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EACO CORP
Form DEF 14A
April 27, 2005

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

Schedule 14A
Proxy Statement under Section 14(a)
of the Securities Exchange Act of 1934

Filed by the Registrant [X]
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))
 [X] Definitive Proxy Statement
 [] Definitive Additional Materials
 [] Soliciting Material Pursuant to ss. ss. 240.14a-12

EACO CORPORATION
(Name of Registrant as Specified in its Charter)

not applicable
(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- [X] 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 in which the filing fee is calculated and state how it was determined).

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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- (1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

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(4) Date Filed:

EACO CORPORATION
2113 Florida Boulevard
Neptune Beach, Florida 32266

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 2005 Annual Shareholders' Meeting of EACO Corporation to be held at the Quality Suites, 11 First Street North, Jacksonville Beach, Florida 32250, on Thursday, June 23, 2005 at 10:00 a.m. for the purpose of:

1. electing Directors; and
2. transacting such other business as may properly come before the meeting.

The Board of Directors has fixed the close of business on May 18, 2005 as the record date for determining shareholders entitled to vote at the meeting. Only shareholders of record at the close of business on that date will be entitled to vote at the meeting.

The vote of every shareholder is important. Whether or not you plan to attend the meeting, please complete the enclosed proxy and return it promptly so that your shares will be represented. Sending in your proxy will not prevent you from voting in person at the meeting.

Glen F. Ceiley
Chairman of the Board

Date: May 19, 2005

EACO CORPORATION
2113 Florida Boulevard
Neptune Beach, Florida 32266

PROXY STATEMENT
for
2005 ANNUAL MEETING OF SHAREHOLDERS

General Information

The solicitation of the enclosed proxy is made by and on behalf of the Board of Directors of EACO Corporation (the "Company") to be used at the 2005 Annual Meeting of Shareholders (the "Annual Meeting"), which will be held at the Quality Suites, 11 First Street North, Jacksonville Beach, Florida, 32250, at 10:00 a.m. on Thursday, June 23, 2005. The principal executive offices of the Company are located at 2113 Florida Boulevard, Neptune Beach, Florida 32266. The approximate mailing date of this Proxy Statement is May 20, 2005.

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The proxy may be revoked at any time before it is exercised by giving notice of revocation to the Secretary of the Company. The shares represented by proxies in the form solicited by the Board of Directors will be voted at the Annual Meeting. Where a choice is specified with respect to a matter to be voted upon, the shares represented by the proxy will be voted in accordance with such specification. If no choice is specified, such shares will be voted as hereinafter stated in this Proxy Statement.

Record Date and Voting Securities

The Board of Directors has fixed the close of business on May 18, 2005 as the record date for determination of shareholders entitled to vote at the Annual Meeting. Holders of the Company's common stock, par value \$0.01 per share (the "Common Stock") as of May 18, 2005 will be entitled to one vote for each share held, with no shares having cumulative voting rights. No other class of the Company's securities is entitled to vote at the meeting. As of April 20, 2005, the Company had outstanding 3,881,901 shares of Common Stock.

Voting Procedures

Under Florida law and the Amended and Restated Bylaws of the Company (the "Bylaws"), a majority of shares of the Common Stock entitled to vote, represented by person or proxy, constitutes a quorum at a meeting of shareholders.

If less than a majority of the outstanding shares are represented at the Annual Meeting, a majority of the shares so represented may adjourn the Annual Meeting without further notice.

Security Ownership of Certain Beneficial Owners and of Management

The table set forth below presents certain information regarding beneficial ownership of the Company's Common Stock (the Company's only voting security), as of April 20 2005, by (i) each shareholder known to the Company to own, or have the right to acquire within sixty (60) days, more than five percent (5%) of the Common Stock outstanding, (ii) each named executive officer and director of the Company, and (iii) all officers and directors of the Company as a group.

Name of Beneficial Owner -----	Amount of Common Stock Beneficially Owned (1) -----	Percent of Class (2) -----
Edward B. Alexander	21,600	*
Stephen Catanzaro	19,113	*
Glen F. Ceiley (3)	2,410,985	62.1%
Jay Conzen	41,113	1.1%
William L. Means	16,113	*

All Executive Officers and Directors as a group	2,508,924	64.6%

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* Less than 1%

(1) Included in such beneficial ownership are shares of Common Stock which may be acquired immediately or within 60 days of April 20, 2005 upon the exercise of certain options; Edward B. Alexander, 21,600 shares; Jay Conzen, 25,000 shares; and all executive officers and directors as a group, 46,600 shares.

(2) The percentages represent the total of the shares listed in the adjacent column divided by the issued and outstanding shares of Common Stock as of April 20, 2005, plus any stock options or warrants exercisable by such person within 60 days of April 20, 2005.

