



## Cal-Maine Foods, Inc. Announces Agreement With Company's Founder's Family

February 25, 2025

### Also Announces New \$500 Million Share Repurchase Program

#### *Announces Potential Transition to Non-Controlled Company*

RIDGELAND, Miss.--(BUSINESS WIRE)--Feb. 25, 2025-- Cal-Maine Foods, Inc. (NASDAQ: CALM) ("Cal-Maine Foods" or the "Company") today announced that it has entered into an agreement with members of the family of its founder Fred R. Adams, Jr., relating to the potential diversification of their individual financial portfolios. As discussed below, the agreement creates a process for the potential conversion of all of their super voting Class A Common Stock ("Class A Shares") to Cal-Maine Foods' Common Stock ("Common Shares"). Should the conversion occur, all the Company's shares would be a single class, with one vote per share. Because the family-owned controlling stockholder owns all of the Company's super voting shares, converting those shares into Common Shares would cause the controlling stockholder's voting power to fall from 53.2% to 12.0%, although its economic interest in the Company would remain unchanged at 12.0%. The potential diversification could result in the Company ceasing to be a "controlled company" pursuant to the rules of The Nasdaq Stock Market. The timing and manner of these potential diversification transactions have not been decided. The Board of Directors (the "Board") has taken the steps described below to position the Company for the potential loss of controlled company status.

The Company also announced that its Board has approved a new share repurchase program which authorizes repurchases of up to \$500 million of Cal-Maine Foods' Common Stock. The actual timing, value and manner of share repurchases will be determined by management in its discretion. The Company expects to strategically and opportunistically repurchase shares from time to time in the open market, subject to market conditions and other factors.

As described below, the Company has granted registration rights to the family members to facilitate the sale of Common Shares in the open market, should they decide to sell their shares. It is also possible that the Company could use a portion of its new share repurchase program to repurchase some of the family members' Common Shares as part of the family's portfolio diversification efforts. Any repurchases from the family members would require approval from the Special Committee of the Board described below.

Sherman Miller, President and Chief Executive Officer of Cal-Maine Foods, added, "Our share repurchase program underscores our continued confidence in the strength of our business and future cash flow generation, as well as our commitment to returning capital to our valued shareholders. We enjoy a strong cash balance and strong balance sheet. Our management and Board are continually evaluating opportunities to deploy our cash in a manner to achieve the best value for our stockholders. The share repurchase program provides us with another tool to achieve that objective."

### Agreement with Founder's Family

Cal-Maine Foods has entered into an Agreement Regarding Conversion (the "Conversion Agreement") with DLNL, LLC ("Daughters' LLC") and its members (the "Members"), who include Mr. Adams' four daughters and Adolphus B. Baker, Board Chair (and Mr. Adams' son-in-law). The Conversion Agreement was unanimously approved and recommended to the Board by a special committee consisting solely of independent directors.

Daughters' LLC holds 4.8 million shares of the Class A Shares, representing 100% of the outstanding Class A Shares. The Class A Shares have ten votes per share and are convertible on a share-for-share basis into Common Shares, which have one vote per share. Generally, the Class A Shares automatically convert to Common Shares upon transfer to persons not related to the family.

The outstanding Class A Shares currently represent approximately 52.0% of the Company's total voting power. In addition to the Class A Shares, Daughters' LLC also holds approximately 1.1 million Common Shares, bringing the total voting power of the shares held by Daughters' LLC to approximately 53.2%.

The Members have advised the Company that they are potentially interested in selling all or a portion of the Common Shares held by Daughters' LLC, including shares that would be issued upon conversion of its Class A Shares. The Members indicated that they were willing to work with the Company towards achieving a smooth transition. Before giving effect to any potential sales, if Daughters' LLC were to convert all of its Class A Shares into Common Shares, Daughters' LLC's total voting power would decline from 53.2% to 12.0% of the voting power of the Company's then-outstanding Common Shares but there would be no impact on Daughters' LLC's economic interest in the Company, which would remain at 12.0%.

