

MEADOW VALLEY CORP

Form 10-K/A

April 29, 2008

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K/A  
(Amendment No. 1)**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2007**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number 0-25428**

**MEADOW VALLEY CORPORATION**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of  
incorporation or organization)

**88-0328443**

(I.R.S. Employer Identification No.)

**4602 E. Thomas Road, Phoenix, AZ**

(Address of principal executive offices)

**85018**

(Zip Code)

**Registrant's telephone number, including area code: (602) 437-5400**

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Title of each class:

Name of exchange on which registered:

Common stock, \$.001 par value

Nasdaq Capital Market

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

o

(Do not check if a smaller reporting company)

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

The aggregate market value of the registrant's voting and non-voting common equity stock held by non-affiliates was \$69,736,267. The aggregate market value was computed using the price at which the common equity was last sold as of the last day of the registrant's most recently completed second fiscal quarter. Determination of stock ownership by non-affiliates was made solely for the purpose of this requirement, and the registrant is not bound by these determinations for any other purpose.

On April 9, 2008, there were 5,171,904 shares of common stock outstanding.

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#### **DOCUMENTS INCORPORATED BY REFERENCE**

None.

#### **EXPLANATORY NOTE**

We are filing this Amendment No. 1 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2007 to include Items 10, 11, 12, 13 and 14 under Part III of this document, which Items were previously incorporated by reference to our definitive proxy statement for our 2008 Annual Meeting of Stockholders. Historically, we have completed, filed and mailed our definitive proxy statements within 120 days of our year end of December 31 to meet the requirement to be incorporated by reference in our Annual Report on Form 10-K. Last year and also this year, we will be completing, filing and mailing our definitive proxy statements after 120 days of our fiscal year end and therefore are amending this Form 10-K as required by the rules and regulations of the Securities and Exchange Commission.

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**PART III**

**Item 10. *Directors, Executive Officers and Corporate Governance***

Information concerning the directors and executive officers of Meadow Valley Corporation (the Company, we, us) who serve until our 2008 Annual Meeting of Stockholders is set forth below:

Charles E. Cowan, age 61, has been a director of the Company since November 1995. Since 1993, he has been President of Charles Cowan & Associates, Ltd. and has an extensive background in government and heavy construction industry consulting. From 1991 to 1993, he held CEO positions in Arizona's Department of Transportation and Department of Economic Security. He graduated with a Bachelor of Economics Degree from St. Martin's College in Olympia, Washington, and a Master's Degree in Public Administration from the University of Missouri at Kansas City, Missouri.

Charles R. Norton, age 66, has been a director of the Company since March 1999. Since 1963, Mr. Norton has been involved in the highway construction industry as a construction foreman, subcontractor, general manager and vice president. He graduated with a Bachelor of Science degree from Brigham Young University in 1968. From 1968 to 1972, he was General Manager of Quaker Empire Construction in Wilkes-Barre, Pennsylvania. From 1972 to 1992, Mr. Norton was Sales Manager, General Manager and Vice President of Syro Steel Company, headquartered in Girard, Ohio. Since 1992, Mr. Norton has been Vice President of Trinity Industries, which purchased Syro in 1972.

Don A. Patterson, age 54, has been a director of the Company since November 2005. He began his career in public accounting, working for eight years at Arthur Andersen where he developed an extensive background in accounting for the construction and construction material industry. He left to become the managing partner of Mansperger, Patterson & McMullin CPAs where he worked for 19 years, continuing to provide accounting service and consultation to clients in both the construction materials and contracting industries. During that period he founded Legacy Window Coverings, LLC, an importing and distribution business where he currently serves as CEO. He has devoted his full time attention to Legacy's operations since 2004. Mr. Patterson graduated with a degree in accounting from Arizona State University in 1978 and received his Certified Public Accountant's certificate in 1983.

Bradley E. Larson, age 53, has been a director of the Company since 1994 and was appointed President in July 1995 and Chief Executive Officer in November 1995. Mr. Larson was employed by Tanner Companies, a contracting and material company located in Phoenix, Arizona, from 1976 until December 1994. He was Division President of the Western Arizona region for Tanner from 1984 to 1988, Vice President of Operations from 1988 to 1989 and President of Tanner's Construction Division from 1989 until he joined the Company in December 1994. Mr. Larson earned a BSE degree in Industrial Engineering from Arizona State University in 1979. He has been active in several construction industry associations and is past Chairman and Director of The Arizona Rock Products Association and past Director of the Arizona Heavy Highway Chapter of the Associated General Contractors.

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Kenneth D. Nelson, age 50, has been a director of the Company since 1993 and has been involved in the financial reporting and operations management areas of the construction industry since 1982. He joined the Company in April 1989, became Vice President of Finance in February 1992 and Vice President and Chief Administrative Officer in April 1996. From August 1986 until April 1989, he was operations manager for Builders Unlimited, a construction firm based in Phoenix, Arizona. Mr. Nelson earned a Bachelor of Science Degree in Business Administration from Arizona State University in 1984.

David D. Doty, age 43, joined the Company in August 2005 and was named Secretary, Treasurer, Chief Financial Officer and Principal Accounting Officer in April 2006. He received his Bachelor of Science degree with a major in Accounting from the California State Polytechnic University, Pomona in 1992. He received his Certified Public Accountant's certificate from the State of California in 2003. From 1991 to 1994, he was a supervisor at Brabo, Carlsen & Cahill, CPAs in Palm Springs California. From 1994 to 2000, he was Vice President of Operations and Controller for a hospitality and tourism firm in Rancho Mirage California and from 2000 to 2005 he was first Corporate Controller and then Vice President of Administration, Treasurer and Chief Financial Officer of Star Markets, Ltd. in Honolulu, Hawaii.

## **CORPORATE GOVERNANCE**

### **Director Independence**

We are authorized by our Bylaws to maintain a Board of Directors comprised of a minimum of three directors and no more than nine directors. Our Board currently consists of five directors, three of whom, Messrs. Norton, Patterson and Cowan, are independent as defined under rules promulgated by the Securities and Exchange Commission (SEC) and the Nasdaq Stock Market. In accordance with the independence standards of the Nasdaq Stock Market, a director must be determined to have no personal, professional, familial or other relationship with the Company other than as a director. Our directors are elected for three year terms, or until an earlier resignation, death or removal. There are no family relationships among any of our directors or officers.

### **Board of Directors and Board Committees**

The Board of Directors held four regularly scheduled meetings during the last full fiscal year and three special meetings. No director attended less than 75% of the aggregate of such meetings and meetings held by committees of the Board on which he served. We do not have a formal policy regarding attendance by members of the Board of Directors at our annual meeting of stockholders, but strongly encourage directors to attend all meetings. All members of our Board of Directors attended the 2007 Annual Meeting of Stockholders.

The standing committees of the Board are as follows: Audit Committee (established in accordance with Section 3(a)(58)(A) of the Exchange Act), Nominating and Governance Committee, and Compensation Committee. The Board has adopted a charter for its Audit Committee and its Nominating and Governance Committee, which are available on our website at [www.meadowvalley.com](http://www.meadowvalley.com) by following the link Investor Information. The Compensation Committee is not operating under a written charter. Stockholders may also receive a free copy of the committee charters by sending a written request to 4602 E. Thomas Road, Phoenix, Arizona 85018, Attention: Secretary, or calling (602) 437-5400.

