

CAL MAINE FOODS INC

Form DEF 14A

September 07, 2004

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

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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
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CAL MAINE FOODS, INC.

(Name of Registrant as Specified In Its Charter)

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CAL-MAINE FOODS, INC.

**NOTICE OF ANNUAL MEETING
OCTOBER 6, 2004**

TO THE SHAREHOLDERS:

The Annual Meeting of the shareholders of Cal-Maine Foods, Inc. will be held at the corporate offices of Cal-Maine Foods, Inc. at 3320 Woodrow Wilson Drive, Jackson, Mississippi 39209, at 9:30 a.m. (Local Time), on Wednesday, October 6, 2004, to consider and vote on:

1. The election of seven directors to serve on the Board of Directors of Cal-Maine Foods, Inc. for the ensuing year.

2. Such other matters as may properly come before the Annual Meeting or any adjournments thereof.

August 27, 2004 has been fixed as the record date for determination of shareholders entitled to vote at the Annual Meeting and to receive notice thereof.

The directors sincerely desire your presence at the meeting. However, so that we may be sure your vote will be included, please sign, date and return the enclosed proxy card promptly. A self-addressed, postage-paid return envelope is enclosed for your convenience.

FOR THE BOARD OF DIRECTORS

/s/ BOBBY J. RAINES

BOBBY J. RAINES
SECRETARY

DATED: September 3, 2004

SHAREHOLDERS ARE URGED TO VOTE BY DATING, SIGNING AND RETURNING THE ENCLOSED PROXY CARD IN THE ENCLOSED ENVELOPE TO WHICH NO POSTAGE NEED BE AFFIXED IF MAILED IN THE UNITED STATES.

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**CAL-MAINE FOODS, INC.
3320 Woodrow Wilson Drive
Jackson, Mississippi 39209**

**PROXY STATEMENT FOR ANNUAL MEETING
OF SHAREHOLDERS TO BE HELD OCTOBER 6, 2004**

The information set forth in this proxy statement is furnished in connection with the Annual Meeting of Shareholders of Cal-Maine Foods, Inc. (the Company) to be held on October 6, 2004, at 9:30 a.m., Central time, at our headquarters, 3320 Woodrow Wilson Drive, Jackson, Mississippi. A copy of our annual report to shareholders for the fiscal year ended May 29, 2004, accompanies this proxy statement. Our telephone number is 601/948-6813. The terms we, us and our used in this proxy statement mean the Company.

Additional copies of the Annual Report (not including exhibits), Notice, Proxy Statement and Proxy card will be furnished without charge to any Shareholder upon written request to: Cal-Maine Foods, Inc., ATTN: Bobby J. Raines, Secretary, Post Office Box 2960, Jackson, Mississippi 39207. Exhibits to the Annual Report may be furnished to Shareholders upon the payment of an amount equal to the reasonable expenses incurred in furnishing such exhibits. A list of the shareholders of record on the record date will be available for inspection at the above address for ten days preceding the date of the Annual Meeting.

Our Board of Directors is soliciting the enclosed proxy. The proxy may be revoked by a shareholder at any time before it is voted by filing with our Secretary a written revocation or a duly executed proxy bearing a later date. The proxy also may be revoked by a shareholder attending the meeting, withdrawing the proxy, and voting in person.

All expenses incurred in connection with the solicitation of proxies will be paid by us. In addition to the solicitations of proxies by mail, our directors, officers, and regular employees may solicit proxies in person or by telephone. We will, upon request, reimburse banks, brokerage houses and other institutions, and fiduciaries for their expenses in forwarding proxy material to their principals. No proxies will be solicited via the Internet or web site posting.

This proxy statement, the enclosed form of proxy and the other accompanying materials are first being mailed to shareholders on or about September 1, 2004. Shareholders of record at the close of business on August 27, 2004, are eligible to vote at the Annual Meeting. As of the record date, 21,435,391 shares of our common stock were outstanding, and 2,400,000 shares of our Class A common stock were outstanding. Each share of common stock is entitled to one vote on each matter to be considered at the Annual Meeting. Each share of Class A common stock is entitled to ten votes on each such matter. Both the shares of common stock and the shares of Class A common stock have the right of cumulative voting in the election of directors. Cumulative voting means that each shareholder will be entitled to cast as many votes as he or she has the right to cast (before cumulating votes), multiplied by the number of directors to be elected. All such votes may be cast for a single nominee or may be distributed among the nominees to be voted for as the shareholder sees fit. To exercise cumulative voting rights by proxy, a shareholder must clearly designate the number of votes to be cast for any given nominee.

Shares represented by a properly executed and returned proxy card will be voted at the Annual Meeting in accordance with the instructions indicated thereon. If no instructions are indicated, the person or persons named in the proxy will vote:

for election of the seven nominees to serve as directors of the Company; and

in their discretion with respect to such other business as may come before the Annual Meeting.

The election of directors requires a plurality of the votes cast. Abstentions and broker non-votes are counted only for purposes of determining whether a quorum is present at the meeting.

In accordance with our bylaws and Delaware law, the Board will appoint two inspectors of election. The inspectors will take charge of and will count the votes and ballots cast at the Annual Meeting and will make a written report on their determination. We encourage you to read this entire document carefully.