Pursuant to the Conversion Agreement, Daughters' LLC has agreed not to convert any Class A Shares into Common Shares until after the effectiveness of the Restated Charter (as defined below). Daughters' LLC has also agreed that if it converts any Class A Shares into Common Shares, it will simultaneously convert all (but not less than all) Class A Shares into Common Shares (the "Class A Conversion"). The Conversion Agreement does not require Daughters' LLC to convert any Class A Shares or to sell any shares.

If the Class A Conversion does occur, the Company would have a single class of common stock outstanding with one vote per share, resulting in the following benefits to stockholders:

- A reduction in the concentration of voting power
- Simplification of the Company's equity capital structure
- Better alignment of the voting rights and economic interests of all stockholders
- Broader appeal of the Company's shares to investors, many of which prefer single voting class common stock structures

The Conversion Agreement grants registration rights to the Members, but those rights do not become effective until after the Class A Conversion occurs. The registration rights expire on (1) the 12-month anniversary of the date of the Class A Conversion or (2) December 31, 2026, whichever is earlier.

In connection with the approval of the Conversion Agreement, the Board unanimously approved the adoption of the Company's Third Amended and Restated Certificate of Incorporation (the "Restated Charter"), which was approved by Daughters' LLC by majority written consent in lieu of a meeting of stockholders. The Restated Charter will become effective upon filing with the Secretary of State of the State of Delaware (the "Delaware Secretary of State"). The Board also amended and restated the Company's bylaws to align them with the Restated Charter. The amended and restated bylaws will become effective when the Restated Charter becomes effective. Because Daughters' LLC has approved the Restated Charter by majority written consent, no further stockholder action is required at this time.

Among other things, the Restated Charter divides the Board into three classes of directors serving staggered three-year terms. Cal-Maine Foods expects the term of the first class of directors to expire at the 2025 annual meeting of stockholders.

The Board plans to establish a fully independent Nominating and Corporate Governance Committee, and the independent directors will appoint a lead independent director, to be effective upon the effectiveness of the Restated Charter.

Dolph Baker, Board Chair of Cal-Maine Foods, stated, "I am confident in the future of the Company, its strategy and its management team. The decisions to consider diversifying our family's individual financial portfolios are personal decisions made in connection with our own respective financial and estate planning efforts. The Board has asked me to remain as executive Board Chair at least through the Company's 2027 annual meeting of stockholders, and I look forward to working with our Board and management as we continue to successfully execute our strategy."

Miller stated, "These arrangements will provide the Company with stability of governance and management during its transition from controlled to non-controlled company status and facilitate the Members' portfolio diversification in an orderly manner in compliance with legal requirements. Since 1986, Dolph Baker has contributed to the tremendous growth and success of Cal-Maine Foods. We are pleased that he will remain executive Board Chair at least through our 2027 annual meeting, and we will continue to benefit from his deep understanding of the Company's operations, depth and breadth of experience and continued poultry industry engagement."

### **\$500 Million Share Repurchase Program**

The share repurchase program authorizes Cal-Maine Foods, in management's discretion, to repurchase up to \$500 million of Common Shares from time to time, subject to market conditions and other factors. The actual timing, number and value of shares repurchased under the program will be determined by management in its discretion and will depend on a number of factors, including, but not limited to, the market price of Common Shares and general market and economic conditions.

Share repurchases under the program may be made from time to time through solicited or unsolicited transactions in the open market, in privately negotiated transactions or by other means in accordance with securities laws. The Company expects that share repurchases under the program will be funded from one or a combination of existing cash balances and future free cash flow. The share repurchase program does not obligate Cal-Maine Foods to repurchase any specific amount of shares, does not have an expiration date, and may be suspended, modified or discontinued at any time without prior notice.