In November 2007, the Board established the Special Committee comprised of the Company's independent directors. The committee was created based upon the disclosure that a management backed group was and currently is exploring the possibility of tendering an offer to purchase the Company's common stock. The Special Committee is reviewing the Company's strategic alternatives and how its strategic alternatives maximize stockholder value. The Special Committee will also evaluate any acquisition proposals that may be received as a result of this process or as a result of any management backed acquisition proposal or any other third party proposal.

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Members of the Company's Audit Committee, Compensation Committee, Nominating and Governance Committee and Special Committee are footnoted below.

<b>Name</b>	<b>Positions and Offices with the Company</b>
Charles E. Cowan (1) (2) (3) (4)	Director
Charles R. Norton (1) (2) (3) (4)	Director
Don A. Patterson (1) (2) (3) (4)	Director
Bradley E. Larson	President, Chief Executive Officer and Director
Kenneth D. Nelson	Vice President, Chief Administrative Officer and Director

(1) Member of the Compensation Committee

(2) Member of the Audit Committee

(3) Member of the Nominating and Governance Committee

(4) Member of the Special Committee

***The Audit Committee***

Our Audit Committee consists of Messrs. Patterson, Cowan and Norton. Mr. Patterson is our Audit Committee Chairman and has been determined by the Board to be a financial expert as defined by the Securities and Exchange Commission. In the opinion of the Board and as independent is defined under current standards of the Nasdaq Capital Market, these directors are independent of management and free of any relationship that would interfere with their exercise of independent judgment as a member of this committee. The Audit Committee reviews in detail and recommends approval by the Board of our annual and quarterly financial statements, recommends approval of the remuneration of our auditors to the Board, reviews the scope of the audit procedures and the final audit report prepared by our auditors and reviews our overall accounting practices, procedures and internal controls with our auditors. The committee met four times during fiscal 2007.

***The Nominating and Governance Committee***

The Nominating and Governance Committee is currently comprised of Messrs. Cowan, Norton and Patterson, our independent directors. Mr. Cowan is our Nominating and Governance Committee Chairman. The committee met four times during fiscal 2007. The purpose of the Nominating and Governance Committee is as follows:

identify, consider and nominate candidates for membership on the Board, including any nominees properly received by the Secretary of the Corporation from any stockholder;

develop, recommend and evaluate corporate governance guidelines and a code of business conduct and ethics applicable to the Company;

make recommendations regarding the structure and composition of the Board and Board committees; and

advise the Board on corporate governance matters.

All members of our Nominating and Governance Committee are independent, as defined under applicable law and the listing standards for companies traded on the Nasdaq Capital Market. Nominations of candidates for election as directors may be made by the Board upon recommendation by the Nominating and Governance Committee, or by stockholders. Stockholders may nominate candidates for election as directors if they follow the procedures and conform to the deadlines specified in our Bylaws. For more information, see the disclosure in our Proxy Statement for our 2008 Annual Meeting of Stockholders under the caption Stockholder Proposals for the 2009 Annual Meeting of Stockholders, which will be filed with the SEC and mailed to our stockholders once a meeting date has been established.

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In evaluating the suitability of potential nominees for membership on the Board, the Nominating and Governance Committee will consider the Board's current composition, including expertise, diversity, and balance of inside, outside and independent directors, and consider the general qualifications of the potential nominees, such as:

Unquestionable integrity and honesty;

The ability to exercise sound, mature and independent business judgment in the best interests of the stockholders as a whole;

Recognized leadership in business or professional activity;

A background and experience that will complement the talents of the other Board members;

Willingness and capability to take the time to actively participate in Board and Committee meetings and related activities;

Ability to work professionally and effectively with other Board members and the Company's management;

An age to enable the director to remain on the Board long enough to make an effective contribution; and

Lack of realistic possibilities of conflict of interest or legal prohibition.

The Nominating and Governance Committee will also see that all necessary and appropriate inquiries are made into the backgrounds of such candidates. Other than the foregoing, there are no stated minimum criteria for director nominees, although the Nominating and Governance Committee may also consider such other factors as it may deem to be in the best interests of the Company and its stockholders.

***The Compensation Committee***

Our Compensation Committee consists of Messrs. Patterson, Cowan and Norton. Mr. Norton is our Compensation Committee Chairman. The purpose of the Compensation Committee is to determine the compensation to be paid to the Company's executive officers, and to approve any incentive compensation plans. The Compensation Committee will recommend approval to the Board of the compensation of our executive officers, the annual compensation budget for all other employees, bonuses, grants of stock options and any changes to our benefit plans. The committee met four times during fiscal 2007.

**Stockholder Communications with Directors**

Stockholders may communicate with any and all members of the Company's Board of Directors by transmitting correspondence by mail or facsimile addressed to one or more directors by name or, for a communication to the entire Board, to the President at the following address and fax number: Meadow Valley Corporation, 4602 E. Thomas Road, Phoenix, Arizona 85018; main, (602) 437-5400; facsimile, (602) 437-1681.

Communications from our stockholders to one or more directors will be collected and organized by our Corporate Secretary under procedures adopted by our independent directors. The Corporate Secretary will forward all communications to the President or to the identified director(s) as soon as practicable, although communications that are abusive, in bad taste or that present safety or security concerns may be handled differently. If multiple communications are received on a similar topic, the Corporate Secretary may, in his direction, forward only representative correspondence.

The President will determine whether any communication addressed to the entire Board of Directors should be properly addressed by the entire Board of Directors or a committee thereof. If a communication is sent to the Board of Directors or a committee, the Chairman of the Board or the chairman of that committee, as the case may be, will determine whether a response to the communication is warranted. If a response to the communication is warranted, the content and method of the response may be coordinated with our counsel.

**Table of Contents****Code of Ethics**

We have adopted a Code of Ethics that applies to all of our senior management and directors. Our Code of Ethics is available on our website at [www.meadowvalley.com](http://www.meadowvalley.com) by following the links Investor Information Code of Ethics. Stockholders may also receive a free copy of this document by sending a written request to 4602 E. Thomas Road, Phoenix, Arizona 85018, Attention: Secretary, or calling (602) 437-5400. Amendments to and waivers, if any, from our Code of Ethics will also be disclosed on our website.

In addition, in accordance with the *Sarbanes-Oxley Act of 2002* and the listing standards of the Nasdaq Capital Market, we have adopted procedures to facilitate the submission, on a confidential and anonymous basis, of complaints, reports and concerns by any person regarding (1) accounting, internal accounting controls or auditing matters, (2) actual or potential violations of laws, rules or regulations, and (3) other suspected wrongdoing, including in connection with our Code of Ethics.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers and persons who beneficially own more than 10% of our common stock to file with the Securities and Exchange Commission initial reports of ownership and reports of change in their ownership of our common stock. Securities and Exchange Commission regulations require our directors, executive officers and greater than 10% stockholders to furnish us with copies of these reports. Based solely upon a review of such reports and related information furnished to us, we believe that, during the 2007 fiscal year, each person who served as a director or executive officer of our company or held more than 10% of our common stock complied with the Section 16(a) filing requirements.