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The following table sets forth information as to the beneficial ownership of our common stock as of August 27, 2004, by:

each person known by us to beneficially own more than 5% of the class outstanding, and

each director, each nominee to serve as a director of the Company, each executive officer named in the Summary Compensation Table (see Compensation of Executive Officers and Directors) and by all directors and officers as a group.

Name of Beneficial Owner(2)	Common Stock and Class A Common Stock				Voting Power (3)
	Number of Shares(1)		Percent of Class		
	Common	Class A	Common	Class A	
Fred R. Adams, Jr.	8,200,134(4)(5)	2,170,000	38.2	90.4	65.8
Cal-Maine Foods, Inc. Employee Stock Ownership Plan	2,538,231		11.8		5.6
Richard K. Looper	121,086(6)		0.5		0.3
Adolphus B. Baker	422,330(7)	230,000	2.0	9.6	6.0
Bobby J. Raines	137,612(8)		0.6		0.3
Jack B. Self	79,764(9)		0.3		0.2
Joe M. Wyatt	35,395(10)		0.1		0.1
Charles F. Collins	84,150(11)		0.4		0.2
W. D. (Jack) Cox	-0-		*		*
R. Faser Triplett, M. D.	20,000		*		*
Letitia C. Hughes	10,800		*		*
James E. Poole	-0-		*		*
All directors and executive officers as a group (ten persons) (12)	9,111,271	2,400,000	42.5	100.0	72.9

* Less than 1%.

(1) The information as to beneficial ownership is based on information known to us or statements furnished to us by the beneficial owners. As used in this table, beneficial ownership means the sole or shared power to vote or to direct the voting of a security, or the sole or shared investment power with respect to a security (i.e. the power to dispose of, or to direct the disposition of a security). For purposes of this table, a person is deemed as of any date to have beneficial ownership of any security that such person has the right to acquire within 60 days after such date, such as under our Stock Option Plans.

(2) The address of each person, except James E. Poole, R. Faser Triplett, M.D. and Letitia C. Hughes is Cal-Maine Foods, Inc., 3320 Woodrow Wilson Drive (Post Office Box 2960), Jackson, Mississippi 39207. Mr. Poole's address is 6860 I-55, Jackson, MS 39211; Dr. Triplett's address is 404 West Parkway, Ridgeland, Mississippi 39157; Ms. Hughes' address is P.O. Box 291, Jackson, Mississippi 39205.

- (3) Percent of total voting power is based on the total votes to which the Common Stock (one vote per share) and Class A Common Stock (ten votes per share) are entitled.
- (4) The number of shares shown in the table include 781,574 shares of Common Stock owned by Mr. Adams spouse, separately and as to which Mr. Adams disclaims beneficial ownership.
- (5) Includes 516,332 shares accumulated under the Cal-Maine Foods, Inc. Employee Stock Ownership Plan (ESOP).
- (6) Includes 6,704 shares accumulated under ESOP.

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- (7) Includes 152,544 shares owned by Mr. Baker's spouse separately and as custodian for their children as to which Mr. Baker disclaims any beneficial ownership and 55,630 shares accumulated under the ESOP.
- (8) Includes 28,332 shares accumulated under the ESOP.
- (9) Includes 3,962 shares accumulated under the ESOP.
- (10) Includes 3,577 shares accumulated under the ESOP.
- (11) Includes 23,300 shares accumulated under the ESOP.
- (12) Includes shares as to which Messrs. Adams and Baker disclaim any beneficial ownership. See Notes (4) and (7) above.

The shares of Common Stock accumulated in the ESOP, as indicated in Notes (5) through (11) above, also are included in the 2,538,231 shares shown in the table as owned by the ESOP.

ELECTION OF DIRECTORS

Our bylaws provide that the number of directors shall be fixed by resolution of the Board of Directors and that the number may not be less than three nor more than fifteen. Pursuant to the bylaws, the Board of Directors has fixed the number of directors at seven. Unless otherwise specified, proxies will be voted **FOR** the election of the seven nominees named below to serve until the next annual meeting of shareholders and until their successors are elected and qualified. If, at the time of the meeting, any of the nominees named below is unable or declines to serve as director (which is not anticipated), the proxies will be voted for the election of such other person or persons as the Board of Directors may designate in their discretion. The directors recommend a vote **FOR** the seven nominees listed below. All nominees, except Mr. Poole, presently serve as directors of the Company.

In August, 2004, the Board of Directors reduced the number of directors for fiscal 2005 from ten to seven. Even though the Company is exempt from NASDAQ listing standards requiring a majority of independent directors as a result of more than 50% of voting power being held by one individual or group, the Board felt it desirable to have fewer inside directors. Messrs. Self, Wyatt and Collins, employees of the Company, agreed to step down as directors.

Mr. W.D. Cox, a director since 1996, elected not to stand for reelection as a result of his age. Mr. Poole has been nominated to fill the vacancy created by Mr. Cox's decision.

Nominees for Director

The table below sets forth certain information regarding the nominees for election to the Board of Directors:

Name	Age	Tenure and Business Experience
Fred R. Adams, Jr. (1) (3) Chairman of the Board of Directors, Chief Executive Officer and Director	72	Fred R. Adams, Jr. has served as the Chief Executive Officer and director of the Company since its formation in 1969 and as the Chairman of its Board of Directors since 1982. He is a director and past chairman of National Egg Company, United Egg Producers, Mississippi Poultry Association, U.S. Egg Marketers, Inc., and Egg Clearinghouse, Inc. Mr. Adams is the

father-in-law of Mr. Baker.

