contrary, not to attempt to acquire Meadow Valley or finance, or seek to finance, the acquisition of Meadow Valley, without the inclusion of the other party. Such obligation does not, however, restrict Messrs. Larson or Nelson from performing their duties owed to Meadow Valley, including, but not limited to, assisting Meadow Valley in evaluating any bid or offer to acquire Meadow Valley made by a third party so long as Messrs. Larson and Nelson do not have an equity interest or other direct or indirect affiliation, contractual arrangement, obligation, commitment, agreement or understanding with such third party.

### ***Waiver of Severance Rights***

Each of Messrs. Larson, Nelson, Doty and Bottcher and Mr. Robert A. Terril, Mr. Robert R. Morris, and Ms. Nicole R. Smith have agreed to waive any right to receive compensation under their respective employment agreements that might otherwise become payable as a result of the closing of the merger.

### ***Executive Officers and Directors***

It is anticipated that the executive officers of Meadow Valley will hold substantially similar positions with the surviving corporation after completion of the merger. Immediately after the consummation of the merger, the directors of Merger Sub immediately prior the effective time of the merger will become the directors of Meadow Valley until the earlier of their resignation or removal, or until their successors are duly elected or appointed and qualified, as the case may be.

As discussed earlier in this proxy statement, each option to purchase shares of Meadow Valley's common stock that is outstanding and unexercised (whether vested or unvested) will be cancelled and the holders of such options will be entitled to receive an amount, in cash, equal to the product, if any, of the number of shares subject to each such option multiplied by the excess, if any, of the merger consideration over the exercise price per share subject to each such option, net of applicable withholding taxes. The foregoing will result in an aggregate cash payment to our directors and executive officers (excluding the Rollover Participants and Mr. Bottcher) of approximately \$151,000 based on holdings as of October 27, 2008.

In addition to their regular board fees and reimbursement of expenses, each member of the Special Committee receives \$40,000 per year for service on that committee and the chairman receives an additional \$25,000 per year. These committee fees are paid quarterly in arrears.

### **Material U.S. Federal Income Tax Consequences of the Merger**

The following is a summary of material U.S. federal income tax considerations relevant to the stockholders whose shares of common stock are converted to the merger consideration in the merger. This summary is based on laws, regulations, rulings, and decisions currently in effect, all of which are subject to change (possibly with retroactive effect) and is not applicable to Investor. This summary applies only to stockholders who hold shares of common stock as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended, and may not apply to certain types of stockholders (such as insurance companies, tax-exempt organizations, and broker-dealers) who may be subject to special rules. This summary does not address the U.S. federal income tax consequences to a stockholder who, for U.S. federal income tax purposes, is a nonresident alien individual, a foreign corporation, a foreign partnership, or a foreign estate or trust, nor does it consider the effect of any foreign, state, or local tax laws.

Because individual circumstances may differ, each stockholder should consult his, her, or its own tax advisor to determine the applicability of the rules discussed below to his, her, or its tax situation and the particular tax effects to him, her or it of the merger, including the application and effect of state, local, and other tax laws.

The receipt of cash for shares of common stock pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. In general, for U.S. federal income tax purposes, a beneficial owner of shares of common stock will recognize capital gain or loss equal to the difference between the beneficial owner's adjusted tax basis in the shares of common stock converted to cash in the merger and the amount of cash received. A beneficial owner's adjusted basis in the shares of common stock generally will equal the beneficial owner's purchase price for such shares of common stock, as adjusted to take into account stock dividends, stock splits, or similar transactions.

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There have been no transactions necessitating such adjustments in the current circumstances. Gain or loss must be determined separately for each block of common stock (i.e., shares of common stock acquired at the same cost in a single transaction) converted to cash in the merger.

Notwithstanding the above, if you are related, under applicable attribution rules, to a person deemed to own shares of the surviving corporation after the merger, all the cash you receive might possibly be treated as a dividend of the surviving corporation. If you are related to a person deemed to own shares after the merger, you should consult with your tax advisor to determine your appropriate tax treatment of the merger.

A stockholder's gain or loss on the receipt of cash for shares of common stock generally will be capital gain or loss. Net capital gain (i.e., generally, capital gain in excess of capital loss) recognized by individuals, estates, and trusts from the sale of property held more than one year would generally be taxed at a rate not to exceed 15% for U.S. federal income tax purposes. Net capital gain from property held for one year or less will be subject to tax at ordinary income tax rates. In addition, capital gains recognized by a corporate taxpayer will be subject to tax at the ordinary income tax rates applicable to corporations. In general, capital losses are deductible only against capital gains and are not available to offset ordinary income. However, individual taxpayers are allowed to offset a limited amount of capital losses against ordinary income.

A stockholder may, under certain circumstances, be subject to backup withholding with respect to reportable payments made to the stockholder such as payments of cash for shares of common stock, unless the stockholder provides a taxpayer identification number or otherwise establishes an exemption. Backup withholding is not an additional U.S. federal income tax. Rather, any amount withheld under these rules will be creditable against the stockholder's U.S. federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

**THE FOREGOING DISCUSSION OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS NOT TAX ADVICE. IN ADDITION, THE DISCUSSION DOES NOT ADDRESS TAX CONSEQUENCES WHICH MAY VARY WITH, OR ARE CONTINGENT ON, YOUR INDIVIDUAL CIRCUMSTANCES. MOREOVER, THE DISCUSSION DOES NOT ADDRESS ANY NON-INCOME TAX OR ANY FOREIGN, STATE, OR LOCAL TAX CONSEQUENCES OF THE MERGER. ACCORDINGLY, WE STRONGLY RECOMMEND THAT YOU CONSULT WITH YOUR TAX ADVISOR TO DETERMINE THE PARTICULAR U.S. FEDERAL, STATE, LOCAL, OR FOREIGN INCOME OR OTHER TAX CONSEQUENCES TO YOU OF THE MERGER.**

## **Merger Financing**

Investor and Merger Sub estimate that the total amount of funds necessary to consummate the merger and related transactions, including related customary fees and expenses, will be approximately \$71 million, which will be funded by a combination of (i) an equity contribution by Insight Equity and certain other investors and (ii) debt financing. Insight Equity has obtained the two debt financing commitments described below in connection with the transactions contemplated by the merger agreement. Insight Equity's proposed equity and debt financing may change after the date hereof. The surviving corporation and its wholly-owned subsidiaries, together with Investor, are sometimes referred to herein as the Debt Parties.

### ***Equity Contribution***

Insight Equity will contribute any amounts not provided by debt financing to finance the transaction, less contributions made by the Rollover Participants, Mr. Bottcher and LBC Credit Partners, Inc., or LBC. Insight Equity's equity contribution is expected to be funded through a capital call to the limited partners of Insight Equity.

***Debt Financing***

In connection with the merger agreement, Insight Equity received two debt commitment letters each dated as of July 27, 2008 from LBC to provide, subject to the conditions set forth therein, (i) an up to \$10 million senior secured term loan facility, or the Term Facility I, and (ii) an up to \$19 million secured term loan facility, or the Term Facility II, each for the purpose of financing a portion of the merger, refinancing certain existing

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indebtedness of Meadow Valley and its wholly-owned subsidiaries, paying fees and expenses incurred in connection with the merger and financing general corporate purposes. Additionally, the Debt Parties anticipate obtaining an asset-based revolving credit facility, or the Revolving Credit Facility, from a lender reasonably satisfactory to LBC, although there is no assurance such Revolving Credit Facility will be available on acceptable terms or will be available at all. As of the date hereof, the Debt Parties have not selected a lender for the Revolving Credit Facility. As of the date of this proxy statement, no alternative financing arrangements or plans have been made.

The documentation governing each of Term Facility I and Term Facility II has not been finalized, and accordingly, the actual terms (including the amounts of debt financing) may differ from those described in this proxy statement. The Debt Parties anticipate making certain intra-company transfers of material assets to facilitate the debt financing, but do not otherwise have any current plans to transfer any material assets following closing of the merger. As of the date of this proxy statement, the Debt Parties have no current plans or arrangements to finance or repay the debt financing described herein.

Each of the commitment letters for Term Facility I and Term Facility II is subject to the satisfaction or waiver of certain conditions, including, without limitation, the following:

the negotiation, execution and delivery of definitive documentation with respect to Term Facility I or Term Facility II, as applicable, (including, without limitation, an intercreditor agreement), satisfactory to the administrative agent in its reasonable discretion;

since the date of the merger agreement, no event, change, effect, development, condition or occurrence shall have occurred that has had or could reasonably be expected to have, individually or in the aggregate, a material adverse effect (as defined in the merger agreement) with respect to Meadow Valley or, in the case of Term Facility I, a material adverse effect on the condition (financial or otherwise), business, or assets of the borrower;

Insight Equity's compliance in all material respects with the terms of the commitment letter for Term Facility I or Term Facility II, as applicable;

the conditions to closing of the merger set forth in the merger agreement shall have been met (or waived with the administrative agent's prior consent, which consent shall not be unreasonably withheld);

after giving effect to the merger and the transactions contemplated thereby, Investor and its subsidiaries shall have no indebtedness for borrowed money, guarantees, or preferred stock outstanding other than, as applicable, (i) Term Facility I, (ii) Term Facility II, (iii) the Revolving Credit Facility (iv) the existing Ready Mix credit facility, (v) capital leases existing as of July 27, 2008, and additional capital leases to the extent permitted under section 5.1(vi) of the merger agreement and (vi) other indebtedness and preferred stock existing prior to the merger and reasonably acceptable to the administrative agent;

the administrative agent shall have received a certificate, in form and substance reasonably satisfactory to it, confirming the solvency of certain of the Debt Parties; and

consummation of the merger and the related transactions, including closing of the Term Facility I, the Term Facility II and the Revolving Credit Facility, as applicable, shall not (i) violate any applicable law, statute, rule or regulation, (ii) violate, or result in an event of default under, any material agreement after giving effect to any consents or approvals that shall have been obtained, or (iii) require any governmental or other consent or approval that shall not have been obtained so as to permit the Debt Parties to operate their business, in all material respects, consistent with past practices following the merger.