**Item 11. Executive Compensation****DIRECTOR COMPENSATION**

We use a combination of cash and long-term equity incentive awards to compensate members of our Board of Directors. The following table provides information regarding compensation earned in 2007 by each individual who served as a non-employee member of our Board of Directors in 2007.

Name (1)	Fees Earned		Option Awards (3)	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
	or Paid in Cash (2)	Stock Awards					
Charles E. Cowan	\$ 31,000		\$ 38,350				\$ 69,350
Charles R. Norton	33,000		38,350				71,350
Don A. Patterson	39,000		38,350				77,350
	\$ 103,000		\$ 115,050				\$ 218,050

(1) Bradley E. Larson, President and Chief Executive Officer, and Kenneth D. Nelson, Vice

President and Chief Administrative Officer, are not included in this table as they are employees of our Company and receive no additional compensation for their service as directors. Their compensation is shown in the *Summary Compensation Table for 2007*, below.

- (2) Directors receive \$15,000 per year for being a member of the Board of Directors and \$4,000 for each committee upon which they serve and are reimbursed for reasonable out-of-pocket expenses. The Chairman of the Audit Committee and the Special Committee each received an additional \$4,000, and the Chairman of the Compensation Committee receives an additional \$2,000 per year. The above amounts do not

include  
out-of-pocket  
expenses.  
Directors who  
are employed by  
the Company  
are not  
compensated for  
their service on  
the Board.

- (3) Directors are  
entitled to  
participate in  
our equity  
incentive plan,  
and each  
director not  
employed by the  
Company was  
issued 5,000  
stock options to  
purchase  
common stock  
on July 2, 2007,  
for his service  
on the Board  
during 2007.  
This column  
represents the  
aggregate dollar  
amount of the  
awards granted  
in 2007.  
Therefore, the  
values shown  
here are not  
representative of  
the amounts that  
may eventually  
be realized by a  
director.  
Pursuant to the  
rules of the  
Securities and  
Exchange  
Commission,  
we have  
provided a grant  
date fair value  
for stock awards

in accordance with the provisions of Statement of Financial Accounting Standards No. 123(R), Share-based Payments. At December 31, 2007, there were no restricted stock units, deferred stock units or dividend equivalent units accumulated in any director accounts.

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**EXECUTIVE COMPENSATION**  
**Compensation Discussion and Analysis**

**Overview of Executive Compensation Program**

The Compensation Committee of the Board is responsible for assisting the Board in defining and overseeing the Company's general compensation practices. During fiscal 2007, the Compensation Committee finalized the executive compensation package, based on the recommendation from FMI Management Consulting ( FMI ).

The persons who served as our Chief Executive Officer and Chief Financial Officer during 2007, as well as other individuals named in our Summary Compensation Table for 2007, are referred to as the named executive officers throughout this section of our Annual Report on Form 10-K.

**Executive Summary**

As discussed in more detail below, the following actions concerning the compensation of the Company's named executive officers were taken for fiscal 2007:

Alan Terril resigned as Vice President and Chief Operating Officer.

Bradley E. Larson, Kenneth D. Nelson, David D. Doty, Robert Bottcher and Robert Terril received a salary increase during fiscal 2007.

Bradley E. Larson, Kenneth D. Nelson, David D. Doty, Robert Bottcher and Robert Terril received incentives pursuant to the Company's Non-Equity Incentive Plan (the Incentive Plan ).

Robert Bottcher, Arizona Area President of Meadow Valley Contractors, Inc, and Robert Terril, Nevada Area President of Meadow Valley Contractors, Inc., were included as named executive officers for 2007.

**Oversight of Executive Compensation Program and Role of Executive Officers in Compensation Decisions**

While the Compensation Committee approves all aspects of our executive compensation program, it reports to the full Board of Directors on a regular basis and seeks approval for certain actions. The Committee coordinates with its consultants and management to obtain marketplace and internal data analyses, project reports and program recommendations to assist the Compensation Committee in making executive compensation decisions. Our Chief Executive Officer and, in some cases, other executive officers make recommendations to the Compensation Committee with respect to various elements of executive compensation.

**Compensation Objectives and Philosophy**

The Company's primary objectives when determining compensation for its named executive officers are to: set levels of annual salary, non-equity incentives and equity compensation that are competitive and that will attract and retain superior executives, taking into account the difficult industry conditions and competitive environment that the Company faces,

incorporate a performance-based component to executive compensation by linking the incentive compensation to the Company's financial and operational performance, and

provide long-term equity-based compensation, thereby further aligning the interests of the Company's executives with those of its other stockholders.

These objectives are designed to reward each executive's (1) past individual performance and contribution to the Company's corporate performance, (2) level and scope of responsibility and experience, and (3) ability to influence the Company's future growth and profitability.

**Table of Contents****Components of 2007 Executive Compensation**

Our executive compensation has three main parts: a salary paid in cash, an annual non-equity cash incentive plan, in which payment is contingent on the financial performance of the Company, and a long-term equity incentive that the Company provides through the award of options to purchase the Company's common stock. The salary component is intended to reward executives for their current, day-to-day work. The cash incentive bonus is intended to be a reward for the executive's contribution to the financial success of the Company in a given year. Awards of equity are intended to create longer-term incentive for the executive to remain with the Company since the benefit is realized, if the Company is successful, over a multi-year period similar to our stockholders.

***Annual Salary***

Because an executive's annual salary is meant to reflect his value to the Company on a day-to-day basis, it is a fixed, predetermined element of his compensation. When the Compensation Committee reviews the level of an executive's salary for a possible increase at the end of the term of his employment agreement or on an annual basis if no employment agreement is in place, that review is based on two main factors: his prior salary and the salary range of executives in comparable companies at a comparable level of responsibility. The Compensation Committee members take an executive's prior salary into account because they believe that it reflects the assessment of prior boards and/or compensation committees of the executive's value to the Company. Compensation levels of comparable companies are obtained from industry trade publications, management consulting firms such as FMI and other public companies similar to our size and industry. In addition, the Compensation Committee provides its knowledge of construction industry compensation levels gained in the course of the work each independent director performs in their daily business activity.

***Non-Equity Incentive Plan***

Previously, the amount of cash incentive executive management could earn was derived from a formula principally based upon the Company's income before income taxes. For the 2007 fiscal year, the amount of executive management cash incentive payable in 2008 was derived from a formula principally based upon the Company's return on net assets. The Compensation Committee established a minimum return on net assets of 7.4% in order for non-equity incentive compensation to be paid in 2008. The Compensation Committee adopted 7.4% as a minimum return on net assets based upon the results of the compensation review and analysis performed by FMI and the Company's own analysis of its weighted average cost of capital, industry comparisons, growth rates and market conditions the Company is experiencing.

The measurement of the return on net assets for each of the four profit centers eligible for non-equity cash incentive (Area) is the adjusted income from operations for the Area divided by one fourth of the Company's net assets. The Company's net assets are its total assets less current liabilities, long-term debt and deferred income taxes. Income from operations from each Area is determined and then corporate general and administrative expenses are allocated to all Areas. The resulting adjusted Area operating income is subtracted from the calculated minimum adjusted Area operating income derived from the minimum return of 7.4%. The resulting difference, if any, is aggregated into a combined total and 30% of this excess adjusted Area operating income, net of corporate general and administrative expenses, is determined for possible bonus payout. The 30% allocation of this excess combined adjusted Area operating income to create an incentive bonus pool was established and approved by the Compensation Committee.