Richard K. Looper (1)
Vice Chairman of the Board of Directors
and Director

77 Richard K. Looper served as President and Chief Operating Officer of the Company from 1983 to January 1997. Previously, he had served as Executive Vice President of the Company since 1982 and was originally employed by the Company in 1974. Mr. Looper is a past chairman of the American Egg Board and U.S. Egg Marketers, Inc. and presently serves as Chairman of Egglands Best, Inc. He has served as a director of the Company since 1982. Mr. Looper is also Chairman of American Egg Products.

Adolphus B. Baker (1)
President, Chief Operating Officer and
Director

47 Adolphus B. Baker was elected President and Chief Operating Officer in January 1997. He was serving as Vice President and Director of Marketing of the Company when elected President. Previously, he had served as Assistant to the President since 1987 and has been employed by the Company since 1986. He has been a director of the Company since 1991. Mr. Baker is a member of the Executive Committee of United Egg Producers and is past chairman of Mississippi Poultry Association and Egg Clearinghouse, Inc. Mr. Baker is a director of Trustmark National Bank of Jackson, Mississippi. Mr. Baker is Mr. Adams son-in-law.

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Name	Age	Tenure and Business Experience
Bobby J. Raines (1) Vice President, Chief Financial Officer, Treasurer, Secretary and Director	71	Bobby J. Raines has served as Vice President, Chief Financial Officer, Treasurer and Secretary of the Company since 1972. Previously, he had handled various operational responsibilities and has been employed by the Company since its formation in 1969. He has served as a director of the Company since 1982.
James E. Poole	55	Mr. Poole is a Certified Public Accountant and a principal with Grantham & Poole of Jackson, Mississippi.
R. Faser Triplett, M.D. (2)(3)	71	R. Faser Triplett, M.D., has served as a director of the Company since September 1996. Dr. Triplett is a retired physician and a Clinical Assistant Professor at the University of Mississippi School of Medicine. He is the majority owner of Avanti Travel, Inc.
Letitia C. Hughes(2)	52	Letitia C. Hughes was elected as a director of the Company in July of 2001. Since 1974 Ms. Hughes has been associated with Trustmark National Bank, Jackson, Mississippi, in managerial positions. She is presently serving as Senior Vice-President, Manager, Private Banking. Mr. Baker is a director of Trustmark National Bank.

(1) Member of the Executive Committee

(2) Member of the Audit Committee

(3) Member of the Compensation Committee

The Company's executive officers serve as executive officers at the pleasure of the Board. None of the officers or directors have been convicted in a criminal proceeding during the past five years (excluding traffic violations or similar misdemeanor). None of the executive officers or directors have been a party to any judicial or administrative proceeding during the past five years that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to federal or state securities laws, or a finding of any violation of federal or state securities laws.

Board and Committee Meetings

The Board of Directors of the Company held 5 meetings in the fiscal year ended May 29, 2004. The Executive Committee of the Board consists of Messrs. Adams, Looper, Baker and Raines. The Board also has a Compensation Committee consisting of Messrs. Adams, Cox and Triplett, and an Audit Committee consisting of Mr. Cox, Dr. Triplett and Ms. Hughes. The Board does not have a nominating committee or committee performing similar functions. This function is performed by the Executive Committee.

The Executive Committee may exercise all of the powers of the full Board of Directors, except for certain major actions, such as the adoption of any agreement of merger or consolidation, the recommendation to stockholders of any disposition of substantially all of the Company's assets or a dissolution of the Company, and the declaration of a dividend or authorization of an issuance of stock. The Executive Committee acts on matters, within the scope of its

authority, between meetings of the full Board. During the last fiscal year, one formal meeting of the Executive Committee was held, and the Committee, pursuant to Delaware law, took action by unanimous written consent on thirteen occasions.

The Compensation Committee reviews and recommends to the Board of Directors the compensation and benefits of all officers of the Company, reviews general policy matters relating to compensation and benefits of employees of the Company, including the issuance of stock options to the Company's officers, employees and directors. The Compensation Committee met one time during fiscal 2004.

The Audit Committee, which is composed of three independent directors, meets with management and the Company's independent auditors to determine the adequacy of internal controls, to recommend auditors for the Company and other financial reporting matters. The Audit Committee met three times during fiscal 2004.

Each member of our Board of Directors attended 75% or more of the total meetings of the Board and all committees of the Board on which he or she served during fiscal 2003.

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While the Board of Directors does not have a specific policy as to directors' attendance at the Annual Meeting of Shareholders, such attendance is encouraged. All Directors attended the meeting of shareholders held on January 26, 2004.

Report of the Audit Committee

The Audit Committee oversees our financial reporting process on behalf of the Board of Directors. A copy of the Charter of the Audit Committee was attached as Appendix A to our Proxy Statement for fiscal year 2001. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. In fulfilling its oversight responsibilities, the Committee reviewed and discussed the audited financial statements in the Annual Report with management including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Committee reviewed with Ernst & Young, LLP, independent auditors, who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of our accounting principles and such other matters as are required to be discussed with the Committee under generally accepted auditing standards. In addition, the Committee has discussed with the independent auditors the auditors' independence from management and the Company including the matters in the written disclosures required by the Independence Standards Board and considered the compatibility of nonaudit services with the auditors' independence.