*Term Facility I*

Term Facility I, expected to be obtained by some or all of the Debt Parties, will consist of an up to \$10 million senior secured term facility with a term of five years (but in no event will such term be later than the maturity of the anticipated Revolving Credit Facility).



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*Interest Rate and Fees.* Loans under Term Facility I are generally expected to bear interest at a rate equal to LIBOR plus the LIBOR margin, which is expected to be 800 basis points. In no event will the interest rate be less than 12.5% per annum. In addition, Insight Equity will pay customary commitment fees under Term Facility I.

*Guarantors.* All obligations under Term Facility I will be guaranteed by Meadow Valley and certain of its subsidiaries.

*Security.* All obligations under Term Facility I will be secured, subject to permitted liens and other agreed upon exceptions, by a lien on substantially all present and future assets of the borrower and guarantors including, without limitation, cash and cash equivalents, accounts receivable, inventory, inter-company accounts, certain investment property, equipment, real estate, intellectual property, general intangibles, equity interests in future direct subsidiaries, and other tangible and intangible personal and real property, and the proceeds and products thereof.

### *Term Facility II*

Term Facility II, expected to be obtained by some or all of the Debt Parties, will consist of an up to \$19 million secured term facility with a term of five years (but in no event will such term be later than 90 days after the maturity of Term Facility I).

*Interest Rate and Fees.* Loans under Term Facility II are generally expected to bear cash interest at a rate equal to 11% per annum and paid in kind interest, by increasing the principal amount outstanding under the note rather than making a cash payment, at the rate of 7.5% per annum. In addition, Insight Equity will pay customary commitment fees under Term Facility II.

*Guarantors.* All obligations under Term Facility II will be guaranteed, on an unsecured basis, by Meadow Valley and certain of its subsidiaries.

*Security.* All obligations under Term Facility II will be secured, subject to permitted liens and other agreed upon exceptions, by a lien on substantially all present and future assets of the borrower including, without limitation, cash and cash equivalents, accounts receivable, inventory, inter-company accounts, certain investment property, equipment, real estate, intellectual property, general intangibles, equity interests in future direct subsidiaries, and other tangible and intangible personal and real property, and the proceeds and products thereof.

*Co-Invest.* LBC has the right, but not the obligation, to invest \$1.25 million in cash as part of any equity investment in Phoenix Holdings. Any such co-investment will be in equity with economics similar to that held, directly or indirectly, by Insight Equity, but without voting rights and certain other governance and economic rights agreed to by the parties.

## **Conduct of the Business of Meadow Valley if the Merger is Not Consummated**

If the merger is not consummated, the board of directors of Meadow Valley intends to (i) continue providing strategic guidance and oversight to management as Meadow Valley executes its operating strategies as detailed in its SEC filings, and (ii) promptly call and hold its annual meeting of stockholders to elect directors and to attend to such other matters as may properly come before the annual meeting.

## **Litigation**

On or about August 5, 2008, a lawsuit was filed in the Clark County, Nevada District Court under Case No. A569007 Dept. XIII against Meadow Valley, each of its directors, Investor and Merger Sub, by Pennsylvania Avenue Funds in

connection with the merger agreement. The complaint alleges, among other matters, that Meadow Valley and its directors breached their fiduciary duties by failing to maximize stockholder value in the negotiation of the merger. The complaint further alleges that Investor and Merger Sub aided and abetted the alleged breach of fiduciary duties by the directors of Meadow Valley. On October 7, 2008, the plaintiff filed an amended complaint, which Meadow Valley received on October 15, 2008. The named individual defendants were never served with the original complaint or the amended complaint. On or about October 20, 2008, counsel for the individual defendants, after contacting plaintiff's counsel, agreed to accept service of the amended complaint on the individual defendants' behalf, but plaintiff's counsel has not yet provided an acceptance of service to counsel for the individual defendants. In the opinion of Meadow Valley's

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counsel, the amended complaint, like the original complaint, does not attempt to state a claim for relief against Meadow Valley, even though Meadow Valley is named as a defendant. The amended complaint is similar to the original complaint except it includes an additional claim against the individual defendants for breach of fiduciary duty based on alleged materially misleading and/or incomplete statements in the proxy statement.

**Regulatory Approvals**

Meadow Valley does not believe that any material federal or state regulatory approvals, filings, or notices are required in connection with the merger other than approvals, filings or notices required under the federal securities laws and the filing of the articles of merger with the Nevada Secretary of State upon consummation of the merger.

**Accounting Treatment**

The merger will be accounted for as a purchase transaction for financial accounting purposes.

**Fees and Expenses**

Whether or not the merger is consummated and except as otherwise provided in this proxy statement, each party to the merger agreement will bear its respective fees and expenses incurred in connection with the merger. Estimated fees and expenses to be incurred by Meadow Valley in connection with the merger are as follows:

Legal fees and expenses	\$ 950,000
Accounting expenses	25,000
Financial advisory fees and expenses	1,722,000
Special Committee fees	145,000
Printing, proxy solicitation and meeting costs	215,000
Filing fees	2,358
Miscellaneous	150,000
	\$ 3,209,358

**Provisions for Unaffiliated Stockholders**

No provision has been made to grant stockholders (other than the Rollover Participants) access to the corporate files of Meadow Valley or its subsidiaries, including Ready Mix, or the other parties to the merger agreement, or to obtain counsel or appraisal services at the expense of Meadow Valley or such other parties.

**Rights of Dissenting Stockholders**

Pursuant to applicable Nevada law, there are no dissenters or appraisal rights relating to the matters to be acted upon at the special meeting.

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**FORWARD-LOOKING STATEMENTS**

Certain statements in this proxy statement, the documents attached hereto and the documents incorporated by reference in this proxy statement are forward-looking statements. These include statements as to such things as our financial condition, results of operations, plans, objectives, future performance and business, as well as forward-looking statements relating to the merger. Such forward-looking statements are based on facts and conditions as they exist at the time such statements are made. Forward-looking statements are also based on current expectations, estimates and projections about our business and the proposed merger, the accurate prediction of which may be difficult and involve the assessment of events beyond our control. The forward-looking statements are further based on assumptions made by management. Forward-looking statements can be identified by forward-looking language, including words such as believes, anticipates, expects, estimates, intends, may, plans, projects, will, expressions, or the negative of these words. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Readers of this proxy statement are cautioned to consider these risks and uncertainties and not to place undue reliance on any forward-looking statements.

The following factors, among others, could cause actual results or matters related to the merger to differ materially from what is expressed or forecasted in the forward-looking statements:

the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement;

significant distress in the U.S. capital markets and other distress in the U.S. financial system;

the outcome of any legal proceedings that have been or may be in the future instituted against Meadow Valley and others following announcement of the merger agreement;

the inability to complete the merger due to the failure to obtain stockholder approval or satisfy other conditions to the closing of the merger;

failure of any party to the merger agreement to abide by the terms of the merger agreement;

risks that the merger, including the uncertainty surrounding the closing of the merger, will disrupt the current plans and operations of Meadow Valley, including as a result of undue distraction of management and personnel retention problems;

conflicts of interest that may exist between members of management who will be indirectly participating in the ownership of Meadow Valley following the closing of the merger;

the amount of the costs, fees, expenses and charges related to the merger, including the impact of any termination fees Meadow Valley may incur, which may be substantial; and

other risks detailed in our filings with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2007, as amended, and our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2008.

We believe that the assumptions on which our forward-looking statements are based are reasonable. However, we cannot assure you that the actual results or developments we anticipate will be realized or, if realized, that they will

have the expected effects on our business or operations. All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this proxy statement and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Further, forward-looking statements speak only as of the date they are made and, except as required by applicable law or regulation, we undertake no obligation to update these forward-looking statements to reflect future events or circumstances.

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**INFORMATION CONCERNING THE SPECIAL MEETING**

**Time, Place and Date**

This proxy statement is being furnished to stockholders of Meadow Valley in connection with the solicitation of proxies on behalf of the board of directors of Meadow Valley for use at the special meeting of stockholders to be held on \_\_\_\_\_, 2008 at \_\_\_\_\_ a.m., local time, at \_\_\_\_\_ and at any adjournment or postponement of that meeting.

**Purpose of the Special Meeting**

At the special meeting, you will be asked to:

1. consider and vote on the Merger Proposal;
2. consider and vote on the Adjournment Proposal; and
3. transact such other business as may properly come before the special meeting or any adjournment or postponement thereof.