Of the amount allocated to the bonus pool, the Compensation Committee established that 60% be allocated to Area incentive bonus, 30% be allocated to corporate bonus and the remaining 10% be allocated for a discretionary pool. Amounts in the Area pool and the corporate pool are distributed pro-rata by each individual's annual salary within the respective pools to participants until amounts in the respective pools are exhausted or until amounts distributed individually reach the participant's maximum cap determined by a percent of the participant's annual salary. These maximum allocations of annual salary vary by position and are reviewed and approved annually by the Compensation Committee.

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Maximum non-equity incentive compensation amounts for the following named executives are expressed as a percentage of their respective annual salaries:

Name and Principal Position	Maximum of Non-Equity Cash Incentive as a Percent of Annual Salary
Bradley E. Larson, President and Chief Executive Officer (Principal Executive Officer)	115%
David D. Doty, Chief Financial Officer, Secretary and Treasurer (Principal Financial Officer)	70%
Kenneth D. Nelson, Vice-President and Chief Administrative Officer	110%
Robert Bottcher, Arizona Area President Meadow Valley Contractors, Inc. (a Meadow Valley Corporation wholly owned subsidiary)	65%
Robert Terril, Nevada Area President Meadow Valley Contractors, Inc. (a Meadow Valley Corporation wholly owned subsidiary)	65%

The Compensation Committee authorizes the payment of incentive amounts and, if applicable, makes any decisions on discretionary amounts, when the results for the year in question are known, typically in late February or early March of the following year. Incentive amounts for 2007 were approved in March 2008. The *Summary Compensation Table for 2007*, below, shows the total 2007 cash incentive amounts of each named executive officer.

**Equity Incentive Plan**

The award of an option to buy the Company's common stock is a long-term element of compensation since on the date of the award, the exercise price, or purchase price, of the shares subject to the option is the same as the price of those shares on the open market. The recipient of a stock option will only realize its value if the market price of the shares increases over the life of the option, the award gives the executive an incentive to remain with the Company and aligns his interests with those of our stockholders.

The Company calculates the value of a stock option award on the date of its grant under accounting requirements that involve the use of a complex formula consisting of estimates about the Company, its stock price and the likelihood of the option holder forfeiting the stock option. The dollar amount shown in the *Summary Compensation Table for 2007*, below, for stock option awards is the value of the options computed under FAS 123R.

In determining the size of a stock option award, the Compensation Committee takes into account both the value of the award to the recipient and the corresponding accounting cost to the Company.

**Other Compensation**

The only other forms of compensation of the executive officers are the personal use of Company vehicles, disability and term life insurance and other benefits made available to all salaried employees and the perquisites shown in the *Summary Compensation Table for 2007*, below, in the column labeled *All Other Compensation*. A detailed description of the perquisites is shown in footnote 3 to the table. The payment of Messrs. Larson, Nelson, Bottcher and Terril's term life insurance premiums is a benefit that has been provided to them by the Company for many years and was established when the Company determined to carry a key officer life policy on each of the executives in the same amounts as the policy provided each officer. This benefit is also applicable to Mr. Doty, however, no amounts were paid in 2007 for term life insurance on his behalf.





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***Overall Compensation Levels***

As with salary, the Company attempts to provide its executives with a total compensation package that is comparable to their peers in the industry and that the members of the Compensation Committee believe in their personal judgment and based on their business experience is fair and appropriate for the executive's level of responsibility and contribution to the Company. The Compensation Committee, which consists of only our independent members of the Board of Directors, makes the final determination of the compensation of the named executive officers. However, the Committee discusses their compensation recommendations for each executive officer with the Chief Executive Officer in advance of making a decision.

***Employment Agreements***

Messrs. Larson, Doty, Nelson, Bottcher and R. Terril currently are employed by the Company through employment agreements. In November 2006, the Company entered into two-year employment agreements with Messrs. Bottcher and Terril and three-year employment agreements with Messrs. Larson, Doty and Nelson, of which Messrs. Larson's and Nelson's employment agreements were renewed in November 2007 for three years, providing for an annual base salary. These individuals are also eligible to receive incentive amounts based upon performance as determined by our Compensation Committee and approved by our Board of Directors. In the event the Company terminates any of these individuals without cause (as defined in the agreements) or the Company is the subject of a change of control (as defined in the agreements), all options granted to the individuals under their employment agreements will vest and the Company will be required to pay compensation to these individuals for the remaining terms of their agreements.

***Compensation of the Chief Executive Officer***

**Employment Agreement and Compensation Elements**

Mr. Larson's 2007 compensation was determined according to the above compensation components pursuant to the terms of his employment agreement.

**Compensation Committee Report**

The Compensation Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on our review and discussions with management, we have recommended to the Board that the Compensation Discussion and Analysis be included in this Amendment No. 1 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2007 and the Proxy Statement for the 2008 Annual Meeting of Stockholders.

Submitted by the Compensation Committee of the Board of Directors:

Charles R. Norton

Don A. Patterson

Charles E. Cowan

Notwithstanding anything to the contrary set forth in any of our previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that incorporates future filings, including this Annual Report on Form 10-K, in whole or in part, the foregoing Compensation Committee Report shall not be incorporated by reference into any such filings.

The Securities and Exchange Commission recently adopted enhanced executive compensation disclosure requirements for public companies. As a result, the following disclosure regarding the compensation of our executive officers and directors will be somewhat different in content and format from previous years.

**Table of Contents****COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

The Compensation Committee currently consists of the following three members of the Board of Directors: Messrs. Cowan, Norton and Patterson. No member of the Compensation Committee was at any time during the Company's 2007 fiscal year, or at any other time, an officer or employee of the Company.

No executive officer of the Company has served on the compensation committee of any other entity that has, or has had, one or more executive officers serving as a member of the Company's Board of Directors.

Three of our independent Directors, Messrs. Cowan, Norton and Patterson, are also members of the Board of Directors of the Company's majority owned subsidiary, Ready Mix, Inc.