The Committee discussed with our internal and independent auditors the overall scope and plans for their respective audits. The Committee meets with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of our internal controls, and the overall quality of our financial reporting. The Committee held three meetings during fiscal year 2004.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors (and the Board has approved) that the audited financial statements be included in the Annual Report on Form 10-K for the year ended May 29, 2004, for filing with the Securities and Exchange Commission.

W. D. (Jack) Cox, Audit Committee Member
Letitia C. Hughes, Audit Committee Chairperson
R. Faser Triplett, M.D., Audit Committee Member

Certain Corporate Governance Matters

The Securities and Exchange Commission recently approved proposed amendments to the NASDAQ stock market qualitative listing standards to require that a majority of a listed company's directors be independent and that a compensation committee and nominating committee of the Board composed solely of independent directors be established. The new standards are not applicable to any company where more than 50% of the voting power is held by one individual or group. Fred R. Adams, Jr., Chairman of the Board and Chief Executive Officer of the Company, owns capital stock of the Company entitling him to 66.3% of the total voting power. Accordingly, the Company is exempt from those new NASDAQ listing standards. However, a NASDAQ listing standard requiring the independent directors of the board to have regularly scheduled meetings at which only independent directors are present is applicable to the Company. One such meeting was held on March 26, 2004.

Another new NASDAQ qualitative listing standard requires companies to adopt a code of business conduct and ethics applicable to all directors, officers and employees complying with certain provisions in the Sarbanes-Oxley Act of 2002. The Board of Directors adopted a code on April 14, 2004, which is the applicable deadline date for compliance with the new listing standard. Our Code of Ethics is posted on our web site.

The new listing standards also require that effective January 15, 2004, all related party transactions to which the Company's directors or officers are parties be reviewed for potential conflicts of interests on an ongoing basis by, and all such transactions be approved by, the Company's audit committee or another independent committee of the Board of Directors. During fiscal 2004, no related party transactions took place.

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Additional NASDAQ listing standards recently approved by the Securities and Exchange Commission that are applicable to the Company's Audit Committee, effective as of the date of the Company's annual meeting of shareholders on October 6, 2004, require that the Audit Committee (i) be composed solely of independent directors; (ii) be directly responsible for the appointment, compensation, retention and oversight of the independent auditor, which must report directly to the audit committee; (iii) establish procedures to receive, retain, and treat complaints regarding accounting, internal accounting controls and auditing matters, including procedures for employees confidential, anonymous submissions of concerns regarding questionable accounting or auditing matters; (iv) have the authority to engage independent counsel and other advisors when the committee determines such outside advice is necessary; and (v) be adequately funded by the Company.

The board of directors does not have a separate standing nominating committee. The Executive Committee of the board of directors fulfills this function. Messrs. Adams, Raines, Looper and Baker are the members of the Executive Committee. The executive Committee does not have a charter that addresses the nominating function. As a controlled company, the independence requirements of NASDAQ Rule 4350(c) do not apply to the Company.

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 own more than 10% of a registered class of our equity securities, such as the common stock, to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Such persons are also required to furnish us with copies of all forms they file under this regulation. To our knowledge, based solely on a review of the copies of such reports furnished to us and representations that no other reports were required, for the fiscal year ended May 29, 2004, all Section 16(a) reports applicable to its directors and executive officers were filed. During the fiscal year ended May 29, 2004, the following officers and directors were late in reporting transactions required under Section 16(a) of the Securities Exchange Act of 1934:

Name	Number of Untimely Filings
Adams	2
Baker	3
Collins	2
Looper	5
Raines	2
Wyatt	3

Certain Transactions

The Company owns approximately 20% of Egghand's Best, Inc. (Egghand's Best), a specialty egg marketing firm. During the fiscal year ended May 29, 2004, the Company paid approximately \$4,000,000 to Egghand's Best for merchandising services. Richard K. Looper, Vice Chairman of the Board and a director of the Company, is a director and Chairman of Egghand's Best, Inc.

Table of Contents**COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS**

The following Summary Compensation Table sets forth all compensation awarded to, earned by or paid for services rendered to the Company in all capacities during the fiscal year ended May 29, 2004, by (i) our chief executive officer and (ii) our four other most highly compensated executive officers who were serving as executive officers at the end of that year.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Annual Compensation			Long-Term Compensation	
	Year	Salary	Bonus(1)	LTIP Payouts	All Other Compensation (2)
Fred R. Adams, Jr., Chairman of the Board and Chief Executive Officer	2004	\$ 234,714	\$ 270,000	None	\$ 83,797
	2003	\$ 255,340	\$ 270,000	None	\$ 149,384
	2002	\$ 257,700	\$ 270,000	None	\$ 83,797
Richard K. Looper Vice Chairman of The Board of Directors	2004	\$ 115,312	\$ 125,000	None	\$ 538,296
	2003	\$ 149,175	\$ 125,000	None	\$ 1,246
	2002	\$ 84,396	\$ 113,563	\$ 25,000(3)	\$ 1,246
Adolphus B. Baker President, Chief Operating Officer and Director	2004	\$ 148,096	\$ 150,000	None	\$ 607,834
	2003	\$ 164,736	\$ 150,000	None	\$ 7,214
	2002	\$ 159,942	\$ 140,000	None	\$ 710
Bobby J. Raines Vice President, Chief Financial Officer, Treasurer and Secretary and Director	2004	\$ 180,381	\$ 150,000	None (4)	\$ 584,647
	2003	\$ 160,975	\$ 150,000	None	\$ 977
	2002	\$ 158,296	\$ 142,500	None	\$ 977
Jack Self Vice President/ Operations and Production	2004	\$ 115,267	\$ 84,420	None (4)	\$ 389,072
	2003	\$ 100,971	\$ 72,534	None	\$ 1,102
	2002	\$ 78,762	\$ 71,566	None	\$ 1,102