**Meadow Valley Recommendation**

Acting on the recommendation of the Special Committee, the board of directors of Meadow Valley (with Bradley E. Larson, our President, Chief Executive Officer and a director, and Kenneth D. Nelson, our Vice President, Chief Administrative Officer and a director each abstaining) has determined that the merger agreement and the merger are fair to, and in the best interests of, Meadow Valley and Meadow Valley's unaffiliated stockholders. Consequently, Meadow Valley's board of directors (with Messrs. Larson and Nelson abstaining) has adopted and approved the merger agreement, and recommends that stockholders vote FOR approval of the Merger Proposal and FOR approval of the Adjournment Proposal.

**Record Date, Outstanding Shares and Quorum**

The board of directors has fixed the close of business on \_\_\_\_\_, 2008 as the record date to determine the Meadow Valley stockholders entitled to receive notice of, and to vote at, the special meeting. As of the close of business on the record date, Meadow Valley had outstanding \_\_\_\_\_ shares of common stock held of record by approximately \_\_\_\_\_ registered holders. Each outstanding share of common stock on the record date is entitled to one vote on all matters coming before the special meeting. The presence, either in person or by proxy, of one-third of the issued and outstanding shares of common stock entitled to vote at the special meeting is necessary to constitute a quorum for the transaction of business at the special meeting.

**Required Vote, Calculation of Vote, Abstentions and Broker Non-Votes**

Approval of the Merger Proposal requires the affirmative vote of the holders of a majority of the outstanding shares of Meadow Valley common stock entitled to vote at the special meeting, or \_\_\_\_\_ shares. Approval of the Adjournment Proposal requires the affirmative vote of a majority of the outstanding shares of Meadow Valley common stock entitled to vote and represented at the special meeting.

At the special meeting, the results of stockholder voting will be tabulated by the inspector of elections appointed for the special meeting. All shares of common stock represented at the special meeting by properly executed or submitted proxies received prior to or at the special meeting, unless previously revoked, will be voted at the special meeting in accordance with the instructions on the proxies. Unless contrary instructions are indicated, proxies will be voted FOR the approval of the Merger Proposal and FOR the approval of the Adjournment Proposal.

Other than the Merger Proposal and the Adjournment Proposal, Meadow Valley does not know of any matters that are to come before the special meeting. If any other matters are properly presented at the special meeting for action, the persons named in the enclosed proxy will have discretion to vote on such matters in accordance with their best judgment.

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Properly authenticated proxies voted `abstain` at the special meeting will be counted for purposes of determining whether a quorum has been achieved at the special meeting and will have the effect of a vote against the Merger Proposal and the Adjournment Proposal. For the Merger Proposal, shares that are not represented at the special meeting or shares that are held in `street name` for which voting instructions have not been given will have the effect of a vote against the Merger Proposal. For the Adjournment Proposal, shares held in `street name` for which no specific instructions are provided may be voted by your broker, bank or other nominee. Shares that are not represented at the special meeting will not affect the approval of the Adjournment Proposal.

## **Revocation of Proxy**

Giving a proxy does not preclude a stockholder's right to vote in person if the stockholder giving the proxy so desires. A stockholder has the unconditional right to revoke his, her, or its proxy at any time prior to voting at the special meeting and may do so in any of the following ways:

by sending a notice of revocation to the secretary of Meadow Valley;

by sending a completed proxy card bearing a later date than your original proxy card;

by calling the telephone number specified on your proxy card and following the instructions;

by submitting a later dated proxy via the Internet in the same manner that you submitted your earlier proxy via the Internet and following the instructions; or

by attending the special meeting and voting in person.

Your attendance at the special meeting alone will not revoke any proxy. If you choose to change your vote, you must take the described action, and the applicable notice must be received, no later than the beginning of the special meeting.

If your shares are held in an account at a broker or other nominee, you should contact your broker or other nominee to change your vote.

## **Proxy Solicitation and Expense**

The enclosed proxy is solicited on behalf of the board of directors of Meadow Valley. The cost of preparing, assembling, and mailing this proxy statement, the Notice of Special Meeting and the enclosed proxy will be borne by Meadow Valley. Meadow Valley is requesting that banks, brokers and other custodians, nominees and fiduciaries forward copies of the proxy materials to their principals and request authority for the execution of proxies. Meadow Valley may reimburse these persons for their expenses in so doing. In addition, Meadow Valley has retained The Altman Group, Inc. to assist in the solicitation. Meadow Valley will pay The Altman Group, Inc. approximately \$8,500 plus out-of-pocket expenses for its assistance. The directors, officers and employees of Meadow Valley and its subsidiaries may also solicit proxies by telephone, facsimile, electronic mail, telegram or in person. Such directors, officers, and employees will not be additionally compensated for this solicitation, but may be reimbursed for out-of-pocket expenses incurred.

Meadow Valley has not authorized any person to provide any information or make any representation not contained in this proxy statement. You should not rely on any such information or representation as having been authorized.





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**Surrender of Stock Certificates**

If the Merger Proposal is approved and the merger is consummated, holders of common stock will be sent instructions regarding the surrender of their certificates representing shares of common stock. Stockholders should not send their stock certificates until they receive these instructions. For more information on the surrender of stock certificates, please see the section entitled "The Merger Agreement - Procedures for the Exchange of Certificates" in this proxy statement.

**Adjournment of the Special Meeting**

We currently do not intend to propose adjournment at the special meeting if there are sufficient votes to approve the Merger Proposal. If there are insufficient votes to approve the Merger Proposal, the special meeting may be adjourned or postponed to another time or place if the Adjournment Proposal is approved by the affirmative vote of a majority of the shares of Meadow Valley common stock entitled to vote and represented at the special meeting. If the special meeting is adjourned to a date more than 60 days later than the date of the original special meeting, the board of directors is required to fix a new record date.

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**THE PARTIES TO THE MERGER**

**Meadow Valley**

Meadow Valley is engaged in the construction industry as both a provider of construction services and a supplier of construction materials. Meadow Valley's construction services segment specializes in structural concrete construction of highway bridges and overpasses, and the paving of highways and airport runways. Meadow Valley's construction materials segment provides ready-mix concrete, sand, and gravel products to both itself and primarily to other contractors. Meadow Valley's construction materials testing segment provides geotechnical, environmental, and field and laboratory technical services to the construction industry. The construction services segment operates throughout Arizona and Nevada, the construction materials segment operates in the Las Vegas, Nevada and Phoenix, Arizona metropolitan areas, and the construction materials testing segment operates in the Las Vegas, Nevada regional area.

Meadow Valley was incorporated in Nevada on September 15, 1994. Meadow Valley's principal executive offices are located at 4602 East Thomas Road, Phoenix, Arizona 85018. The telephone number of Meadow Valley's principal corporate offices is (602) 437-5400 and its website address is [www.meadowvalley.com](http://www.meadowvalley.com). Information contained on this website does not constitute part of this proxy statement.

**Phoenix Parent Corp.**

Phoenix Parent Corp., which we refer to as Investor, was incorporated in Delaware on July 3, 2008 for the purpose of engaging in the merger. Investor is wholly-owned by Phoenix Holdings Management LLC, a Delaware limited liability company, which we refer to as Phoenix Holdings. Each of Investor and Phoenix Holdings is an affiliate of Insight Equity I LP, a Delaware limited partnership, and a private equity firm that we refer to as Insight Equity. If the Meadow Valley stockholders approve of the merger and the other conditions to the closing of the merger are satisfied or waived, in connection with the closing of the merger, Bradley E. Larson, Meadow Valley's President, Chief Executive Officer and a director, and Kenneth D. Nelson, Meadow Valley's Vice President, Chief Administrative Officer and a director, whom we sometimes refer to as the Rollover Participants, will contribute substantially all of their shares of Meadow Valley common stock, including shares acquired upon exercise of options prior to the closing of the merger, to Phoenix Holdings in exchange for equity interests in that company. In addition, Robert W. Bottcher, Arizona Area President of Meadow Valley Contractors, Inc., will be given the right, but shall have no obligation, to contribute all, but not less than all, of the shares of Meadow Valley common stock held by him at the effective time of the merger, including shares acquired by him upon exercise of options prior to the closing of the merger, but excluding shares held in his retirement plan, in exchange for equity interests in Phoenix Holdings. Mr. Bottcher has advised Meadow Valley that he intends to contribute his Meadow Valley shares to Phoenix Holdings.

Investor's principal executive offices are located at 1400 Civic Place, Suite 250, Southlake, Texas 76092. The telephone number of Investor's principal corporate offices is (817) 488-7775.

**Phoenix Merger Sub, Inc.**

Phoenix Merger Sub, Inc., which is a wholly-owned subsidiary of Investor, was incorporated in Nevada on July 3, 2008 for the purpose of engaging in the merger. We refer to Phoenix Merger Sub, Inc. as Merger Sub. Merger Sub shares the same principal executive offices and telephone number as Investor.

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**THE MERGER AGREEMENT**

*This section describes the material terms of the merger agreement. The description in this section and elsewhere in this proxy statement is qualified in its entirety by reference to the merger agreement, a copy of which is attached as Appendix A and is incorporated by reference into this proxy statement. We encourage you to read the merger agreement carefully and in its entirety before deciding to approve the Merger Proposal.*

*The representations and warranties described below and included in the merger agreement were made by the parties to each other as of specific dates. The assertions embodied in those representations and warranties were made solely for purposes of the merger agreement and may be subject to important qualifications and limitations agreed to by the parties in connection with negotiating its terms. Moreover, the representations and warranties may be subject to a contractual standard of materiality that may be different from what may be viewed as material to stockholders, or may have been used for the purpose of allocating risk between the parties rather than establishing matters as facts. The merger agreement is described in this proxy statement and included as Appendix A only to provide you with information regarding its terms and conditions, and not to provide any other factual information regarding the parties or their respective businesses. Accordingly, you should not rely on the representations and warranties in the merger agreement as characterizations of the actual state of facts about the parties, and you should read the information provided elsewhere in this proxy statement.*

**The Merger**

Subject to the terms and conditions of the merger agreement and in accordance with Nevada law, Merger Sub will merge with and into Meadow Valley, and Meadow Valley will survive the merger as a wholly-owned, privately-held subsidiary of Investor.