**Summary Compensation Table**

The following table provides information regarding the total compensation earned in 2007 and 2006 by the named executive officers, which include the Chief Executive Officer, Chief Financial Officer, Chief Administrative Officer and Area Presidents of the Company's wholly owned subsidiary, Meadow Valley Contractors, Inc., who are the only other executive officers whose compensation for 2007 exceeded \$100,000, or would have exceeded \$100,000 if they had been employed by the Company or its subsidiary at the end of the fiscal year ended December 31, 2007. The named executive officers who also serve on the Board of Directors are not compensated for their services rendered to the Board of Directors. The Company pays compensation to these executive officers according to the terms of their employment agreements or as determined by the Compensation Committee when no employment agreement is in place. The amounts include any compensation that was deferred by the executive through contributions to his defined contribution plan account under Section 401(k) of the Internal Revenue Code. All amounts are rounded to the nearest dollar.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards(1) (\$)	Non-Equity Plan Compensation(2) (\$)	Change in Pension Value and Non-qualified Incentive	Deferred Compensation(3) (\$)	All Other Compensation(3) (\$)	Total Earnings (\$)
							(\$)			
Bradley E. Larson, President and Chief Executive Officer (Principal Executive Officer)	2007	250,240				183,754			25,413	459,407
	2006	250,000			48,100	363,785			23,384	685,269
David D. Doty, Chief Financial Officer (Principal Financial Officer)	2007	140,192				105,000			15,904	261,096
	2006	140,000			48,100	216,664			14,995	419,759

Secretary,  
Treasurer

Kenneth D. Nelson, Vice-President and Chief Administrative Officer	2007	140,577		124,003	23,279	287,859
	2006	140,000	48,100	216,664	22,370	427,134
Robert Bottcher, Arizona Area President, Meadow Valley Contractors, Inc	2007	138,519		122,250	16,608	277,377
	2006	138,000		128,340	12,326	278,666
Robert Terril, Nevada Area President, Meadow Valley Contractors, Inc	2007	138,519		122,250	16,209	276,978
	2006	138,000		86,940	15,300	240,240
Alan A. Terril, Vice-President and Chief Operating Officer (former)	2007	49,039			9,906	58,945
	2006	150,000	48,100	230,400	17,029	445,529

(1) This column represents the aggregate dollar amount of the awards granted in each respective year. Therefore, the values shown here are not representative of the amounts that may eventually be realized by an executive. Pursuant to the rules of the Securities and Exchange Commission, we have provided a grant date fair value for option awards in accordance with the provisions of Statement of Financial Accounting Standards No. 123(R), Share-based Payments.

For option awards, the fair value is estimated as of the date of grant using the Black-Scholes option pricing model, which requires the use of certain assumptions, including the risk-free interest rate, dividend yield, volatility and expected term. The risk-free interest rate is based on the yield at the date of grant of a U.S. Treasury security with a maturity period equal to or approximating the option's expected term. The dividend yield assumption is based on our historical dividend payouts, which is zero. The volatility assumption is based on the historical volatility of our common stock over a period equal to the option's expected term or trading stock's trading history which ever is

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shorter. The expected term of options granted is based on expectations about future exercises and represents the period of time that options granted are expected to be outstanding.

- (2) The non-equity incentive plan payments for 2007 and 2006 were made on March 7, 2008 and March 9, 2007, respectively. See discussion of non-equity incentive plans under the heading Compensation Discussion and Analysis above. None of the named executive officers elected to defer their 2007 or 2006 non-equity incentive plan payments.
- (3) The amounts shown include Company-paid life insurance premiums, defined contribution plan payments,

personal use of Company vehicles and Company-paid portion of health insurance for the fiscal years ended 2007 and 2006. The following table identifies the separate amounts attributable to each category of perquisites and other compensation:

Name		Company Paid	Company Paid	Company Paid	Vehicle Personal Use	Defined Contribution	Total
		Disability Insurance	Life Insurance	Portion of Health Insurance		Plan	
Bradley E. Larson	2007	\$ 8,864	\$ 645	\$ 7,374	\$ 780	\$7,750	\$25,413
	2006	\$ 7,744	\$ 645	\$ 6,715	\$ 780	\$7,500	\$23,384
David D. Doty	2007	\$	\$	\$ 7,374	\$ 780	\$7,750	\$15,904
	2006	\$	\$	\$ 6,715	\$ 780	\$7,500	\$14,995
Kenneth D. Nelson	2007	\$ 6,620	\$ 755	\$ 7,374	\$ 780	\$7,750	\$23,279
	2006	\$ 6,620	\$ 755	\$ 6,715	\$ 780	\$7,500	\$22,370
Robert Bottcher	2007	\$	\$ 704	\$ 7,374	\$ 780	\$7,750	\$16,608
	2006	\$	\$ 704	\$ 6,715	\$ 780	\$4,127	\$12,326
Robert Terril	2007	\$	\$ 305	\$ 7,374	\$ 780	\$7,750	\$16,209
	2006	\$	\$ 305	\$ 6,715	\$ 780	\$7,500	\$15,300
Alan A. Terril	2007	\$	\$	\$ 1,901	\$ 255	\$7,750	\$ 9,906
	2006	\$ 1,905	\$ 1,530	\$ 5,314	\$ 780	\$7,500	\$17,029

#### Grants of Plan-Based Awards in 2007

The following table provides information regarding cash incentive awards and options to purchase common stock granted under our equity incentive plan to the named executive officers in 2007.

Payouts Under Non-Equity Incentive Plan	Estimated Future Payouts Under	All Other Stock	All Other Option Awards: Number	Grant Date
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Name	Grant Date	Awards			Equity Incentive Plan Awards			Awards: Number of Shares of Stock or Units (#)	of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Fair Value of Stock and Option Awards
		Threshold	Target	Maximum	Threshold	Target	Maximum				
Bradley E. Larson		\$	\$ 183,754	\$ 287,500						\$	\$
David D. Doty		\$	\$ 105,000	\$ 105,000						\$	\$
Kenneth D. Nelson		\$	\$ 124,003	\$ 154,000						\$	\$
Robert Bottcher		\$	\$ 122,250	\$ 122,250						\$	\$
Robert Terril		\$	\$ 122,250	\$ 122,250						\$	\$
Alan A. Terril		\$	\$	\$						\$	\$

(1) The non-equity incentive plan payments were made on March 7, 2008 and related to the achievement of specified financial performance objectives, as discussed under the heading Compensation Discussion and Analysis above during 2007.

(2) Individual payments made under the Non-Equity Incentive Plan are subject to maximum amounts established by the Compensation



Committee and  
are based upon  
cap amounts as  
a percentage of  
annual salary  
amounts.

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**Table of Contents****Outstanding Equity Awards at Fiscal Year-End**

The following table provides information regarding all outstanding equity awards held by the named executive officers as of December 31, 2007. The Company did not issue any stock awards to named executive officers during fiscal 2007.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Awards (1)		Option Expiration Date
			Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) Unearned	Option Exercise Price (\$)(2)	
Bradley E. Larson, President and Chief Executive Officer (Principal Executive Officer)	7,000			5.8750	04/16/2008
	7,000			3.8750	10/21/2009
	33,334			1.4600	11/19/2013
	3,333		6,667	10.1100	11/30/2011
David D. Doty, Chief Financial Officer (Principal Financial Officer) Secretary, Treasurer			2,500	9.3800	11/01/2010
			6,667	10.1100	11/30/2011
Kenneth D. Nelson, Vice-President and Chief Administrative Officer	5,800			5.8750	04/16/2008
	5,800			3.8750	10/21/2009
	20,000			2.4375	03/08/2011
	32,500			1.4600	11/19/2013
	3,333		6,667	10.1100	11/30/2011
Robert Bottcher, Arizona Area President Meadow Valley Contractors, Inc	4,800			5.8750	04/16/2008
	4,800			3.8750	10/21/2009
	5,000			2.4375	03/08/2011
	7,000			1.4600	11/19/2013
Robert Terril, Nevada Area President Meadow Valley Contractors, Inc					
Alan A. Terril, Vice-President and Chief	3,333		6,667	10.1100	11/30/2011

Operating Officer (former)

- (1) Outstanding options vest in one-third increments on each anniversary date of grant.
  - (2) Pursuant to the 2004 Equity Incentive Plan, the exercise price for all outstanding options is based on the grant date fair market value, which is the market closing price of our common stock on the Nasdaq Capital Market on the date of grant.
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**Table of Contents****Option Exercises and Stock Vested in 2007**

The following table provides information regarding each exercise of stock options, if any, by the named executive officers in 2007:

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Bradley E. Larson		\$		\$
David D. Doty	8,333	26,659		
Kenneth D. Nelson				
Robert Bottcher				
Robert Terril				
Alan A. Terril				

**Retirement Plans****Pension Benefits**

During the fiscal year 2007 we did not have a pension benefit plan. We do not intend on implementing a pension plan in the near future.

