

CAL MAINE FOODS INC

Form DEF 14A

August 28, 2008

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Cal-Maine Foods, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction: OMB APPROVAL

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1) Amount Previously Paid:

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**CAL-MAINE FOODS, INC.
NOTICE OF ANNUAL MEETING
OCTOBER 2, 2008**

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 11:00 a.m. (Local Time), on Thursday, October 2, 2008, 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. Amendment of the Certificate of Incorporation to provide for payment of equal dividends on Common Stock and Class A Common Stock on a per share basis.
3. Resolution proposed by The Humane Society of the United States concerning maintaining laying hens in cages.
4. Such other matters as may properly come before the Annual Meeting or any adjournments thereof.

August 14, 2008 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

TIMOTHY A. DAWSON
SECRETARY

DATED: August 28, 2008

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 2, 2008**

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 2, 2008, at 11:00 a.m., local time, at our headquarters, 3320 Woodrow Wilson Drive, Jackson, Mississippi. A copy of our Annual Report to Shareholders for the fiscal year ended May 31, 2008, 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: Timothy A. Dawson, 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 August 28, 2008. Shareholders of record at the close of business on August 14, 2008, are eligible to vote at the Annual Meeting. As of the record date, 21,329,091 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;

§ **for** the proposed amendment to the Certificate of Incorporation of the Company;

§ **against** the resolution proposed by The Humane Society of the United States; 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.

Amendment to the Certificate of Incorporation requires a vote of the majority of the shares of the Common Stock represented at the annual meeting and 66-2/3 percent of the Class A Common Stock.

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 1, 2008, by:

each person known by us to beneficially own more than five percent 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.

Common Stock and Class A Common Stock

Name of Beneficial Owner(2)	Number of Shares(1)		Percent of Class		Percent of Total Voting Power (3)
	Common	Class A	Common	Class A	
Fred R. Adams, Jr. (4)(5)	7,226,433	1,951,294	33.8	81.3	58.9
Cal-Maine Foods, Inc.					
Employee Stock Ownership Plan	1,451,851		6.8		3.2
Richard K. Looper (6)	59,759		*		*
Adolphus B. Baker (7)	374,347	448,706	1.7	18.7	10.7
R. Faser Triplett, M. D.	92,000		*		*
Letitia C. Hughes	30,000		*		*
James E. Poole	100		*		*
Timothy A. Dawson (8)	8,604		*		*
Kenneth Paramore	6,000		*		*
Charles J. Hardin (9)	22,546		*		*
All directors and executive officers as a group (nine persons) (10)	7,819,789	2,400,000	36.5	100	70.1

* **Less than 1 percent**

(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 P. O. Box 5167, Jackson, Mississippi 39096; Dr.

Triplett's address
is 210 Winged
Foot Circle,
Jackson,
Mississippi
39211;
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.

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- (4) The number of shares shown in the table includes 877,749 shares of Common Stock owned by Mr. Adams spouse separately and as to which Mr. Adams disclaims beneficial ownership. Additionally 180,476 shares of Class A Common stock and 239,114 shares of common stock are held in family trusts, to which Mr. Adams disclaims beneficial ownership.
- (5) Includes 452,517 shares accumulated under the Cal-Maine Foods, Inc. Employee Stock Ownership Plan (ESOP).
- (6) Includes 10,101 shares accumulated under the ESOP and 794 owned by Mr. Looper s spouse as to which he disclaims

beneficial
ownership.

- (7) Includes 73,957 shares owned by Mr. Baker's spouse separately and as custodian for their children as to which Mr. Baker disclaims any beneficial ownership and 58,108 shares accumulated under the ESOP.
- (8) Includes 604 shares accumulated under the ESOP.
- (9) Includes 11,546 shares accumulated under the ESOP.
- (10) Includes shares as to which Messrs. Adams, Looper and Baker disclaim any beneficial ownership. See Notes (4), (6) and (7) above.

The shares of common stock accumulated in the ESOP, as indicated in Notes (5) through (8) above, also are included in the 1,451,851 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 presently serve as directors of the Company.

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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	76	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 Vice Chairman of the Board of Directors and Director	81	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. He has served as a director of the Company since 1982.
Adolphus B. Baker (1) President, Chief Operating Officer and Director	51	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 and is past chairman of American Egg Board, United Egg Producers, Mississippi Poultry Association and Egg Clearinghouse, Inc. Presently Mr. Baker is a director of Trustmark Corporation, Jackson, Mississippi. Mr. Baker is Mr. Adams' son-in-law.
James E. Poole (2)(3) Director	59	Mr. Poole is a Certified Public Accountant and a principal with Grantham & Poole of Jackson, Mississippi. He has been a director of the Company since October 18, 2004.
R. Faser Triplett, M.D. (2)(3) Director	75	R. Faser Triplett, M.D. has served as a director of the Company since September 1996. Dr. Triplett is a retired physician and a retired Assistant Professor at the University of Mississippi School of Medicine.
Letitia C. Hughes (2) Director	56	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 Corporation, the parent of Trustmark National Bank.