**Consummation and Effective Time of the Merger**

The merger will become effective upon the later of the date and time of the filing of the articles of merger with the Secretary of State of the State of Nevada or such later date and time as may be specified in the articles of merger with the consent of the parties. The filing of the articles of merger will occur as promptly as practicable, but unless otherwise agreed to in writing by the parties hereto, in no event later than the third business day after the conditions to completion of the merger have been satisfied or waived.

**Articles of Incorporation and Bylaws**

The articles of incorporation and bylaws of Merger Sub will be the articles of incorporation and bylaws, respectively, of the surviving corporation as a result of the merger.

**Directors and Executive Officers Following the Merger**

It is anticipated that the executive officers of Meadow Valley will hold substantially similar positions with the surviving corporation after completion of the merger. Immediately after the consummation of the merger, the directors of Merger Sub immediately prior the effective time of the merger will become the directors of the surviving corporation until the earlier of their resignation or removal, or until their successors are duly elected or appointed and qualified, as the case may be.

**Consideration to be Received in the Merger**

*Meadow Valley Common Stock*

Upon completion of the merger, each share of Meadow Valley common stock issued and outstanding immediately prior to the effective time of the merger, other than shares owned by Investor, Merger Sub, any subsidiary of Investor or the Rollover Participants and possibly Mr. Bottcher, will automatically be canceled and converted into the right to receive \$11.25 in cash, without interest (less applicable withholding taxes).

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***Treatment of Options to Purchase Meadow Valley Common Stock***

Under the terms of the merger agreement, at the effective time of the merger, each option to purchase shares of Meadow Valley common stock that is outstanding and unexercised (whether vested or unvested) will be canceled and the holders of such options will be entitled to receive an amount, in cash, equal to product of the number of shares subject to each such option multiplied by the excess, if any, of the merger consideration over the exercise price per share of each such option, less applicable withholding taxes.

***Warrants to Purchase Meadow Valley Common Stock***

As of the date of this proxy statement, all outstanding warrants to purchase shares of Meadow Valley common stock are out-of-the-money in that the exercise prices for all such warrants are greater than the merger consideration. Accordingly, while adequate provision will be made so that the holders of the warrants will have the right to receive, upon exercise of the warrants and subject to the terms and conditions thereof, \$11.25 per share, without interest (and less applicable withholding taxes), we do not expect any warrant holder to exercise their warrants.

***Adjustments to the Merger Consideration***

The merger consideration is generally fixed and will not change based on the price per share of Meadow Valley's common stock, as reported on Nasdaq. However, the merger consideration will be appropriately adjusted to reflect fully the effect of any stock split, reverse stock split, stock dividend, reclassification, redenomination, recapitalization, split-up, combination, exchange of shares, or other similar transaction with respect to Meadow Valley's common stock prior to the effective time of the merger.

***Procedures for the Exchange of Certificates***

At or prior to the effective time of the merger, Investor will deposit or cause to be deposited with a paying agent designated by Investor (and reasonably acceptable to Meadow Valley), for the benefit of Meadow Valley's stockholders, cash in an amount sufficient to pay the merger consideration payable to holders of Meadow Valley's common stock.

As soon as reasonably practicable but no later than three business days after the effective time of the merger, the surviving corporation will cause the paying agent to commence mailing to holders of record of a certificate of Meadow Valley common stock immediately prior to the effective time of the merger a form of letter of transmittal and instructions for use in effecting the surrender of certificates of Meadow Valley common stock and receiving payment therefor.

Upon the surrender to the paying agent of a duly executed letter of transmittal, the certificate(s) representing shares of Meadow Valley common stock, and any other items specified by the letter of transmittal, the surrendering stockholder will be paid, in exchange for each share of common stock represented by the certificate, cash in an amount, subject to any applicable withholding taxes, equal to the product of the number of shares represented by the letter of transmittal multiplied by the merger consideration, and the surrendered certificate(s) will be canceled. Certain procedures, which will be explained in the materials sent by the paying agent, will need to be followed if payment is to be made to a person other than the person in whose name a share surrendered is registered.

The surviving corporation is entitled to require that the paying agent deliver to the surviving corporation any portion of the funds that remain unclaimed by the former stockholders of Meadow Valley for one year after the effective time of the merger. After that date, subject to abandoned property, escheat, or other similar laws, holders of certificates who have not previously complied with the instructions to exchange their certificates will be entitled to look only to

the surviving corporation for payment of their claim for merger consideration.

**Representations and Warranties**

The merger agreement contains representations and warranties made by the parties solely for the benefit of each other and for the purposes of the merger agreement. Some of those representations and warranties were made as of a specified date or may have been used for the purpose of allocating risk between the parties to the merger

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agreement. The statements contained in those representations and warranties are qualified by information in the confidential disclosure letter that the parties have exchanged in connection with the execution and delivery of the merger agreement, which qualify and create exceptions to those representations and warranties.

The representations and warranties of Meadow Valley relate to, among other things:

corporate matters, including due organization, good standing, power to conduct business, and qualification to do business;

capitalization;

the authorization, execution, delivery, performance and enforceability of the merger agreement;

the absence of conflicts with, or violations of, organizational documents, certain contracts, applicable law or judgments, orders or decrees, or other obligations as a result of the execution and delivery of the merger agreement or the consummation of the transactions contemplated by the merger agreement;

required consents and approvals in connection with the execution, delivery, and performance of the merger agreement and the consummation of the transactions contemplated by the merger agreement;

the filing or furnishing of all forms, reports, statements, certifications and other documents required to be filed or furnished by Meadow Valley with the SEC since January 1, 2005 and by Ready Mix since August 23, 2005; the accuracy of the information contained in those filings and the compliance of those filings with applicable requirements of the Securities Act of 1933, as amended, and the Exchange Act; and, with respect to financial statements contained therein, preparation in accordance with GAAP applied on a consistent basis;

the implementation, maintenance and effectiveness of disclosure controls and procedures, and effectiveness of, and other matters related to, internal controls over financial reporting;

the absence of material complaints, allegations, assertions, or claims regarding deficiencies in accounting or auditing practices, procedures, methodologies, or methods;

the absence of undisclosed material liabilities;

the absence of securities offerings in violation of applicable law since December 31, 2002;

the conduct of business and the absence of any Material Adverse Effect (as detailed on the next page) since December 31, 2007;

the accuracy of information contained in this proxy statement and other documents filed with the SEC;

the absence of undisclosed brokers' fees;

employee benefit matters;

labor matters;

the absence of undisclosed material litigation;



tax matters;

compliance with laws;

possession of required permits;

environmental matters;

intellectual property matters;

real property matters;

material contracts to which Meadow Valley or any of its subsidiaries (including Ready Mix) are a party, the enforceability of such material contracts, and the absence of breaches of certain material contracts;

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title to assets;

insurance matters;

receipt by the Special Committee of an opinion from Morgan Joseph as to the fairness, from a financial point of view, of the merger consideration to our stockholders;

the required stockholder vote relating to the merger;

the inapplicability of state anti-takeover statutes;

the amendment and proposed termination of Meadow Valley's stockholder rights agreement;

customers and suppliers;

certain affiliate transactions;

the absence of material product warranties and product liability claims;

the bonding capacity of Meadow Valley and its subsidiaries (excluding Ready Mix);

Meadow Valley's backlog; and

compliance with the Foreign Corrupt Practices Act of 1977, as amended.

Many of Meadow Valley's representations and warranties are qualified by a Material Adverse Effect standard. The merger agreement defines "Material Adverse Effect" as a material adverse event, change, effect, development, condition, or occurrence on or with respect to the business, results of operations, or financial condition of Meadow Valley and its subsidiaries, including Ready Mix, taken as a whole. Notwithstanding the foregoing, the following, alone or in combination, shall not be deemed to constitute a Material Adverse Effect for purposes of the merger agreement:

facts, circumstances, events, or changes generally affecting any industries or markets in which Meadow Valley and its subsidiaries, including Ready Mix operate, provided that, in each case, such events, changes, effects, developments, conditions, or occurrences do not have a disproportionate effect on Meadow Valley and its subsidiaries, including Ready Mix as compared to other persons in the industry and in the region in which they operate;

facts, circumstances, events, or changes generally affecting the economy or the financial or securities markets in the United States or elsewhere in the world, including regulatory and political conditions or developments (including any outbreak or escalation of hostilities or acts of war or terrorism);

changes in interest rates, provided that, in each case, such events, changes, effects, developments, conditions, or occurrences do not have a disproportionate effect on Meadow Valley and its subsidiaries, including Ready Mix, as compared to other persons in the industry and in the region in which they operate;

facts, circumstances, events, or changes resulting from the announcement or the pendency of the merger agreement or the announcement of the merger or any of the other transactions contemplated by the merger

agreement;

changes in applicable law, GAAP or accounting standards, provided that such changes are first announced after the date of the merger agreement and do not have a disproportionate effect on Meadow Valley and its subsidiaries, including Ready Mix, as compared to other persons in the industry and in the region in which they operate;

changes in the market price or trading volume of Meadow Valley's common stock;

changes in any analyst's recommendations, any financial strength rating or any other similar recommendations or ratings as to Meadow Valley or Ready Mix;

any reduction in maximum borrowings under Ready Mix's existing line of credit loan agreement or replacement line of credit that does not exceed \$1.0 million; or

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failure by Meadow Valley to meet any projections, estimates, or budgets for any period prior to, on, or after the date of the merger agreement, including projections relating to fiscal year 2008;

provided, however, without limiting the generality of the events and other changes that may constitute a Material Adverse Effect and without giving effect to the first, second and sixth bullet points above, that any events, changes, effects, developments, conditions, or occurrences that cause, or are reasonably likely to cause, either individually or in the aggregate, a decrease in the fair market value of Meadow Valley in excess of \$6.0 million shall constitute a Material Adverse Effect.