**Nonqualified Deferred Compensation**

During the fiscal year 2007 we did not have a nonqualified deferred compensation plan. We do not intend on implementing a nonqualified deferred compensation plan in the near future.

**Equity Incentive Plans*****Meadow Valley Corporation Equity Incentive Plan:***

In 2005, the 2004 Equity Incentive Plan ( 2004 Plan ) was ratified by the stockholders. The 2004 Plan permits the granting of any or all of the following types of awards: (1) incentive and nonqualified stock options, (2) stock appreciation rights, (3) stock awards, restricted stock and stock units, and (4) other stock or cash-based awards. In connection with any award or any deferred award, payments may also be made representing dividends or their equivalent.

The 2004 Plan authorizes the issuance of up to 1,200,000 shares of common stock, all of which were previously reserved for issuance under the Company's prior plan. Shares of common stock covered by an award granted under the 2004 Plan will not be counted as used unless and until they are actually issued and delivered to a participant. Shares relating to awards granted under the 2004 Plan that are forfeited, settled for cash or otherwise terminated and shares withheld by or tendered to the Company in connection with the exercise of an option or other award granted under the 2004 Plan or in connection with the satisfaction of tax withholding obligations relating to awards or exercises of options or other awards are available for grant under the 2004 Plan. Awards made or adjusted to assume or convert awards in connection with acquisition transactions will not reduce the number of shares authorized for issuance under the 2004 Plan. The shares of stock deliverable under the 2004 Plan will consist of authorized and unissued shares. The plan administrator may adjust the aggregate number of shares or the awards under the plan in the event of a change affecting shares of common stock, such as stock dividends, recapitalization, reorganization or mergers.

The 2004 Plan is administered by the Compensation Committee of the Board of Directors which was comprised of non-employee directors. The 2004 Plan has no fixed termination date. The Company's Board of Directors or the committee may generally amend, alter, suspend, discontinue or terminate all or a portion of the 2004 Plan at any time, as long as the rights of a participant are not materially impaired without the participant's consent, subject to stockholder approval to the extent necessary to comply with applicable law, stock exchange rule or regulatory

requirements or, as determined by the committee, to qualify with tax requirements.

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In 2007, we granted, under the 2004 Plan, an aggregate of 15,000 stock options to independent directors at an exercise price of \$13.88.

We have reserved 1,200,000 shares of our common stock for issuance under the 2004 Plan. As of December 31, 2007, 150,149 shares were available for future grant under the 2004 Plan. The common terms of the stock options are from five to ten years and generally, may be exercised after issuance as follows: 33.3% after one year of continuous service, 66.6% after two years of continuous service and 100% after three years of continuous service. The exercise price of each option is no less than the market closing price of the Company's common stock on the date of grant. The Company's Board of Directors has full discretion to modify these terms.

***Ready Mix, Inc. Equity Incentive Plan:***

In January 2005, RMI adopted an equity incentive plan, which we refer to as RMI's Plan, which provides for the grant of options intended to qualify as incentive stock options and non-statutory stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, together with the grant of bonus stock and stock appreciation rights at the discretion of RMI's Board of Directors. Incentive stock options are issuable only to RMI's eligible officers, directors and key employees. Non-statutory stock options are issuable only to RMI's non-employee directors and consultants.

RMI's Plan is administered by RMI's Compensation Committee. Currently, RMI has 673,000 shares of common stock reserved for issuance under RMI's Plan. Under RMI's Plan, RMI's Board of Directors determines which individuals shall receive options, grants or stock appreciation rights, the time period during which the rights may be exercised, the number of shares of common stock that may be purchased under the rights and the option price.

With respect to stock options, the per share exercise price of the common stock may not be less than the fair market value of the common stock on the date the option is granted. No person who owns, directly or indirectly, at the time of the granting of an incentive stock option, more than 10% of the total combined voting power of all classes of RMI's stock is eligible to receive incentive stock options under RMI's Plan unless the option price is at least 110% of the fair market value of RMI's common stock subject to the option on the date of grant. The option price for non-statutory options is established by RMI's Board and may not be less than 100% of the fair market value of RMI's common stock subject to the option on the date of grant.

No options may be transferred by an optionee other than by will or the laws of descent and distribution, and during the lifetime of an optionee, the option may only be exercisable by the optionee. Options may be exercised only if the option holder remains continuously associated with RMI from the date of grant to the date of exercise, unless extended under RMI's Plan grant. Options granted under RMI's Plan expire five years after the date of the option grant and the exercise date of an option is not longer than five years from the date of grant, but can be shorter when established by the plan administrator. Any options that expire unexercised or that terminate upon an optionee's ceasing to be employed by us become available once again for issuance. Shares issued upon exercise of an option rank equally with other shares then outstanding.

Initially, RMI reserved 675,000 shares of common stock for issuance to officers, directors and employees under RMI's Plan described above. Options will be issued to employees and executive officers based on the recommendation of RMI's compensation committee of the Board of Directors according to the following:

employees holding positions of responsibility with RMI whose performance can have a significant effect on RMI's success; and

non-employee directors.

Currently, RMI has granted under RMI's Plan an aggregate of 386,125 options to purchase common stock to officers, directors and employees at an exercise price ranging from \$6.40 to \$12.85. Typically, the options are exercisable from the grant date as follows: 33% of the options are exercisable after one year of continuous service to us, 66% after two years of continuous service and 100% after three years of continuous service. RMI's Board of Directors has full discretion to use different vesting schedules for each grant made under RMI's Plan.

**Table of Contents****Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The following table sets forth information concerning the holdings of common stock by each person who, as of April 15, 2008, holds of record or is known by the Company to hold beneficially or of record, more than 5% of the Company's common stock, by each director, named executive officer, and by all directors and named executive officers as a group.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class (1)
Directors and Executive Officers Bradley E. Larson (2)	148,011	2.8%
Kenneth D. Nelson (3)	150,529	2.8%
Alan A. Terril	0	*
David D. Doty	0	*
Don A. Patterson (4)	18,333	*
Charles E. Cowan (5)	13,333	*
Charles R. Norton (6)	25,033	*
All officers and directors as a group (7 persons)	355,239	6.6%
5% Stockholders		
North Atlantic Value LLP (7)	411,900	7.7%
Praesidium Investment Management Company, LLC (8)	277,701	5.2%
Tontine Capital Partners, LP (9)	344,452	6.4%
Hoak Public Equities, LP (10)	273,924	5.1%
Carpe Diem Capital Management LLC (11)	424,415	7.9%
Lord, Abbett and Co. LLC (12)	324,276	6.1%

\* Less than 1%.