- (1) Bonuses are determined annually by the Compensation Committee of the Board of Directors on a discretionary basis based on the results of our operations and the Committee's evaluation of the executive officer's contribution to such performance, except that Mr. Self's bonus is determined pursuant to a formula.
- (2) The amounts shown represent SARs exercises, as indicated in the table below, and premiums paid under separate life insurance policies purchased by us for each person named in the table. The policy on Mr. Adams' life is owned by an Adams family inter vivos trust, and the beneficiaries are Mr. Adams' four daughters and their descendants. Messrs. Baker, Self, Looper and Raines are the owners of their respective policies, and members of their families are the beneficiaries. The Company is not a beneficiary under any of such policies and will not receive any portion of the proceeds paid thereunder upon the death of any of the insureds. In addition, we made contributions to the account of each named executive maintained under an ESOP Plan. See Employee Stock Ownership Plan below.
- (3) Paid pursuant to Mr. Looper's incentive compensation agreement with us. See Employment Agreements.
- (4) Mr. Raines and Mr. Self can earn compensation payable in the future pursuant to long term incentive plans. See Employment Agreements.

Options Granted For the Fiscal Year Ending May 29, 2004

For the fiscal year ending May 29, 2004 no options were granted to any of the officers named in the Summary Compensation Table.

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The following table sets forth the value of unexercised options and SARs, adjusted for stock split, held by the named executives at May 29, 2004, under our 1999 Stock Option Plan.

Name	Number of Securities Underlying Options/SARs Exercised	\$ Value Realized	Number of Securities Underlying Options/SARs At Fiscal Year-End (#)	Value of Unexercised In-the-Money Options/SARs at Fiscal Year-End (\$)
			Exercisable (E)/ Unexercisable (U)	(E)/ Unexercisable (U)
Fred Adams	-0-	-0-	-0-	-0-
R. K. Looper	48,000/48,000	\$ 537,050E	-0-E/ -0-E	-0-E/ -0-E
Adolphus Baker	48,000/48,800	\$ 600,620E	16,000U/16,000U	196,800U/\$196,800U
B. J. Raines	48,000/48,000	\$ 583,670E	-0-E/ -0-E	-0-E/ -0-E
Jack Self	32,000/32,000	\$ 397,970E	16,000U/16,000U	196,800U/\$196,800U
		\$ 397,970U	-0-E/ -0-E	-0-E/ -0-E
			8,000U/8,000U	98,400U/\$98,400U

Equity Compensation Plan Information

Plan Category	Number of shares to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of shares remaining available for future issuance under equity compensation plans
	Equity compensation plans approved by security holders	330,800	\$ 1.695
Equity compensation plans not approved by security holders	0	0	0
Total	330,800	\$ 1.695	0

Employee Stock Ownership Plan

We maintain a payroll-based Employee Stock Ownership Plan. Pursuant to the ESOP, originally established in 1976, all full time employees over age 21 with one or more years of service, participate. Its assets, which currently consist primarily of Common Stock of the Company, are managed by a trustee designated by the Board. Contributions by us may be made in cash or shares of Common Stock, as determined by the Board of Directors. Employee contributions are not permitted. Company contributions generally may not exceed 15% of the aggregate annual compensation of participating employees. Contributions are allocated to the accounts of participating employees in the proportion which each employee's compensation for the year bears to the total compensation (up to \$150,000 per employee) of all participating employees subsequent to January 1, 2002. Company contributions vest immediately upon the commencement of an employee's participation in the ESOP.

Shares of Common Stock held in an employee's account are voted by the ESOP trustee in accordance with the employee's instructions. An employee or his or her beneficiary is entitled to distribution of the balance of his or her account upon termination of employment. Our contributions to the ESOP amounted to approximately \$1,755,000 in calendar year 2003. For calendar year 2003, our contributions to the ESOP on behalf of each of the executive officers named in the Summary Compensation Table were: Fred R. Adams, Jr. \$8,879, Richard K. Looper \$8,879, Adolphus B. Baker \$8,879, Bobby J. Raines \$8,879, and Jack Self \$8,879.

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1993 Stock Option Plan

Our 1993 Amended and restated Stock Option Plan was adopted on May 25, 1993, and amended and restated on October 10, 1996. This Plan was approved by our shareholders on May 25, 1993. A total of 1,000,000 shares (post split) of our common stock was reserved for issuance under this Plan.

Inasmuch as ten years have passed since the adoption of this Plan, by its terms no more options may be granted thereunder.

The exercise price for shares of stock subject to options under the Plan cannot be less than 100% of fair market value of our common stock on the date of grant of the options. The shares under this plan are subject to adjustment to prevent dilution. There are currently options outstanding under this Plan for a total of 93,000 shares. All must be exercised within ten (10) years of grant. The exercise prices are from \$1.975 to \$2.165 (reflects stock split).