The representations and warranties of Investor and Merger Sub relate to, among other things:

corporate matters, including due organization, good standing, power to conduct business, and qualification to do business;

the authorization, execution, delivery, performance, and enforceability of the merger agreement;

the absence of conflicts with, or violations of, organizational documents, certain contracts, applicable law or judgments, orders or decrees, or other obligations as a result of the execution and delivery of the merger agreement or consummation of the transactions contemplated by the merger agreement;

required consents and approvals in connection with the execution, delivery and performance of the merger agreement and the consummation of the transactions contemplated by the merger agreement;

the accuracy of information provided for inclusion in this proxy statement and other documents filed with the SEC;

the sufficiency of Investor's financing to consummate the merger and letter of credit supporting the same;

the absence of material litigation;

the absence of liability for brokers' fees;

ownership and operations of Merger Sub;

the absence of a required vote by Investor's equity holders to approve the merger agreement or the transactions contemplated thereby; and

the solvency of the surviving corporation at the effective time of the merger.

**Conduct of Business Pending the Merger**

Meadow Valley and its subsidiaries, including Ready Mix, are subject to restrictions on their conduct and operations until the merger is completed. Meadow Valley has agreed, and agreed to cause each of its subsidiaries, including Ready Mix, to conduct its operations in all material respects according to their respective ordinary and usual course of business, consistent with past practice, and to use their respective reasonable best efforts to preserve intact in all material respects their respective business organization and assets, to keep available the services of their respective current officers and key employees, and to preserve the goodwill of and maintain satisfactory relationships with their respective customers, suppliers, and other persons having material business relationships with Meadow Valley or any

of its subsidiaries, including Ready Mix, as applicable. Accordingly, Meadow Valley has agreed, with limited exceptions and except to the extent the merger agreement contemplates otherwise or with the prior written consent of Investor, that it will not take, and that it will cause each of its subsidiaries, including, Ready Mix, to not take, any of the following actions:

issue, sell, grant options or warrants or other rights to purchase, pledge, or authorize or propose the issuance, sale, grant of options or warrants or other rights to purchase or pledge any securities or phantom stock, phantom stock rights, stock appreciation rights or other similar rights relating thereto (other than the issuance of Meadow Valley common stock pursuant to the exercise of stock options as contemplated by the merger agreement);

amend or otherwise change its governing documents;

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with respect to Ready Mix, adopt a poison pill;

acquire or redeem, directly or indirectly, or amend (i) any securities of Meadow Valley or its subsidiaries (other than the issuance of Meadow Valley common stock pursuant to the exercise of stock options as contemplated by the merger agreement), excluding Ready Mix, or (ii) any phantom stock, phantom stock rights, stock appreciation rights, options, warrants or similar rights relating thereto of Meadow Valley or its subsidiaries, including Ready Mix;

split, combine, redenominate, recapitalize, or reclassify capital stock or authorize, declare, set aside, make, or pay any dividend or distribution on any shares of capital stock, options, warrants, convertible securities, or other rights of any kind to acquire or receive capital stock of Meadow Valley or any of its subsidiaries, including Ready Mix;

acquire or offer to acquire any business or division thereof or sell, lease, encumber or otherwise dispose of assets outside the ordinary course of business, and in any event, involving a transaction value in excess of \$300,000 individually or \$750,000 in the aggregate (\$200,000 individually or \$500,000 in the aggregate with respect to Ready Mix);

except in the ordinary course of business, enter into, make any proposal for, renew, extend, amend or modify in any material respect, terminate, cancel, waive, release or assign any right or claim under, a contract, agreement, or lease that is or would be material;

except for borrowings under existing credit facilities in the ordinary course of business, incur or become liable for any indebtedness for borrowed money or mezzanine financing in excess of \$2.0 million, or enter into any off-balance sheet arrangement;

become liable for the obligations of, or make any loans, advances, investments in or capital contributions to, any other person (excluding a wholly-owned subsidiary) in an aggregate amount in excess of \$200,000;

other than in the ordinary course of business, enter into or materially increase or materially decrease the outstanding balances of any intercompany loan or intercompany debt arrangements;

mortgage, pledge, or otherwise similarly encumber any assets, or create, assume, or suffer to exist any non-permitted liens thereupon, or alter or apply to alter any zoning classification in connection with the owned or leased real property;

incur capital expenditures, or make any acquisition or disposition of assets outside of the ordinary course of business, in each case, in an aggregate amount in excess of \$1.5 million (\$2.0 million with respect to Ready Mix);

change in any material respect any of the accounting, reserving, underwriting, claims, or actuarial methods, principles or practices used by it, or any working capital policies, except as required by law, GAAP or applicable statutory accounting principles;

make or change any material tax election, take certain actions involving tax liabilities or refunds in excess of \$125,000, or take certain other actions that affect tax reporting;

agree to grant or grant any stock-related, cash-based, performance, or similar awards or bonuses or any other award that may be settled in securities of Meadow Valley or any of its subsidiaries, including Ready Mix;

enter into, forgive, renew, or amend in any respect any loans to officers or directors or any of their respective affiliates or approve any transaction reportable under Rule 404 of Regulation S-K;

except as may be required by law or as specifically contemplated by merger agreement, enter into any new, or amend, terminate, or renew any existing employee benefit plan, or take certain actions with respect to the benefits arrangements of officers, directors, employees and certain others;

other than in the ordinary course and consistent with past practice, make any deposits or contributions of cash or property to employee benefits plans;

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except as required by law, enter into, amend, modify, or supplement any collective bargaining or other agreement, including any individual employment agreement;

renew or enter into any non-compete, exclusivity, non-solicitation, or similar agreement;

commence, compromise, settle or agree to compromise or settle any suit, action, claim, proceeding, violation, deficiency, default, non-compliance, or investigation, or consent to the same, unless the compromise or settlement involves the payment of monetary damages only either to or from Meadow Valley in excess of \$300,000 individually or \$600,000 in the aggregate;

enter into any agreement, understanding, or arrangement with respect to the voting or registration of securities of Meadow Valley or its subsidiaries, including Ready Mix;

sell or transfer any securities of Ready Mix;

fail to use reasonable best efforts to keep in force its current or replacement insurance policies;

merge or consolidate with any person, subject to certain limited exceptions;

adopt or approve a plan of complete or partial liquidation or resolutions providing for a complete or partial liquidation, dissolution, restructuring, recapitalization, or other reorganization;

adopt or amend any resolution or agreement concerning indemnification of officers, directors, or agents;

transfer or license to any person or otherwise extend, materially amend or modify, permit to lapse, or fail to preserve any intellectual property;

fail to maintain books, accounts, and records in the usual manner;

establish any subsidiary or enter into any new line of business;

fail to make in a timely manner any required filings with the SEC;

discharge any obligations other than on a timely basis in the ordinary course of business consistent with past practice;

close or materially reduce activities, or effect any material layoff or other personnel reduction or change at any facility;

with respect to Meadow Valley, allow the bonding capacity of Meadow Valley and its subsidiaries (excluding Ready Mix) to be less than \$200.0 million in the aggregate and \$50.0 million for any individual engagement, or otherwise permit the bonding capacity, bonds or terms thereof of Meadow Valley or any of its subsidiaries (excluding Ready Mix) to be on terms that are substantially different, in any adverse manner, than the terms that existed on the date the merger agreement was executed;

with respect to Meadow Valley, materially modify or cancel any project constituting backlog as of the date the merger agreement was executed, or enter into any order that would constitute backlog at a price and on terms (including profit margin) that are not consistent with Meadow Valley's past practices and the ordinary course of



business, or that would reasonably be expected after due diligence consistent with Meadow Valley's past practice to result in a loss to Meadow Valley;

other than in the ordinary course of business, enter into any contract that involves any exchange traded, over-the-counter or other swap, cap, floor, collar, futures contract, forward contract, option, or any other derivative financial instrument or contract;

with respect to Meadow Valley, call, schedule, establish a record date with respect to, or hold a special or annual meeting of its stockholders, other than the special meeting that is the subject of this proxy statement; or

authorize, commit, or agree to take any of the foregoing actions.

With respect to Ready Mix, the foregoing covenants are subject to Ready Mix's compliance with its statutory fiduciary duties.