(3) Based on information set forth by Mr. Ceiley in response to a questionnaire from the Company on March 16, 2005, Glen F. Ceiley, President and a director of Bisco, owns 1,913,443 shares, individually; Zachary Ceiley, Mr. Ceiley's son, owns 1,300 shares; and the Bisco Industries Profit Sharing and Savings Plan (the "Bisco Plan") owns 496,242 shares. Mr. Ceiley has the sole power to vote and dispose of the shares of Common Stock he owns individually and the power to vote and to dispose of the shares owned by his son, Bisco and the Bisco Plan. The address for Mr. Ceiley and Bisco is 1500 North Lakeview Avenue, Anaheim, CA 92807.

Board of Directors and Standing Committees

The business of the Company is under the general management of a Board of Directors as provided by the Florida Business Corporation Act. In accordance with the Bylaws of the Company, which empower the Board of Directors to appoint such committees as it deems necessary and appropriate, the Board of Directors has appointed an Audit Committee and an Executive Compensation Committee.

Audit Committee: The Audit Committee's basic functions are to assist the Board of Directors in discharging its fiduciary responsibilities to the shareholders and the investment community in the preservation of the integrity of the financial information published by the Company, to maintain free and open means of communication between the Company's directors, independent auditors and financial management, and to ensure the independence of the independent auditors. The Board of Directors has adopted a written charter for the Audit Committee which was attached as an Appendix to the Company's Definitive Proxy Statement for the 2004 Annual Meeting of Shareholders. Currently, the members of the Audit Committee are Directors Catanzaro, Conzen and Means. The Audit Committee held one meeting during the fiscal year ending December 29, 2004. All members of the Audit Committee attended this meeting.

Audit Committee Financial Expert: The Company does not currently have an audit committee financial expert. The Company believes that the members of the Board of Directors have demonstrated that they are capable of analyzing and evaluating the Company's financial statements and understanding internal controls and procedures for financial reporting. In addition, the Company

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believes that retaining a director who would qualify as an audit committee financial expert would be costly and burdensome and is not warranted in the circumstances.

Audit Committee Pre-Approval Policies and Procedures: The Audit Committee is required to pre-approve all auditing services and permissible non-audit services, including related fees and terms, to be performed for the Company by its independent auditor, subject to the de minimus exceptions for non-audit services described under the Securities Exchange Act of 1934, which are approved by the Audit Committee prior to the completion of the audit. In 2004, the Audit Committee pre-approved all services performed for the Company by the auditor.

Financial Code of Ethical Conduct: The Company has adopted a financial code of ethics applicable to the Company's senior executive and financial officers. You may receive, without charge, a copy of the Financial Code of Ethical Conduct by contacting our Corporate Secretary at 2113 Florida Boulevard, Neptune Beach, Florida 32266.

Executive Compensation Committee: The Executive Compensation Committee administers the Company's stock option plans and is responsible for granting stock options to officers and managerial employees of the Company. It is also responsible for establishing the salary and annual bonuses paid to executive officers of the Company. The current members of the Executive Compensation Committee are Directors Ceiley and Means. The Executive Compensation Committee held one meeting during fiscal year 2004. All members of the Committee attended this meeting.

Board Meetings: The Board of Directors held four meetings during fiscal year 2004. Each member of the Board attended all four meetings. The Company does not have a policy with regard to directors' attendance at annual meetings of shareholders. None of the directors attended our 2004 Annual Meeting of Shareholders.

Nominating Committee: The Board of Directors does not have a Nominating Committee. Given the size of the Company and its resources, the Board believes that this is appropriate. Each director participates in the consideration of director nominees. The Board believes that having such a committee would not enhance the nomination process. The Company does not have a formal policy regarding the consideration of any director candidates recommended by shareholders or specific minimum qualifications for director nominees.

Communications to Board of Directors: The Board of Directors has established a process for shareholders to communicate with members of the Board of Directors. If you would like to contact the Board you can do so by forwarding your concern, question or complaint to the Company's Corporate Secretary at 2113 Florida Boulevard, Neptune Beach, Florida 32266.

Compensation Committee Interlocks and Insider Participation

Until 2004, Mr. Ceiley served as the Company's principal executive officer for execution of SEC reports and certifications,

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but did not participate in the day to day operations of the Company. He did not receive any compensation for his service as principal executive officer. Mr. Ceiley participated in related party transactions with the Company as described in "Certain Relationships and Related Transactions." Mr. Means is also a member of the Committee and is not currently nor has he ever been an employee of the Company, and has not participated in any related party transactions.

Director Compensation

None of the director nominees were employees of the Company during the fiscal year ended December 29, 2004. In order to attract and retain highly qualified directors through an investment interest in the Company's future success, the Company enacted, in 1985, a non-qualified Stock Option Plan for Non-Employee Directors (the "Directors' Plan"), which was used to compensate directors until January 2002. Due to the expiration of the Directors' Plan in 2002, the Company paid \$10,000 cash to each director in 2005 as compensation for their services.

