

MEADOW VALLEY CORP

Form PREM14A

September 19, 2008

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
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 SEPTEMBER 19, 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 92. 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 66)

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. 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 63)

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 63)

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 67)

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.

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What Option Holders Will Receive in the Merger (see page 67)

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 67)

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 34)

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 September 16, 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 34)

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 42)

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 39)

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 54)

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. Depending on how they 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 while Mr. Nelson is expected to receive between a 3.8% and 4.9% fully diluted equity interest in Phoenix Holdings, such percentages being 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;

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 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, such percentages being 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;

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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;

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

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 shares of common stock and stock options held by such directors and executive officers is approximately \$150,862.

Special Committee Fees (see page 57)

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 51)

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

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.

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Merger Financing (see page 59)

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.

Conditions to the Merger (see page 77)

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 70 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 meeting certain minimum dollar amounts;

work backlog meeting certain minimum dollar amounts;

Meadow Valley and Ready Mix meeting certain minimum financial performance thresholds;

receipt of certain real estate deliverables, as well as other consents, waivers, releases, and permits; and

other closing conditions.

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.

Restrictions on Solicitation of Other Acquisition Proposals (see page 74)

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 75 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

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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 75 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 78)

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);

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 director's 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;

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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 79)

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