Timothy A. Dawson (1)
Vice President, Chief Financial Officer and
Director

54 Mr. Dawson joined the Company on August 1, 2005 and was elected Vice President and Chief Financial Officer effective as of that date. He has served as a director since October 13, 2005. He is Secretary and Treasurer of the Company. Mr. Dawson served as Senior Vice President and Chief Financial Officer of Mississippi Chemical Corporation from 1999 until the sale of that company to Terra Industries in December 2004.

(1) Member of the
Executive
Committee

(2) Member of the
Audit
Committee

(3) Member of the
Compensation
Committee

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The Company's executive officers serve 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 a 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 four regular and no special meetings in the fiscal year ended May 31, 2008. The Executive Committee of the Board presently consists of Messrs. Adams, Baker and Dawson. The Board also has a Compensation Committee consisting of Messrs. Adams, Poole and Triplett, and an Audit Committee consisting of Mr. Poole, Dr. Triplett and Ms. Hughes. The Board does not have a nominating committee. 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 an agreement of merger or consolidation, the recommendation to stockholders of the 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, no formal meetings of the Executive Committee were held, and the Committee, pursuant to Delaware law, took action by unanimous written consent on ten occasions. The full Board of Directors acted by written consent on two 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 2008.

The Audit Committee, which is composed of three independent directors, meets with management, internal auditors, and the Company's independent auditors to determine the adequacy of internal controls, to recommend auditors for the Company and other financial matters. The Audit Committee held four regular and no special meetings during fiscal 2008.

With the exception of Dr. Triplett each member of our Board of Directors attended 75 percent or more of the total meetings of the Board and all committees of the Board on which he or she served during fiscal 2008. Dr. Triplett missed three meetings of the Board of Directors and two meetings of the Audit Committee of the Board of Directors. 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. With the exception of Dr. Triplett, all Directors attended the meeting of shareholders held on October 11, 2007.

The independent directors of the Company met in executive session without any representatives of management being present on at least one occasion during fiscal 2008.

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 is attached as Appendix A. 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.

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The Committee reviewed with Moore, Stephens Frost, 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.

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 31, 2008, for filing with the Securities and Exchange Commission.

All members of the Audit Committee are deemed by the Board of Directors to be financial experts.

James E. Poole, 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 approved 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 fifty percent 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 58.9 percent of the total voting power. Accordingly, the Company is exempt from those 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. At least one such meeting was held during fiscal 2008.

NASDAQ qualitative listing standards require companies to adopt a code of business conduct and ethics applicable to all directors, officers and employees that complied with certain provisions in the Sarbanes-Oxley Act of 2002. The Board of Directors adopted a code on April 14, 2004. Our Code of Ethics is posted on our web site.

The 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 2008, no related party transactions took place.

Additional NASDAQ listing standards approved by the Securities and Exchange Commission 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. Our Audit Committee is in compliance with these standards.

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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, Dawson 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 percent 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 31, 2008, all Section 16(a) reports applicable to its directors and executive officers were filed.

Certain Transactions

The Company owns approximately 25.9 percent of the non-voting stock of Egghand's Best, Inc. (Egghand's Best), a specialty egg marketing firm. During the fiscal year ended May 31, 2008, the Company paid approximately \$10,992,600 to Egghand's Best for merchandising services. Adolphus B. Baker, President and director of the Company, is a director of Egghand's Best.

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COMPENSATION DISCUSSION AND ANALYSIS

We are the only publicly held company in the United States, insofar as we can determine, whose primary business is the commercial production, processing, and sale of shell eggs. While a few of our competitors are divisions of public companies, in each such case the shell egg division does not constitute the primary business of the company.

Accordingly, there is little, if any, public information available relative to the compensation paid by our competitors. It is our intent to compensate our employees at a level that will appropriately reward them for their performance, minimize the number of employees leaving our employment because of compensation issues, and enable us to attract needed talent as our business expands. Even though we have not lost many management level employees to our competitors, we believe our management is not the highest paid management group in the egg business. Our philosophy is to provide compensation to our management that falls in the upper middle range of industry compensation.