Shares subject to the 1993 Plan have been registered under the Securities Act of 1933.

1999 Stock Option Plan

Our 1999 Stock Option Plan was adopted on April 15, 1999, and approved by the shareholders on October 11, 1999. Under the 1999 Plan, 1,000,000 shares of Common Stock were reserved for issuance upon the exercise of options that could be granted under the 1999 Plan. Options granted under the 1999 Plan are accompanied by tandem stock appreciation rights (SARs). Options for 1,000,000 shares were awarded in December 13, 1999 by the Board of Directors and can be either incentive stock options (ISOs) to satisfy the requirements of § 422 of the Internal Revenue Code (the Code), or non-statutory options (NSOs) which are not intended to satisfy such requirements.

Under the 1999 Plan, the exercise price per share for any option granted may not be less than 100% of the fair market value of the common stock on the date of the grant. The number and kind of shares subject to an option and the option exercise price may be adjusted in certain circumstances to prevent dilution. The method of payment of an option exercise price will be as determined by the Board of Directors and as is set forth in the individual stock option agreements. SARs may be exercised in addition to or in lieu of the related stock option.

The options presently outstanding, all of which are held by employees, including executive officers and executive officers who are also directors, are for a total of 1,000,000 shares granted on December 13, 1999, at an exercise price of \$1.50 per share and must be exercised no later than ten years after grant. Options for approximately 128,000 shares previously issued were surrendered by departing employees and have been reissued at exercise prices ranging from \$1.975 per share to \$2.094 per share. Shares subject to the 1999 Plan have been registered under the Securities Act of 1933. All share information reflects stock split.

Savings and Retirement Plan

Since 1985, we have maintained a defined contribution savings and retirement plan (the Retirement Plan), which is designed to qualify under Sections 401 (a) and 401 (k) of the Code. An employee is eligible to participate in the Retirement Plan on or after having attained age 21 and after one year of full time service. The Retirement Plan is administered by us and permits covered employees to contribute up to the maximum allowed by the IRS regulations. Highly compensated employees may be subject to further limitations on the amount of their maximum contribution. We may make discretionary contributions matching each employee s pre-tax contributions. At the present time, we do not make discretionary contributions. The Retirement Plan is intended to comply with the Employee Retirement Income Security Act of 1974, as amended.

Participating employees are at all times 100% vested in their account balances under the Retirement Plan. Benefits are paid at the time of a participant's death, retirement, disability, termination of employment, and, under limited circumstances, may be withdrawn prior to the employee's termination of service. Contributions are not taxable to employees until such funds are distributed to them.

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Employment Agreements

We have entered into certain incentive compensation continuation agreements with Bobby J. Raines and Jack Self. Pursuant to the agreements, each executive officer may earn up to ten years of compensation payments if he remains with us until age 65. If the officer's employment ends before his 65th birthday, he would be entitled to fewer years of incentive compensation payments, depending on the length of time served as an officer. The incentive compensation payments are made monthly, beginning immediately after the officer's 65th birthday, at the annual rate of \$50,000 per year for Messrs. Looper and Raines and \$20,000 per year for Mr. Self. The Agreements provide that once payments begin or have been earned, any remaining payments will continue to be made to the officer's estate after his death.

Mr. Looper had earned ten years of incentive compensation payments under his agreement. Mr. Looper began receiving his payments on December 1, 1991 and payments ceased on November 1, 2001, and he does not accrue additional benefits under his agreement. Mr. Raines has earned seventeen years and will earn an additional year for each year worked thereafter until his retirement. Mr. Self has earned nineteen years and will earn an additional year for each year worked thereafter until his retirement.

Director Compensation

The Company's non-employee directors are each entitled to receive \$10,000 annually as compensation for their services as a director and have been granted options to purchase Common Stock under the 1993 Plan and may be granted options under the 1999 Plan. Options to purchase 24,000 shares of Common Stock at a price of \$2.165 per share were granted on October 15, 1996 to each of W. D. (Jack) Cox and R. Faser Triplett, the then non-employee directors of the Company. Ms. Hughes was granted options to purchase 24,000 shares of common stock at a price of \$2.125 on May 1, 2003. All options expire ten years after grant. Directors also may be compensated for any services performed in addition to their normal duties as a director of the Company. Employee-directors receive no additional compensation for their services as directors of the Company. For services rendered during fiscal year 2001 relative to the Company's then contemplated going private transaction, Messrs. Cox and Triplett and Ms. Hughes each received an additional payment of \$10,000. As members of the Special Committee which considered the recently terminated going private transaction, such directors received an additional \$10,000 fee each. Share information reflects stock split.

Compensation Committee Interlocks and Insider Participation

In October 1996, the Board of Directors established a Compensation Committee. As indicated above, the members of the Committee are Fred R. Adams, Jr., Chairman of the Board of Directors and Chief Executive Officer, and W. D. (Jack) Cox and R. Faser Triplett, M.D., independent directors of the Company. Only Mr. Adams is an employee of the Company.

Report of Compensation Committee

The compensation of the officers of the Company is determined by the Compensation Committee in consultation with the Executive Committee of the Board of Directors. The Compensation Committee consists of Messrs. Cox, Triplett and Adams, while the Executive Committee consists of Messrs. Adams, Looper, Baker and Raines.