(1) Beneficial ownership includes direct and indirect ownership of shares of our common stock, including rights to acquire beneficial ownership of shares upon the exercise of stock options exercisable as of April 15, 2008 and that would become exercisable within 60 days of such date. To our

knowledge and unless otherwise indicated, each stockholder listed below has sole voting and investment power over the shares listed as beneficially owned by such stockholder, subject to community property laws where applicable.

Percentage of ownership is based on 5,353,453 shares of common stock outstanding as of April 15, 2008 and options exercisable within 60 days. Unless otherwise indicated, all stockholders listed below have an address in care of our principal executive offices which are located at 4602 E. Thomas Road, Phoenix, Arizona 85018.

- (2) Includes vested portion of stock options to purchase 50,667 shares of common stock.
- (3) Includes vested portion of stock options to



purchase 67,433  
shares of  
common stock.

- (4) Includes vested portion of stock options to purchase 18,333 shares of common stock.
- (5) Includes vested portion of stock options to purchase 13,333 shares of common stock.
- (6) Includes vested portion of stock options to purchase 25,033 shares of common stock.
- (7) Based solely on a Schedule 13D/A filed with the SEC on May 14, 2007. According to this filing, the address of this holder is Ryder Court, 14 Ryder Street, London SW1Y 6QB, England.
- (8) Based solely on a Schedule 13G/A filed with the SEC on June 20, 2007. According to this filing, the address of this holder is 747 Third Avenue, New York, New York 10017.

(9) Based solely on  
a  
Schedule 13G/A  
filed with the  
SEC on  
February 15,  
2006. According  
to this filing, the  
address of this  
holder is 55  
Railroad  
Avenue, 3rd  
Floor,  
Greenwich,  
Connecticut  
06830.

(10) Based solely on  
a  
Schedule 13D/A  
filed with the  
SEC on  
November 7,  
2007. According  
to this filing, the  
address of this  
holder is 500  
Crescent Court,  
Suite 230,  
Dallas, Texas  
75201.

(11) Based solely on  
a  
Schedule 13D/A  
filed with the  
SEC on April 11,  
2008. According  
to this filing, the  
address of this  
holder is 111  
South Wacker  
Drive,  
Suite 3950,  
Chicago, Illinois  
60606.

(12) Based solely on  
a Schedule 13G  
filed with the

SEC on  
February 14,  
2008. According  
to this filing, the  
address of this  
holder is 90  
Hudson Street,  
Jersey City, New  
Jersey 07302.

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**Table of Contents****Equity Compensation Plan Information**

The following table provides information as of December 31, 2007 regarding compensation plans (including individual compensation arrangements) under which equity securities of the Company are authorized for issuance.

Meadow Valley Corporation  
Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders (1)	320,011	\$ 5.35	150,149
Equity compensation plans not approved by security holders			
Total	320,011		150,149

(1) Includes 320,011 options to purchase shares of our common stock issued to employees and directors from our 2004 Plan.

RMI also maintains an equity compensation plan as follows:

Number of Securities to be Issued upon Exercise of	Weighted-Average Exercise Price of	Number of Securities Remaining Available for Future Issuance Under
--	------------------------------------	--

Plan Category	Outstanding Options	Outstanding Options	Equity Compensation Plans
Equity Compensation Plans Approved by Security Holders (1)(2)	482,375	\$ 11.54	306,875
Equity Compensation Plans Not Approved by Security Holders			
Total	482,375		306,875

(1) Includes an individual compensation agreement for 116,250 warrants to purchase common stock issued to RMI's common stock issued to RMI's underwriters as a portion of their compensation in connection with RMI's initial public offering.

(2) Includes 366,125 options to purchase shares of RMI's common stock issued to RMI's employees and directors from RMI's Plan.

**Item 13. *Certain Relationships and Related Transactions, and Director Independence***  
**Certain Relationships and Related Transactions**

During the year ended December 31, 2006, the Company sold its minority interest in a related party, LAM Contracting, LLC ( LAM ) to LAM's majority owner.

**Table of Contents****Director Independence**

Our Board of Directors currently consists of five directors, three of whom, Messrs. Norton, Patterson and Cowan, are independent as defined under rules promulgated by the Securities and Exchange Commission ( SEC ) and the Nasdaq Capital Market. The Board of Directors includes two Class A Directors whose terms expire in 2009, one Class B Director whose term expires in 2008, and two Class C Directors whose terms expire in 2010. Subject to election at our 2008 Annual Meeting of Stockholders, the Class B Director will serve a three-year term expiring in 2011. There are no family relationships among any of our directors or officers.

**Item 14. Principal Accounting Fees and Services****Disclosure of Audit and Non-Audit Fees**

The following table shows consolidated fees paid or accrued by the Company and its majority owned subsidiary for the audits and other services provided by the Company's accountants for the years ended December 31, 2007 and 2006:

	For the Years Ended December	
	2007	2006
Audit fees for the years ended December 31 and fees for the review of financial statements included in quarterly reports on Form 10-Q	\$ 233,645	\$ 169,000
Audit related fees (1)		4,322
Tax fees	30,206	30,008
All other fees	4,093	36,284

- (1) Fees paid in 2006 were associated with the registration RMI's common stock shares underlying the equity incentive plan.

The Audit Committee has concluded that the provision of services by Semple, Marchal & Cooper, LLP are compatible with maintaining their independence and has approved the above mentioned services performed.

**Audit Committee Approval of Audit and Non-Audit Service**

The Audit Committee has a Pre-approval Policy ( Policy ) governing the approval of all audit and non-audit services performed by the independent registered public accountants in order to ensure that the performance of such services does not impair the independent registered public accountants.

According to the Policy, the Audit Committee will annually review and pre-approve the services and fees that may be provided by the independent registered public accountants during the following year. The Policy specifically describes the services and fees related to the annual audit, other services that are audit-related, preparation of tax returns and tax related compliance services and all other services that have the pre-approval of the Audit Committee. The term of any general pre-approval is 12 months from the date of pre-approval, unless the Audit Committee specifically provides for a different period.

Any service to be provided by the independent registered public accountants that has not received general pre-approval under the Policy is required to be submitted to the Audit Committee for approval prior to the commencement of a substantial portion of the engagement. Any proposed service exceeding pre-approved cost levels is also required to be submitted to the Audit Committee for specific approval.

The services provided by our independent registered public accountants during the year ended December 31, 2007 were all pre-approved by the Audit Committee.

The Audit Committee will revise the list of general pre-approved services from time to time based on subsequent determinations. The Committee does not delegate its responsibilities to pre-approve services performed by the independent registered public accountant to management.