As more than 50 percent of our voting stock is owned by members of the Adams family, we are a controlled company as defined in Rule 4350(c)(5) of the NASDAQ Rules. As such, we are not required to have the compensation of our named executive officers determined by a majority of our independent directors or a Compensation Committee composed entirely of the independent directors. However our independent directors, who constitute two of the three members of the Compensation Committee, do play a significant role in determining the compensation of our named executive officers. We divide our executive officers into two categories for compensation purposes. The first are members of the Executive Committee of our Board of Directors which is composed of Messrs. Adams, Baker and Dawson. The compensation of the members of the Executive Committee is primarily determined by the Executive Committee which submits its recommendation to the Compensation Committee for approval. The compensation for other executives or officers, including named executive officers not members of the Executive Committee, is determined by the Compensation Committee.

Elements of Compensation

Our total compensation package which we provide to each of our named executive officers consists of a base salary, a cash bonus, equity compensation, automobiles, company paid insurance and dues. Additionally, the named executive officers participate in deferred compensation plans and are eligible for an enhanced health plan.

Bonus Plans

The named executive officers, with the exception of Messrs. Adams, Baker and Dawson who are members of the Executive Committee, are covered by our general bonus program. Under the general bonus program the named executive officers have the possibility of receiving a bonus equal to a maximum 50 percent of his base salary. Each year we establish performance objectives for each operating region. Half of a named executive officer's bonus is predicated on our profitability, and the remaining half is primarily determined by his region's performance evidenced by feed conversion rates, rate of lay of eggs, dozens of eggs marketed, and similar performance based criteria utilized by us in running our business.

For members of our Executive Committee the bonus program is essentially subjective, rather than utilizing objective criteria. The Executive Committee agrees on bonuses for its members which are then given as a recommendation to the Compensation Committee for final approval. Normally, the Compensation Committee accepts the Executive Committee's recommendation. The most significant item in determining the amount of Executive Committee's bonus is the profitability of our Company.

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Year to year variations in the level of compensation for our named executive officers result primarily from changes in bonuses and other compensation other than base salary such as stock options and stock appreciation rights. Their salaries remain relatively fixed with modest increases from time to time. A primary variable factor in the named executive officers' compensation is the value of the shares of our stock in relation to which the officer has options. On occasion during the recent past, the compensation of some of the named executive officers attributable to stock options and stock appreciation rights has exceeded their base salary and bonus.

The tables which follow give details as to the compensation of each of our named Executive Officers.

General Matters

None of our named executive officers has an employment contract.

Mr. Hardin and Mr. Paramore each participate in the Deferred Compensation Plan described below.

In December 2006 our Board adopted a Deferred Compensation Plan under which all our officers are eligible to participate. The Plan will establish an account for each officer selected by the Board. Each year the Board may elect to make a contribution for each participant ranging from zero to whatever the Board determines. Each participant's account will be credited with investment earnings equal to a fund selected by the Board to serve as an index. At the time of initial participation, each participant must elect how he wishes his account to be distributed to him. All contributions to each officer's account will vest when made. The Board will determine what contributions, if any, will normally be made during December of each year.

Mr. Adams does not participate in any stock option, stock appreciation, deferred compensation, or similar plans. The remainder of our named executive officers do participate in our 1993 and 2005 stock option plans, and in our 2005 Stock Appreciation Rights Plan that is settled in cash rather than shares of our common stock.

No named executive officer is entitled to receive any severance or change in control payment.

We do not have any pension plan but we do have an Employee Stock Ownership Plan (ESOP) to which we contribute an amount not less than 3 percent of the participant's base salary and bonus. All employees, including our named executive officers, are members of the ESOP. We also sponsor an elective 401(k) plan, but we make no contributions directly to the 401(k) plan on behalf of the participants. All of our named executive officers have elected to have 401(k) plans.

Each of our named executive officers participates in an enhanced health plan pursuant to which we reimburse the participating officer for any eligible health expense not covered by our primary health plan, up to \$10,000 per calendar year.

We have recently implemented a plan under which officers who meet minimum tenure qualifications will be provided health coverage after their retirement. The coverage we provide will be secondary to their Medicare coverage.

Each of our executive officers named in the table below is provided one automobile for which we pay the operating and maintenance costs. In addition to an automobile, Mr. Adams is provided a pickup truck.