The compensation of all officers consists of two components, a base salary and a bonus. The bonus which may be received by officers, other than members of the Executive Committee, is determined by a formula set forth in the Company's Bonus Program. The maximum bonus which an officer is entitled to receive is computed by taking his salary on the first day of the then fiscal year, adding his bonus from the previous year, and dividing by 2. This is the theoretical maximum that an officer may receive.

Other than officers who are members of the Executive Committee, of the maximum bonus payable, 50% of that bonus is predicated on the officer's individual performance and 50% is predicated on the profitability of the Company. If the Company achieves a pre-tax profit equal to 5 cents per dozen eggs produced by the Company, the officer will receive the entire profitability component of his bonus. If the Company achieves profitability at a pre-tax level less than 5 cents per dozen eggs produced, the profitability component of the bonus will be reduced proportionately. For example, if the Company earned a pre-tax profit of 2.5 cents per dozen eggs produced, the officer would be entitled to receive only one-half of the profitability component of his bonus.

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The performance component of his bonus is determined by the Compensation Committee upon recommendation by the Executive Committee. The Executive Committee evaluates the respective responsibilities and performance of each officer, and based on their evaluation of that officer's performance, a recommendation as to what percentage of his performance component should be given is given to the Compensation Committee. An officer's total bonus is the sum of the profitability component and the bonus component.

Officers who are members of the Executive Committee are not eligible to participate in the established bonus program. While members of the Executive Committee also receive a base salary which is subjectively established by the Compensation Committee, they are also eligible to receive a bonus in addition to their salary. The amount of their bonus, if any, is determined exclusively by the Compensation Committee. In determining the bonus, if any, to be paid to members of the Executive Committee, the Compensation Committee takes into consideration the performance of the Company, its profitability, and the individual contributions of the members of the Executive Committee. No formula is utilized in computing such bonuses.

The base compensation and bonuses available to all officers is intended by the Company to place the Company generally in the center of the compensation range paid to comparable employees in similar industries, with particular emphasis upon commodity-based companies such as egg producers, marketers, poultry producers, processors and distributors.

The overwhelming majority of businesses in the industry of the Company are privately held and, therefore, compensation information is not readily available. However, the general ranges of compensation within such industry are generally well known within the industry, and the Compensation Committee believes that the salaries and bonuses paid to the Company officers fall within the middle of the range being paid. It is the philosophy of the Company neither to pay the highest nor the lowest salaries or bonuses.

Fred R. Adams, Jr.
R. Faser Triplett, M.D.
W.D. Cox

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COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
AMONG CAL-MAINE FOODS, INC., THE NASDAQ STOCK MARKET (U.S.) INDEX
AND THE NASDAQ NON-FINANCIAL INDEX

* \$100 invested on 5/31/99 in stock or index-
including reinvestment of dividends.
Fiscal year ending May 31.

Table of Contents**INDEPENDENT AUDITORS**

The firm of Ernst & Young, LLP has served as our independent auditor since fiscal year 1989. In connection with the audit for fiscal 2004, the Audit Committee contracted with Ernst & Young, LLP to perform audit services for the Company in fiscal 2003 and fiscal 2004. Representatives of Ernst & Young, LLP are expected to be present at the annual meeting and will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Fees

The fee paid to Ernst & Young during fiscal year 2003 and 2004 were:

Fee	Amount	Percent of Total Payments
Audit Fees (2003)	\$70,000	95
Audit Fees (2004)	\$73,500	36
Audit Related Fees (2003)	\$ 4,000	5
Audit Related Fees (2004)	\$ -0-	0
Tax Fees (2003)	\$ -0-	0
Tax Fees (2004)	\$54,720	26
Other Fees (2003)	\$ -0-	0
Other Fees (2004)	\$78,500	38

Fees for audit services include fees associated with the annual audit and the reviews of the Company's quarterly reports on Form 10-Q. Audit-related fees principally included employee benefit plan audits and internal control reviews in fiscal 2003 and 2004, and accounting consultations in fiscal 2003 and 2004. Tax fees included tax compliance, tax advice and tax planning in 2004. Other fees in 2004 are for accounting consultations for the Company's abandoned going private transaction and equity offering.

SHAREHOLDER PROPOSALS

Shareholder proposals for the 2005 Annual Meeting must be received in writing by the Company no later than June 1, 2005, which is 120 days prior to the date on which we plan to mail proxy materials relating to that meeting, to be considered for inclusion in the Company's proxy materials for the 2005 Annual Meeting, if needed. Shareholder proposals should be addressed to Cal-Maine Foods, Inc., Post Office Box 2960, Jackson, Mississippi 39207, Attention: Secretary. No shareholder proposals were received for inclusion in the proxy materials for the 2004 meeting.

OTHER MATTERS

The Board of Directors is not aware of any other matters which may come before the meeting. However, if any other matters are properly brought before the meeting, the proxies in the enclosed proxy will vote in accordance with their best judgment on such matters.

Holders of common stock are urged to complete, sign and date the accompanying proxy card and return it in the enclosed envelope. No postage is necessary if the proxy card is mailed in the United States.

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INCORPORATION BY REFERENCE

The accompanying Annual Report on Form 10-K contains the audited balance sheets of the Company at May 29, 2004 and May 31, 2003 and related consolidated statements of operations, stockholder equity, and cash flows for fiscal years ended May 29, 2004, May 31, 2003 and June 1, 2002. Such financial statements are incorporated herein by reference.