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**Table of Contents****PART IV****Item 15. Exhibits and Financial Statement Schedules**

(a) Exhibits

**Exhibit**

<b>No.</b>	<b>Title</b>
3.01	Articles of Incorporation and amendments thereto of the Registrant (1)
3.02	Certificate of Designation of Series A Participating Preferred Stock Effective February 13, 2007 (17)
3.03	Amended and Restated Bylaws effective November 8, 2007 (2)
4.1	Rights Plan effective February 13, 2007 (18)
10.1	Form of Indemnification Agreement entered into by the Registrant with its directors and executive officers (21)
10.2	Employment Agreement with Bradley E. Larson (22)
10.3	Employment Agreement with Kenneth D. Nelson (22)
10.5	Property Lease and Aggregate Supply Agreement with Sun State Rock & Materials Corp. (7)
10.6	Property Lease and Aggregate Supply Agreement with Clay R. Oliver d.b.a. Oliver Mining Company (7)
10.7	Office Lease Agreement (20)
10.8	Amendment to Office Lease Agreement of the Registrant (9)
10.9	Amendment to Office Lease Agreement of the Registrant (9)
10.10	General Agreement of Indemnity between the Registrant and Liberty Mutual Insurance Company (3)
10.11	Settlement Agreement and Release between the Registrant and New Mexico Department of Transportation (11)
10.12	Promissory Note with Nevada State Bank (12)
10.13	Promissory Note with Nevada State Bank (12)
10.14	Master Lease Agreement with The CIT Group/Equipment Financing, Inc. (7)
10.15	Master Lease Agreement with The CIT Group/Equipment Financing, Inc. (7)
10.16	Master Security Agreement with The CIT Group/Equipment Financing, Inc. (7)
10.17	Master Security Agreement with The CIT Group/Equipment Financing, Inc. (7)
10.18	Master Lease Agreement with The CIT Group/Equipment Financing, Inc. (7)
10.19	Master Lease Agreement with The CIT Group/Equipment Financing, Inc. (13)
10.20	Master Lease Agreement with The CIT Group/Equipment Financing, Inc. (12)
10.21	Revolving Loan Agreement with The CIT Group/Equipment Financing, Inc. (7)
10.22	Amended and Restated Revolving Loan Agreement with The CIT Group/Equipment Financing, Inc. (8)
10.23	Revolving Loan Agreement with The CIT Group/Equipment Financing, Inc. (8)
10.24	Amendment No. 1 to Restated and Amended Revolving Loan Agreement with The CIT Group/Equipment Financing, Inc. (20)

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**Exhibit**

<b>No.</b>	<b>Title</b>
10.25	Amendment No. 2 to Restated and Amended Revolving Loan Agreement with The CIT Group/Equipment Financing, Inc. (20)
10.26	Renewal and Amendment of Amended and Restated Revolving Loan Agreement with The CIT Group/Equipment Financing, Inc. (5)
10.27	Renewal and Amendment of Revolving Loan Agreement with The CIT Group/Equipment Financing, Inc. (5)
10.28	Amendment of Amended and Restated Revolving Loan Agreement with The CIT Group/Equipment Financing, Inc. (13)
10.29	Amendment of Revolving Loan Agreement with The CIT Group/Equipment Financing, Inc. (13)
10.30	Line of Credit Agreement with GMAC Financial Services (10)
10.31	Line of Credit Agreement with Ford Motor Credit Company (10)
10.32	Commitment letter from DaimlerChrysler Services (14)
10.33	Master Lease Agreement with Wells Fargo Equipment Finance, Inc. (14)
10.34	Employment Agreement with David D. Doty (19)
10.35	Office Lease Agreement (22)
10.36	Amendment to Office Lease Agreement of the Registrant (22)
10.37	Amended and Restated Revolving Loan Agreement with Wells Fargo Equipment Finance, Inc. (23)
10.38	General Agreement of Indemnity between the Registrant and Safeco Insurance Companies (24)
14.1	Code of Ethics for Senior Management (11)
21	Subsidiaries of the Registrant (1)
23	Consent of Independent Auditors *
24	Power of Attorney (24)
31.1	Certification of Chief Executive Officer Pursuant to Rules 13a-14 and 15d-14 of The Securities Exchange Act of 1934 *
31.2	Certification of Chief Financial Officer Pursuant to Rules 13a-14 and 15d-14 of The Securities Exchange Act of 1934 *
32	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *

(1) Incorporation by reference to the Company's Registration Statement on Form S-1, File Number 33-87750 declared effective on October 16, 1995

(2) Previously filed as Exhibit 3.1 to the Company's Form 8-K

Current Report  
dated  
November 8,  
2007

- (3) Incorporated by reference to the Company's June 30, 2002 Form 10-Q
- (4) Incorporated by reference to the Company's September 30, 2002 Form 10-Q
- (5) Incorporated by reference to the Company's December 31, 2002 Annual Report on Form 10-K
- (6) Incorporated by reference to the Company's December 31, 1998 Annual Report on Form 10-K
- (7) Incorporated by reference to the Company's December 31, 2000 Annual Report on Form 10-K
- (8) Incorporated by reference to the Company's September 30, 2001 Form 10-Q
- (9) Incorporated by reference to the

Company's  
June 30, 2003  
Form 10-Q

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- (10) Incorporated by reference to the Company's September 30, 2003 Form 10-Q
- (11) Incorporated by reference to the Company's December 31, 2003 Annual Report on Form 10-K
- (12) Incorporated by reference to the Company's June 30, 2004 Form 10-Q
- (13) Incorporated by reference to the Company's March 31, 2003 Form 10-Q
- (14) Incorporated by reference to the Company's March 31, 2004 Form 10-Q
- (15) Previously filed as an Exhibit with the same Exhibit number to the Company's Form 8-K Current Report dated September 13, 2004
- (16) Previously filed as Exhibit 3.2 to the Company's Form 8-K Current Report

dated  
February 9,  
2007

(17) Previously filed  
as Exhibit 3.1 to  
the Company's  
Form 8-K  
Current Report  
dated  
February 14,  
2007

(18) Previously filed  
as an Exhibit  
with the same  
Exhibit number  
to the  
Company's Form  
8-K Current  
Report dated  
February 14,  
2007

(19) Previously filed  
without exhibit  
to the  
Company's Form  
8-K Current  
Report dated  
November 7,  
2006

(20) Incorporated by  
reference to the  
Company's  
December 31,  
2001 Annual  
Report on  
Form 10-K

(21) Previously filed  
as an Exhibit  
with the same  
Exhibit number  
to the  
Company's Form  
8-K Current  
Report dated  
March 6, 2007

- (22) Incorporated by reference to the Company's December 31, 2006 Annual Report on Form 10-K
- (23) Previously filed as an Exhibit with the same Exhibit number to the Company's Form 8-K Current Report dated October 9, 2007
- (24) Incorporated by reference to the Company's December 31, 2007 Annual Report on Form 10-K

\* Filed herewith.

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**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MEADOW VALLEY CORPORATION

**/s/ Bradley E. Larson**

Bradley E. Larson  
Director, President and Chief Executive  
Officer  
(Principal Executive Officer)  
Date: April 29, 2008

**/s/ David D. Doty**

David D. Doty  
Secretary, Treasurer and Chief Financial  
Officer  
(Principal Financial and Accounting  
Officer)  
Date: April 29, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

\*

Charles R. Norton  
Director  
Date: April 29, 2008

\*

Don A. Patterson  
Director  
Date: April 29, 2008

\*

Kenneth D. Nelson  
Director  
Date: April 29, 2008

\*

Charles E. Cowan  
Director  
Date: April 29, 2008

\* by: **/s/ Bradley E. Larson**

Bradley E. Larson,  
Attorney-in-Fact  
Date: April 29, 2008