### **Additional Information and Where To Find It**

The Company intends promptly to file a preliminary Information Statement with the U.S. Securities and Exchange Commission (the "SEC") regarding the Restated Charter and related matters. The Restated Charter will become effective upon filing with the Delaware Secretary of State, which the Company expects to occur on or promptly after the 20th calendar day following the distribution of the definitive Information Statement to stockholders.

Because the Restated Charter has been approved by the Board and by the stockholder vote required by law, the Company will not be soliciting proxies or holding a meeting of stockholders to consider the Restated Charter.

Additional details regarding the Conversion Agreement, the Restated Charter and related matters are contained in a Form 8-K

filed by the Company with the SEC contemporaneously with the issuance of this press release and will also be contained in the Information Statement. Investors may obtain copies of all documents filed by Cal-Maine with the SEC, free of charge, at the SEC's website, [www.sec.gov](http://www.sec.gov) or at Cal-Maine Food's website at [www.calmainefoods.com/sec-filings](http://www.calmainefoods.com/sec-filings).

## **About Cal-Maine Foods**

Cal-Maine Foods is primarily engaged in the production, grading, packaging, marketing and distribution of fresh shell eggs, including conventional, cage-free, organic, brown, free-range, pasture-raised and nutritionally enhanced eggs. The Company, which is headquartered in Ridgeland, Mississippi, is the largest producer and distributor of fresh shell eggs in the nation and sells most of its shell eggs throughout the majority of the United States.

## **Forward Looking Statements**

*Statements contained in this press release that are not historical facts are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. The forward-looking statements are based on management's current intent, belief, expectations, estimates and projections regarding our Company and our industry. These statements are not guarantees of future performance and involve risks, uncertainties, assumptions and other factors that are difficult to predict and may be beyond our control. The factors that could cause actual results to differ materially from those projected in the forward-looking statements include, among others, (i) the risk factors set forth in Part I Item 1A Risk Factors of our Annual Report on Form 10-K for the year ended June 1, 2024, as well as those included in other reports we file from time to time with the SEC (including our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K), (ii) the occurrence of any event, change or other circumstances that could give rise to the Board's decision to abandon the Restated Charter or to the termination of the Conversion Agreement, (iii) the effect of the announcement of the Conversion Agreement on the Common Shares' trading price, the ability of the Company to retain and hire key personnel and maintain relationships with its customers and suppliers, and on the Company's operating results and business generally, (iv) the impact on the Common Shares' trading price of the sale or marketing, or potential sale or marketing, of a significant number of Common Shares as part of the family's portfolio diversification, (v) the risks and hazards inherent in the shell egg business (including disease, pests, weather conditions, and potential for product recall), including but not limited to the current outbreak of HPAI affecting poultry in the U.S., Canada and other countries that was first detected in commercial flocks in the U.S. in February 2022 and that first impacted our flocks in December 2023, (vi) changes in the demand for and market prices of shell eggs and feed costs, (vii) our ability to predict and meet demand for cage-free and other specialty eggs, (viii) risks, changes, or obligations that could result from our recent or future acquisition of new flocks or businesses and risks or changes that may cause conditions to completing a pending acquisition not to be met, (ix) risks relating to changes in inflation and interest rates, (x) our ability to retain existing customers, acquire new customers and grow our product mix, (xi) adverse results in pending litigation matters, and (xii) global instability, including as a result of the war in Ukraine, the conflicts in Israel and surrounding areas and attacks on shipping in the Red Sea. Readers are cautioned not to place undue reliance on forward-looking statements because, while we believe the assumptions on which the forward-looking statements are based are reasonable, there can be no assurance that these forward-looking statements will prove to be accurate. Further, forward-looking statements included herein are only made as of the respective dates thereof, or if no date is stated, as of the date hereof. Except as otherwise required by law, we disclaim any intent or obligation to update publicly these forward-looking statements, whether because of new information, future events, or otherwise.*

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