By order of the Board of Directors,

/s/ BOBBY J. RAINES

Bobby J. Raines
Secretary

Jackson, Mississippi
September 3, 2004

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**PROXY
CAL-MAINE FOODS, INC
THIS PROXY IS BEING SOLICITED BY THE COMPANY S BOARD OF DIRECTORS.**

The undersigned hereby appoints Fred R. Adams, Jr. and Bobby J. Raines, or either of them, as proxies with the power to appoint their substitutes and hereby authorizes them to represent and vote, as designated below, all the shares of Common Stock of Cal-Maine Foods, Inc. (the Company), held of record by the undersigned on August 27, 2004, at the Annual Meeting of Stockholders of the Company, to be held on October 6, 2004, and at any adjournment thereof, with all powers the undersigned would possess if personally present.

1. Election of Directors (Check only one box below. **To withhold authority for any individual nominee, strike through the name of nominee.**)

To vote for all the nominees listed below:
Fred R. Adams, Jr., Richard K. Looper, Adolphus B. Baker, Bobby J. Raines, James E. Poole, Faser Triplett, M.D. and Letitia C. Hughes

OR

To withhold authority to vote for all nominees listed above.

OR

To allocate your votes among nominees for director utilizing cumulative voting, indicate the number of votes for each director opposite the name of each nominee.

- | | |
|--|---|
| <input type="radio"/> Fred R. Adams, Jr. | <input type="radio"/> James E. Poole |
| <input type="radio"/> Richard K. Looper | <input type="radio"/> R. Faser Triplett, M.D. |
| <input type="radio"/> Adolphus B. Baker | <input type="radio"/> Letitia C. Hughes |
| <input type="radio"/> Bobby J. Raines | |

Please refer to the Proxy Statement for a discussion of cumulative voting.

2. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting and any adjournments thereof. If a nominee for director is unable to serve or, for good cause, will not serve as director, the proxies may vote for any person for director in their discretion.

When properly executed, this proxy will be voted in the manner directed. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL THE NOMINEES LISTED IN PROPOSAL NO. 1. The undersigned hereby revokes any proxy heretofore given by the undersigned to vote at the Annual Meeting. This proxy may be revoked prior to its exercise, either in person or in writing.

Signature

Signature if held jointly

(Date) _____, 2004

1. Sign your name exactly as it appears on the label.
2. When signing as attorney, executor, administrator, trustee, or guardian, please state full title as such.
3. If a corporation, please sign in full corporate name by president or other authorized officer.
4. If a partnership, please sign in partnership name by authorized person.
5. When shares are held jointly, both stockholders must sign this proxy.

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY USING THE ENCLOSED

POSTAGE-PAID ENVELOPE.

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**PROXY
CAL-MAINE FOODS, INC.
THIS PROXY IS BEING SOLICITED BY THE COMPANY S BOARD OF DIRECTORS.**

The undersigned hereby directs the Trustee of the Cal-Maine Foods, Inc. Employee Stock Ownership Plan to vote all the shares of Common Stock of Cal-Maine Foods, Inc. (the Company), held for the account of the undersigned in the Plan on August 27, 2004 at the Annual Meeting of the shareholders of the Company, to be held on October 6, 2004, and at any adjournments thereof as follows:

1. Election of Directors (Check only one box below. **To withhold authority for any individual nominee, strike through the name of nominee.**)

To vote for all the nominees listed below:
Fred R. Adams, Jr., Richard K. Looper, Adolphus B. Baker, Bobby J. Raines, James E. Poole, R. Faser Triplett, M.D., and Letitia C. Hughes.

OR

To withhold authority to vote for all nominees listed above.

OR

To allocate your votes among nominees for director utilizing cumulative voting, indicate the number of votes for each director opposite the name of each nominee.

- | | |
|--|---|
| <input type="radio"/> Fred R. Adams, Jr. | <input type="radio"/> James E. Poole |
| <input type="radio"/> Richard K. Looper | <input type="radio"/> R. Faser Triplett, M.D. |
| <input type="radio"/> Adolphus B. Baker | <input type="radio"/> Letitia C. Hughes |
| <input type="radio"/> Bobby J. Raines | |

Please refer to the Proxy Statement for a discussion of cumulative voting.

2. The Trustee is authorized to vote upon such other business as may properly come before the meeting and any adjournments thereof. If a nominee for director is unable to serve or, for good cause, will not serve as director, the Trustee may vote for any person for director in their discretion.

When properly executed, this proxy will be voted in the manner directed. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL THE NOMINEES LISTED IN PROPOSAL NO. 1. The undersigned hereby revokes any proxy heretofore given by the undersigned to vote at the Annual Meeting. This proxy may be revoked prior to its exercise, either in person or in writing.

Signature

Signature if held jointly

(Date) _____, 2004

1. Sign your name exactly as it appears on the label.
2. When signing as attorney, executor, administrator, trustee, or guardian, please state full title as such.
3. If a corporation, please sign in full corporate name by president or other authorized officer.
4. If a partnership, please sign in partnership name by authorized person.
5. When shares are held jointly, both stockholders must sign this proxy.

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY USING THE ENCLOSED

POSTAGE-PAID ENVELOPE.