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**Restrictions on Solicitation, Acquisition Proposals and Changes in Recommendation**

The merger agreement contains a go shop provision pursuant to which Meadow Valley had the right to solicit and engage in discussions and negotiations with respect to other proposals for a transaction involving Meadow Valley for a 45-day period, beginning on the date of the merger agreement and continuing until 11:59 p.m. on September 11, 2008. During this period, Meadow Valley was permitted to:

initiate, solicit and encourage, Acquisition Proposals (as detailed on the next page), including by way of providing access to non-public information pursuant to one or more acceptable confidentiality agreements; and

participate in discussions or negotiations with respect to Acquisition Proposals or otherwise cooperate with or assist or participate in, or facilitate, any such discussions or negotiations.

Except in limited circumstances, from September 12, 2008 until the effective time of the merger, Meadow Valley has agreed not to, and has agreed to cause its subsidiaries (excluding Ready Mix to the extent not acting as Meadow Valley's representative) to use reasonable best efforts to cause its representatives not to, directly or indirectly:

initiate, solicit, or knowingly encourage the submission of any inquiries, proposals, or offers or any other efforts or attempts that constitute or may reasonably be expected to lead to, any Acquisition Proposal or engage in any discussions or negotiations with respect thereto, or otherwise cooperate with or assist or participate in, or knowingly facilitate any such inquiries, proposals, offers, discussions, or negotiations; or

approve or recommend, or publicly propose to approve or recommend, an Acquisition Proposal or enter into any merger agreement, letter of intent, agreement in principle, share purchase agreement, asset purchase agreement or share exchange agreement, option agreement, or other similar agreement relating to an Acquisition Proposal, or enter into any agreement or agreement in principle requiring Meadow Valley to abandon, terminate, or fail to consummate the transactions contemplated by the merger agreement or breach its obligations thereunder or resolve, propose, or agree to do any of the foregoing.

In addition, if, at any time on or following the date of the merger agreement and prior to the time Meadow Valley's stockholders vote to approve the merger agreement (i) Meadow Valley has received a written Acquisition Proposal from a third party that the board of directors of Meadow Valley (acting upon the prior recommendation of the Special Committee, if then in existence), believes in good faith (after consultation with its financial advisors and outside counsel) to be bona fide, (ii) Meadow Valley has not breached the non-solicitation covenants applicable to it, (iii) the board of directors of Meadow Valley (acting upon the prior recommendation of the Special Committee, if then in existence) determines in good faith (after consultation with its financial advisors and outside counsel) that such Acquisition Proposal constitutes or would reasonably be expected to result in a Superior Proposal (as detailed on the next page) and (iv) after consultation with its outside counsel, the board of directors of Meadow Valley (acting upon the prior recommendation of the Special Committee, if then in existence) determines in good faith that failure to take such action would reasonably be expected to be a breach of its fiduciary duties to the stockholders of Meadow Valley, then Meadow Valley may, subject to certain procedural and confidentiality requirements:

furnish information with respect to Meadow Valley and its subsidiaries to the person making such Acquisition Proposal; and

participate in discussions or negotiations with the person making such Acquisition Proposal regarding such Acquisition Proposal.

Notwithstanding and subject to the payment of certain fees, described below, if Meadow Valley has not breached the non-solicitation covenants applicable to it, the board of the directors of Meadow Valley (acting upon the prior recommendation of the Special Committee, if then in existence) may, prior to the time Meadow Valley's stockholders vote to approve the merger agreement, if it determines in good faith that the failure to take such action would reasonably be expected to be a breach of its fiduciary duties to the stockholders of Meadow Valley:

withdraw, modify or qualify, or propose publicly to withdraw, modify, or qualify, in a manner adverse to Investor or Merger Sub, the Meadow Valley board of directors recommendation in favor of the Merger Proposal; approve, recommend or endorse, or propose publicly to approve, recommend or endorse, any

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Superior Proposal; or make other statements that are reasonably calculated or expected to have the same effect (a Change of Board Recommendation ); and

if Meadow Valley receives an Acquisition Proposal that the board of directors of Meadow Valley (acting upon the prior recommendation of the Special Committee, if then in existence) concludes in good faith (after consultation with its outside counsel and financial advisors), constitutes a Superior Proposal, after considering all of the adjustments to the terms of this Agreement which may be offered by Investor, terminate the merger agreement and enter into a definitive agreement with respect to such Superior Proposal, provided, that and in such event, Meadow Valley concurrently enters into such alternative acquisition agreement.

Nothing in the non-solicitation provisions of the merger agreement prevents the board of directors of Meadow Valley from (i) taking and disclosing to Meadow Valley's stockholders its position with respect to a tender offer, as contemplated by Rules 14e-2(a) and 14d-9 promulgated under the Exchange Act, or (ii) disclosing the fact that the board of directors (acting upon the prior recommendation of the Special Committee, if then in existence) has received an Acquisition Proposal and the terms of such proposal, if the board of directors determines (after consultation with its outside legal counsel) it is required to take any such actions in connection with its fiduciary duties under applicable law or to comply with obligations under federal securities laws or Nasdaq or such other securities exchange upon which Meadow Valley's capital stock is traded. However, if any such statement constitutes a Change of Board Recommendation it shall be treated as such and have the effects described below under Termination.

For purposes of the merger agreement, Acquisition Proposal means any inquiry, proposal or offer from any person or group of persons other than Investor, Merger Sub, or their respective affiliates relating to:

any direct or indirect acquisition or purchase of a business that constitutes 20% or more of the net revenues of Meadow Valley and its subsidiaries, excluding Ready Mix, taken as a whole, or 20% or more of the outstanding equity securities (including securities convertible into or exchangeable for securities of Meadow Valley upon the exercise of options, warrants or similar rights) of Meadow Valley;

any tender offer or exchange offer that if consummated would result in any person or group of persons beneficially owning 20% or more of the outstanding equity securities (including securities convertible into or exchangeable for securities of Meadow Valley upon the exercise of options, warrants or similar rights) of Meadow Valley; or

any merger, reorganization, consolidation, share exchange, business combination, recapitalization, liquidation, dissolution, or similar transaction involving Meadow Valley or any of its subsidiaries (excluding Ready Mix) whose business constitutes 20% or more of the net revenues of Meadow Valley and its subsidiaries, taken as a whole.

In addition, any of the above events related to more than 50% of Ready Mix shall further constitute an Acquisition Proposal.

For purposes of the merger agreement, Superior Proposal means any bona fide Acquisition Proposal (except that reference to 20% for Meadow Valley and its subsidiaries will be deemed to be reference to more than 50% and 50% for Ready Mix will be deemed to be all of Ready Mix's securities held by Meadow Valley ) that:

is on terms that the board of directors of Meadow Valley (acting upon the prior recommendation of the Special Committee, if then in existence) has determined in its good faith judgment (after consultation with its financial advisor and outside counsel and after taking into account all legal, financial, regulatory, and other aspects of the proposal, including the financing terms thereof) is more favorable to Meadow Valley's stockholders from a

financial point of view than the transactions contemplated by the merger agreement; and

the board of directors of Meadow Valley (acting upon the prior recommendation of the Special Committee, if then in existence) has determined in good faith (after consultation with its financial advisor and outside counsel and after taking into account all legal, financial, regulatory, and other aspects of the proposal) is reasonably capable of being consummated (taking into account the financeability of such proposal).

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### **Stockholders Meeting**

The merger agreement requires Meadow Valley to, as soon as reasonably practicable after the date of the merger agreement and in any event within 50 days after such date, prepare and file with the SEC this proxy statement and, subject to certain provisions, use reasonable best efforts to clear comments, if any, received from the SEC. On September 15, 2008, the parties agreed to extend the 50 day requirement to 52 days.

The merger agreement also requires Meadow Valley to call a meeting of stockholders for the purpose of obtaining stockholder approval of the merger agreement, to be held as soon as reasonably practicable, and in any event within 45 days, after the SEC clears this proxy statement. Except in the case of a Change of Board Recommendation, the proxy statement shall include the recommendation of the Meadow Valley board of directors (acting upon the unanimous recommendation of the Special Committee) in favor of the Merger Proposal, and the board of directors of Meadow Valley is required to use its reasonable best efforts to obtain from its stockholders approval of the Merger Proposal, including by retention of a proxy solicitor and by re-soliciting the vote of the stockholders on one occasion.

### **Reasonable Best Efforts**

Subject to the terms and conditions of the merger agreement, each of Meadow Valley, Investor and Merger Sub agreed to use its reasonable best efforts to take, or cause to be taken, all appropriate action, to file, or cause to be filed, all documents and to do, or cause to be done, all things necessary, proper, or advisable to expeditiously consummate and effect the merger and the transactions contemplated by the merger agreement, including preparing and filing as promptly as practicable all documentation to effect all necessary filings, consents, licenses, approvals, authorizations, permits, or orders from governmental entities or other persons.

### **Indemnification and Insurance**

The merger agreement provides that all rights to indemnification existing in favor of the current or former directors, officers and employees of Meadow Valley or its subsidiaries (excluding Ready Mix) as provided in Meadow Valley's and its subsidiaries' (excluding Ready Mix) respective organizational documents, or in any indemnification agreement or arrangement as in effect as of the date of the merger agreement, with respect to matters occurring prior to the effective time of the merger will survive the consummation of the merger and will continue in full force and effect for a period of at least six years after the effective time of the merger. After the consummation of the merger, the surviving corporation will, pursuant to the merger agreement, indemnify and hold harmless current and former Meadow Valley officers, directors and employees against certain liabilities.