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Name and Principal Position (a)	Fiscal Year (b)	Salary (\$) (c)	Bonus (\$) (d)	Stock Awards (\$) (e)	Option Awards (\$) (f)	Non-Equity Incentive Compensation (\$) (g)	Change in Pension Value and Deferred Non-qualified Earnings (\$) (h)	All Other Compensation (\$) (i)	Total (\$) (j)
Fred R. Adams, Jr. CEO	2008	250,000	250,000	-0-	-0-	-0-	-0-	228,597	728,597
Adolphus B. Baker, COO	2008	223,461	215,000	-0-	-0-	-0-	-0-	749,711	1,188,172
Timothy A. Dawson, CFO	2008	167,230	163,000	-0-	-0-	-0-	-0-	260,295	590,525
Kenneth Paramore, Vice President	2008	99,299	87,332	-0-	-0-	-0-	-0-	362,910	549,541
Charles J. Hardin, Vice President	2008	85,751	122,980	-0-	-0-	-0-	-0-	473,674	682,405

Mr. Adams' other compensation included life insurance premiums in the amount of \$201,507 on policies where members of his family are beneficiaries, country club dues of \$5,061, contributions to the ESOP for his account of \$7,357 and medical reimbursements in the amount of \$14,672.

Mr. Baker's other compensation includes country club dues of \$11,746, insurance of \$7,122, automobile reimbursement of \$546, ESOP contributions of \$7,357, medical reimbursements in the amount of \$9,360, and deferred compensation of \$38,700.

Mr. Dawson's other compensation includes \$7,460 for personal use of an automobile, country club dues of \$5,061, insurance premium of \$1,613, medical reimbursement of \$5,364 and ESOP contribution of \$7,357, and deferred compensation of \$29,340.

Mr. Paramore's other compensation includes \$780 for personal use of an automobile, \$17,613 deferred compensation, \$65,117 for exercise of SARs, ESOP contribution of \$7,357, and medical reimbursements of \$10,260.

Mr. Hardin's other compensation includes \$63,349 for exercise of SARs, deferred compensation of \$15,210, \$10,541 medical reimbursement, automobile reimbursement of \$726, and ESOP contribution of \$7,357.

Mr. Hardin and Mr. Paramore were not, at the end of fiscal 2008, nor are they now, executive officers of the Company. They are included in this table and in the table below as required by disclosure requirements applicable to highly compensated non-executive officers.

Compensation attributable to option exercise is shown in the table on page 12.

PLAN BASED AWARDS

No named executive officer received any plan based compensation during fiscal 2008.

Table of Contents**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

Name (a)	Option Awards				Option Expiration Date (f)	Stock Awards			
	Number of Securities Underlying Unexercised Options (#) (b)	Of Securities Underlying Unexercised Options (#) (c)	Of Securities Underlying Unexercised Options (#) (d)	Equity Incentive Plan Awards: Number Of Securities Underlying Unexercised Options (#) (e)		Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested (\$) (h)	Of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)	Equity Incentive Plan Awards: or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) (j)
Fred R. Adams, Jr., CEO	-0-	-0-	-0-	N/A	N/A	-0-	-0-	-0-	-0-
Adolphus B. Baker, COO	-0-	48,000	-0-	5.93	8-17-2015	N/A	N/A	N/A	N/A
Timothy A. Dawson, CFO	6,000	24,000	-0-	5.93	8-17-2015	N/A	N/A	N/A	N/A
Kenneth Paramore, Vice President	-0-	18,000	-0-	5.93	8-17-2015	N/A	N/A	N/A	N/A
Charles J. Hardin, Vice President	-0-	18,000	-0-	5.93	8-17-2015	N/A	N/A	N/A	N/A

OPTION EXERCISES AND STOCK VESTED

Option Awards	Stock Awards
Number of Shares Acquired on	Number of Shares Value Realized

Name (a)	Exercise (#) (b)	On Exercise (\$) (c)	Acquired on Vesting (#) (d)	On Vesting (\$) (e)
Fred R. Adams, Jr., CEO	-0-	-0-	-0-	-0-
Adolphus B. Baker, COO	32,000	674,880	-0-	-0-
Timothy A. Dawson, CFO	10,000	204,100	-0-	-0-
Kenneth Paramore, Vice President	11,400	261,783	-0-	-0-
Charles J. Hardin, Vice President	17,400	376,491	-0-	-0-

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Table of Contents**PENSION BENEFITS**

No named executive officer participates in any pension plan.

DIRECTOR COMPENSATION

Name (a)	Fees Earned or Paid in Cash	Gain on Exercise of Stock Appreciation Rights	Option Awards	Non-Equity Incentive Plan	Change in Pension Value and Nonqualified Deferred Earnings	All Other Compensation	Total
	(\$) (b)	(\$) (c)	(\$) (d)	(\$) (e)	(\$) (f)	(\$) (g)	(\$) (h)
R. Faser Triplett, M.D.	20,000	-0-					