The merger agreement also provides that, prior to the effective time of the merger, Meadow Valley will purchase six-year tail directors and officers liability insurance policies on terms and conditions at least as protective to the persons covered by existing policies. If such tail policies cannot be obtained or can only be obtained by paying aggregate premiums in excess of 200% of the aggregate annual amount currently paid by Meadow Valley for such coverage, then the surviving corporation will only be required to purchase as much insurance coverage as can be obtained by paying aggregate premiums equal to 200% of the aggregate annual amount currently paid by Meadow Valley for such coverage. The surviving corporation is obligated to maintain such tail policies in full force and effect and continue to honor its respective obligations thereunder for the full term thereof.

### **Other Agreements**

The merger agreement contains certain other agreements, including agreements relating to employee matters, state takeover laws, notification of certain matters, financing, access to information, taking action to ensure Meadow Valley's stockholder rights plan is not triggered by the merger, cooperating with respect to public communications, filing required documents with the SEC in a timely manner, causing the resignation of members of the Meadow Valley board of directors, resolving certain environmental matters, voting shares of Ready Mix common stock, obtaining certain real estate consents, and obtaining (and causing Ready Mix to obtain) certain specified consents and release of liens on Ready Mix common stock.

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**Conditions to the Merger**

Each party's obligation to effect the merger is subject to the satisfaction or waiver of various conditions, which include the following:

Meadow Valley's stockholders shall have voted to approve the Merger Proposal;

no order, injunction, or decree shall have been issued by any court or agency of competent jurisdiction preventing, restraining, or rendering illegal the merger;

any waiting period under any antitrust laws shall have expired or been terminated;

the representations and warranties made by the respective parties to the merger agreement being true and correct as of the effective time of the merger, except for such failures as could not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Effect (as such term is defined in the merger agreement) and except as otherwise specified in the merger agreement; and

each party to the merger agreement having performed, in all material respects, all obligations that it is required to perform under the merger agreement.

In addition to the conditions set forth above, the obligations of Investor and Merger Sub to effect the merger is subject to the satisfaction or waiver of various conditions, which include the following:

receipt of a certificate signed on behalf of Meadow Valley by its Chief Executive Officer or the Chief Financial Officer certifying as to certain of the closing conditions;

no change, event or occurrence, individually or in the aggregate, that would, or could reasonably be expected to, have a Material Adverse Effect on Meadow Valley or any of its subsidiaries, including Ready Mix, shall have occurred between the date of the merger agreement and the effective time of the merger;

with respect to any obligation pursuant to which Meadow Valley is required to cause Ready Mix to act, the actual performance of Ready Mix in all material respects shall have occurred;

receipt of certain real estate deliverables, including (i) an estoppel certificate from each landlord, lessor, sublessor, or third-party tenant of material leased real property, (ii) any and all consents, approvals, or authorizations required to be obtained under the terms of any lease governing any material leased real property, (iii) any and all documentation reasonably required by a title company to issue title insurance for owned or material leased real property, and (iv) a collateral access agreement with each landlord, lessor, or sublessor of certain specified leased real properties;

receipt of certain other consents, licenses, approvals, waivers, releases and permits, including certain specified consents of governmental agencies so as to permit the surviving corporation to conduct its business consistent with past practice;

receipt of waivers signed by certain of Meadow Valley's executive officers waiving such person's rights to any change of control, severance, or similar payments that could otherwise be due and owing as a result of the merger;



there shall be no outstanding warrants or other rights for the purchase of any shares of the capital stock of Meadow Valley;

Meadow Valley's and its subsidiaries (excluding Ready Mix) bonding capacity shall be at least \$200.0 million in the aggregate and at least \$50.0 million for any individual engagement, and Meadow Valley's and its subsidiaries (excluding Ready Mix) bonding arrangements, bonding capacity, bonds, and the terms thereof shall not be on terms that are substantially different, in any adverse manner, than the terms that existed on the date of the merger agreement;

the combined gross revenue on all projects constituting backlog as of the effective date of the merger shall be projected, in good faith, to be at least \$112.5 million;

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Meadow Valley and its subsidiaries, including Ready Mix, on a consolidated basis, shall have a minimum book value (assets less each of intangible assets, minority interest, and liabilities, including mezzanine financing), determined in accordance with GAAP, of \$31.0 million;

Meadow Valley shall have earnings before interest and taxes during the twelve full calendar months immediately preceding the effective date of the merger of no less than \$5.5 million, and Ready Mix shall have earnings before interest and taxes during the twelve full calendar months immediately preceding the effective date of the merger of no less than negative \$4.0 million;

Meadow Valley shall have received pay-off letters with respect to its notes payable, credit facilities, and financings and any additional indebtedness other than accounts payable;

Meadow Valley shall have terminated, and be released from, a stock pledge agreement involving shares of Ready Mix common stock;

with limited exceptions, all shares of Ready Mix common stock owned by Meadow Valley shall be free and clear of all liens;

Meadow Valley and its subsidiaries, excluding Ready Mix, shall have been released as guarantors, grantors, co-borrowers, and/or pledgors with respect to all indebtedness of Ready Mix and shall have procured the release of any liens on their respective assets in connection therewith;

Meadow Valley and its subsidiaries, including Ready Mix, shall have obtained, secured, and resolved, as applicable, certain pre-identified environmental issues, conditions and deficiencies; and

Meadow Valley shall continue to own the same number of shares of Ready Mix common stock as it did on the date on which the merger agreement was executed, and that such ownership will constitute at least 66% of the Ready Mix common stock outstanding on a fully diluted basis, and no shares of preferred stock of Ready Mix shall be issued or outstanding on a fully diluted basis.

In addition to the above, the obligation of Meadow Valley to effect the merger is subject to the satisfaction or waiver of various conditions, which include the following:

receipt of a certificate signed on behalf of Investor by a duly authorized officer certifying as to certain of the closing conditions; and

Investor shall have caused to be deposited with the paying agent cash in an aggregate amount sufficient to pay the merger consideration to holders of shares of Meadow Valley common stock outstanding immediately prior to the effective time of the merger.

The merger is not conditioned upon obtaining sufficient financing to consummate the transactions contemplated by the merger agreement.

At any time before the merger, Investor and Merger Sub may waive the conditions applicable to Meadow Valley and Meadow Valley may waive the conditions applicable to Investor and Merger Sub. While circumstances may change, the parties do not expect that any conditions will be waived.

**Termination**

The merger agreement also grants the parties certain termination rights. The merger agreement may be terminated:

upon the mutual written agreement of Meadow Valley and Investor;

by either Meadow Valley or Investor after the issuance by any court of competent jurisdiction or other non-governmental entity of a final injunction or order prohibiting any of the transactions contemplated by the merger agreement, or the final denial by any governmental entity of any approval necessary to consummate the merger;

by either Meadow Valley or Investor if, in most circumstances, the merger has not been consummated on or before December 31, 2008 (unless extended under limited circumstances in Investor's sole discretion to a

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date not later than January 31, 2009), unless the reason for not closing the merger is due to the actions or breach by the party seeking termination (the Outside Date Termination Right );

by either Meadow Valley or Investor if the special meeting is convened and the merger agreement does not receive the requisite stockholder vote (the Stockholder Rejection Termination Right ), unless the special meeting is adjourned or postponed to vote on the merger agreement on a subsequent date;

by Meadow Valley upon a failure or breach by Investor of any of its obligations, covenants, representations, or warranties in the merger agreement, if such failure or breach would reasonably be expected to result in a failure of the Meadow Valley closing conditions to be satisfied under the merger agreement and if such failure or breach is not cured within the period of time provided for in the merger agreement, provided that Meadow Valley shall not have the right to terminate if it is then in material breach of its obligations under the merger agreement (the Investor Breach Termination Right );

by Investor upon a failure or breach by Meadow Valley of any of its obligations, covenants, representations, or warranties in the merger agreement, if such failure or breach would result in a failure of Investor closing conditions to be satisfied under the merger agreement and if such failure or breach is not cured within the period of time provided for in the merger agreement, provided that Investor shall not have the right to terminate if it is then in material breach of its obligations under the merger agreement (the Meadow Valley Breach Termination Right );

by Investor upon Meadow Valley or the Meadow Valley board of directors, as the case may be, (i) instituting a Change of Board Recommendation, (ii) approving, adopting, or recommending any Acquisition Proposal, (iii) approving, recommending or entering into a letter of intent, agreement in principle or definitive agreement for an Acquisition Proposal, (iv) failing to publicly reaffirm Meadow Valley board recommendation in favor of the Merger Proposal within 48 hours of a request by Investor, (v) materially breaching its obligations under the go shop provision or the stockholder vote provision in the merger agreement, (vi) failing to include Meadow Valley board recommendation in favor of the Merger Proposal in the proxy statement distributed to holders of common stock, or (vii) authorizing or publicly proposing any of the above (the Change of Recommendation Termination Right );

by Investor if, since the date of the merger agreement, there has been an event, change, or other circumstance that has had or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect that cannot reasonably be expected to be cured by December 31, 2008;

by Meadow Valley any time prior to receiving the requisite stockholder vote in favor of the Merger Proposal, if Meadow Valley has received a Superior Proposal in accordance with the go shop provision, provided that Meadow Valley must enter into such alternative acquisition agreement within 24 hours after, and pay a fee in advance of, terminating the merger agreement (the New Agreement Termination Right ); or

by Meadow Valley upon Investor's failure to consummate the merger within 10 days after Meadow Valley makes a written demand of Investor, provided that all the requirements and conditions necessary to consummate the merger have been satisfied.

## **Termination Fees**

The merger agreement provides for the payment of certain fees and expenses in certain instances when the merger agreement is terminated.

Meadow Valley will be required to pay Investor an amount in cash equal to the sum of (1) 4.5% of the aggregate merger consideration, or approximately \$2.5 million, plus (2) certain of Investor's and Merger Subsidiaries' documented and reasonable out-of-pocket transaction expenses, if the merger agreement is terminated:

by either Meadow Valley or Investor pursuant to the Outside Date Termination Right, if, at the time of the delay, Investor has taken all actions necessary on its part to consummate the merger and all conditions precedent to Meadow Valley's obligation to effect the merger have been satisfied, but Meadow Valley has not taken all actions necessary on its part to consummate the merger;

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by either Meadow Valley or Investor pursuant to the Stockholder Rejection Termination Right, if Meadow Valley subsequently enters into a definitive agreement with respect to an Acquisition Proposal within 12 months after such termination;

by Investor pursuant to the Meadow Valley Breach Termination Right;

by Investor pursuant to the Change of Recommendation Termination Right (unless the termination relates to a Superior Proposal from certain parties that had previously expressed an interest in Meadow Valley); or

by Meadow Valley pursuant to the New Agreement Termination Right (unless the termination relates to a Superior Proposal from certain parties that had previously expressed an interest in Meadow Valley).

If, during the 45-day go shop period, the merger agreement was terminated pursuant to the Change of Recommendation Termination Right, or the New Agreement Termination Right and the termination related to a Superior Proposal from certain parties that had previously expressed an interest in Meadow Valley, then, in lieu of the amount set forth above, Meadow Valley would have been obligated to pay Investor an amount equal to the sum of (1) 2.5% of the aggregate merger consideration, or approximately \$1.5 million, plus (2) certain of Investor's and Merger Sub's documented and reasonable out-of-pocket transaction expenses. The go shop period expired on September 11, 2008 and we did not exercise any of these termination rights.

Investor will be required to make a payment to Meadow Valley in an amount equal to the sum of (1) 2.5% of the aggregate merger consideration, or approximately \$1.5 million, plus (2) certain of Meadow Valley's documented and reasonable out-of-pocket expenses related to the merger, if the merger agreement is terminated:

by either Meadow Valley or Investor pursuant to the Outside Date Termination Right, if, at the time of the delay, Meadow Valley has taken all actions necessary on its part to consummate the merger and all conditions precedent to Investor's and Merger Sub's obligation to effect the merger have been satisfied, but Investor has failed to take all actions necessary on its part to consummate the merger;

by Meadow Valley pursuant to the Investor Breach Termination Right; or

otherwise in accordance with the terms of the merger agreement, if either Investor or Merger Sub has breached any of the agreement terms and thereby caused the closing not to be effected by December 31, 2008.

Unless otherwise provided, if the merger agreement is terminated, Meadow Valley will be required to pay Investor a fee equal to the sum of (1) \$500,000.00, plus (2) all of Investor's expenses.

**Letter of Credit**

Pursuant to the merger agreement, Investor has obtained a letter of credit in support of its obligations under the merger agreement, including any termination fees payable to Meadow Valley, in an amount not less than \$2.5 million. Pursuant to the terms of the merger agreement, Meadow Valley's right to receive payment of a termination fee is the sole and exclusive remedy of Meadow Valley against Investor and Merger Sub. See Termination and Termination Fees above.

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**ADJOURNMENT OF THE SPECIAL MEETING  
(PROPOSAL NO. 2)**

Meadow Valley may ask its stockholders to vote on a proposal to adjourn the special meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the meeting to approve the Merger Proposal. If the proposal to adjourn our special meeting for the purpose of soliciting additional proxies is submitted to our stockholders for approval, the approval requires the affirmative vote of a majority of the outstanding shares of Meadow Valley common stock entitled to vote and represented at the special meeting. If the special meeting is adjourned to a date more than 60 days later than the date of the original special meeting, the board of directors is required to fix a new record date.

**OTHER MATTERS**

**Other Matters for Action at the Special Meeting**

Other than the matters discussed in this proxy statement, Meadow Valley's board of directors does not know of any other matters to be presented for action at the special meeting other than as described in this proxy statement. If any other business should properly come before the meeting, the persons named in the accompanying form of proxy intend to vote thereon in accordance with their best judgment unless they are directed by a proxy to do otherwise.

**Future Stockholder Proposals**

If the merger is consummated, there will be no public stockholders of Meadow Valley and no public participation in any future meetings of stockholders of Meadow Valley. However, if the merger is not consummated, Meadow Valley's stockholders will continue to be entitled to attend and participate in Meadow Valley's stockholder meetings. In that regard, if the merger agreement is not approved by our stockholders or if the merger is not consummated for any other reason, the board of directors of Meadow Valley intends to promptly call and hold its annual meeting of stockholders to elect directors and to attend to such other matters as may properly come before the annual meeting.

Under Exchange Act Rule 14a-8(e), for a proposal to be included with a company's annual meeting proxy statement, the proposals must be received at a company's principal executive offices not less than 120 calendar days before the date of the company's proxy statement released to stockholders in connection with the previous year's annual meeting. However, Rule 14a-8(e) also provides that if a company did not hold an annual meeting the previous year, or if the date of the current year's annual meeting has been changed by more than 30 days from the date of the previous year's meeting, then the deadline is a reasonable time before the company begins to print and send its proxy materials.

Meadow Valley held its 2007 annual meeting of stockholders on June 11, 2007. If the merger is not consummated, then the date of our next annual meeting of stockholders will have changed by more than 30 days from the date of the 2007 annual meeting of stockholders. Accordingly, under SEC rules, proposals to be included in the proxy statement for our next annual meeting of stockholders, if held, must be received a reasonable time before Meadow Valley begins to print and send its proxy materials for such meeting.

Our amended and restated bylaws also provide that any stockholders who desire to submit a proposal for consideration at an annual or special stockholders' meeting, or to nominate persons for election as directors at any stockholders' meeting duly called for the election of directors, must provide written notice of such stockholder's intent to make such a proposal or nomination to the secretary of Meadow Valley at its principal executive offices either by personal delivery or by United States mail not later than (i) with respect to an annual meeting of stockholders, 120 calendar

days prior to the anniversary date of the date of the proxy statement released to stockholders in connection with the previous year's annual meeting, and (ii) with respect to a special meeting of stockholders, the close of business on the tenth day following the date on which notice of such meeting is first given to stockholders. Such proposals are considered submitted outside the process of Rule 14a-8(e). Any such notice must contain certain specified information concerning the proposal or nomination, as set forth in our amended and restated bylaws. Accordingly, any proposal or nomination for consideration at our next annual meeting of



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stockholders, if it is held, submitted outside of the Rule 14a-8(e) process as discussed above, will be considered untimely if it was received after January 10, 2008.

**Householding of Proxy Materials**

In accordance with Exchange Act Rule 14a-3(e)(1), one proxy statement will be delivered to two or more stockholders who share an address, unless we have received contrary instructions from one or more of the stockholders. We will deliver promptly upon written or oral request a separate copy of the proxy statement to a stockholder at a shared address to which a single copy of the proxy statement was delivered. Requests for additional copies of the proxy statement, requests that in the future separate proxy statements be sent to stockholders who share an address, and requests for the delivery of a single proxy statement to stockholders sharing an address, should be directed to Meadow Valley Corporation, Attn: Corporate Secretary, 4602 East Thomas Road, Phoenix, Arizona 85018, or requested by calling (602) 437-5400.

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**OTHER IMPORTANT INFORMATION REGARDING MEADOW VALLEY**

**Summary of Consolidated Financial Data of Meadow Valley**

The following table sets forth selected historical financial data as of the dates and for the periods indicated with respect to Meadow Valley and its subsidiaries, including Ready Mix. The selected historical financial data as of and for the years ended December 31, 2007, 2006, 2005, 2004, and 2003 were derived from Meadow Valley's audited consolidated financial statements. The selected historical financial data was included in Meadow Valley's Annual Report on Form 10-K for the fiscal year ended December 31, 2007 and Amendment No. 1 to Annual Report on Form 10-K for the fiscal year ended December 31, 2007, which are included as Appendix C and Appendix D to this proxy statement, respectively, and incorporated herein by reference.

The unaudited consolidated financial information as of and for the six month periods ended June 30, 2008 and 2007 is derived from Meadow Valley's unaudited consolidated financial statements, which, in Meadow Valley's opinion, include all adjustments (consisting of normal recurring adjustments) necessary for a fair statement of Meadow Valley's financial position and results of operations for such periods. Interim results for the six months ended June 30, 2008 are not necessarily indicative of, and are not projections for, the results to be expected for the full year ending December 31, 2008. The unaudited consolidated financial statements for the six months ended June 30, 2008 and 2007 and as of June 30, 2008 were included in Meadow Valley's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2008, which is included as Appendix E to this proxy statement and incorporated herein by reference.

The selected historical financial data below should be read in conjunction with the consolidated financial statements and their accompanying notes, which are incorporated by reference in this proxy statement.

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**Meadow Valley Corporation  
Summary Financial Information**

	<b>Year Ended December 31,</b>				<b>Six Months Ended</b>
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>June 30,</b>
				<b>2003</b>	