In addition, directors who are not employees of the Company receive a fee of \$500 for each Board of Directors' meeting attended. No fees are awarded to directors for attendance at meetings of the Audit or Executive Compensation Committees of the Board of Directors.

Certain Relationships and Related Transactions

Mr. Ceiley is the Company's Chairman of the Board, and is also President of Bisco Industries, Inc. ("Bisco"). In June 2004, the Company sold 145,833 shares of its Common Stock directly to Bisco's Profit Sharing and Savings Plan for a total purchase price of \$175,000 in cash. In September 2004, the Company sold 36,000 shares of the Company's newly authorized Series A Cumulative Convertible Preferred Stock to Mr. Ceiley at a price of \$25 per share for a total purchase price of \$900,000 in cash. The Company obtained a fairness opinion from an investment banking firm for this transaction.

PROPOSAL 1: ELECTION OF DIRECTORS

The following provides certain information with respect to each of our directors all of whom are nominated for election at the 2005 Annual Meeting to serve as directors until the 2006 Annual Meeting and until their successors are elected and qualified. Mr. Catanzaro and Mr. Means were elected by the

shareholders at the 1999 Annual Meeting. Mr. Ceiley and Mr. Conzen were appointed to the Board in February 1998 and elected by the shareholders at the 1998 Annual Meeting. Should any one or more of the nominees become unavailable to accept nomination for election as a director, the enclosed proxy will be voted for such other person or persons as the Board of Directors may recommend, unless the Board reduces the number of directors.

Name	Business Experience and Age
Stephen Catanzaro	Controller of Allied Business Schools, Inc. since April 2004. Chief Financial Officer of

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V&M Restoration, Inc., a restoration company from September 2002 to February 2004. Chief Financial Officer of Bisco, a distributor of fasteners and components, from September 1995 to March 2002. Age 52.

Glen F. Ceiley Mr. Ceiley serves as Chairman of the Board of the Company. He has also been the President and Chief Executive Officer of Bisco since 1973. Mr. Ceiley is also a director of Data I/O Corporation, a publicly-held company engaged in the manufacturing of electronic equipment. Age 59.

Jay Conzen President of Old Fashioned Kitchen, Inc. since April 2003. Principal of Jay Conzen Investments (investment advisor) from October 1992 to April 2003. Consultant to the Company from August 1999 until January 2001 and from October 2001 to April 2003. Age 58.

William L. Means Vice President of Information Technology of Bisco since 2001. Vice President of Corporate Development of Bisco from 1997 to 2001. Age 61.

Vote Required

Under the Florida Business Corporation Act, directors are elected by a plurality of the votes cast. Therefore, abstentions and broker non-votes have no effect under Florida law.

The Board of Directors recommends a vote FOR the election of each of the nominees.

Executive Officers

The following person was an executive officer of the Company as of December 29, 2004:

Edward B. Alexander President of the Company since April 2003. He was Executive Vice President from September 1999 to April 2003, and was Chief Financial Officer of the Company from 1990 to April 2003. In addition, Mr. Alexander served on the Company's Board of Directors from May 1996 to July 1999. Certified Public Accountant since 1982. Age 46.

Significant Employee

Stephen C. Travis Director of Finance of the Company since May 2003. Controller of the Company from April 2002 to May 2003. Director of Finance for International Transport Logistics, Inc. from March 2001 to March 2002. Controller of Florida Rock Industries, Inc. from June 1999 to March 2001 and Vice President of Finance and Administration of WJCT, Inc. prior to June 1999. Certified Public Accountant since 1984. Age 49.

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There are no family relationships between any of the nominees and executive officers of the Company.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires certain officers of the Company and its directors, and persons who beneficially own more than ten percent of any registered class of the Company's equity securities, to file reports of ownership in such securities and changes in ownership in such securities with the Securities and Exchange Commission and the Company.

Based solely on a review of the reports and written representations provided to the Company by the above referenced persons, the Company believes that during 2004 all filing requirements applicable to its reporting officers, directors and

greater than ten percent beneficial owners were timely satisfied, except for one late filing of a Form 4 by directors Catanzaro, Conzen and Means, and two late filings of Form 4 by director Ceiley.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee has reviewed the audited financial statements of the Company for the year ended December 29, 2004, and has met with management and Deloitte & Touche LLP, the Company's independent auditors, to discuss the audited financial statements.

The Audit Committee received from Deloitte & Touche LLP written disclosures regarding their independence and the letter required by Independence Standards Board Standard No. 1, and has discussed with Deloitte & Touche LLP their independence. In connection with its review, the Audit Committee has also discussed with Deloitte & Touche LLP the matters required to be discussed by U.S. Auditing Standards Section 380 - Communications with Audit Committees.

The Audit Committee has discussed with Deloitte & Touche LLP the matters required to be discussed by SAS 61 (Certification of Statements on Auditing Standards) as modified or supplemented.

Based on its review and discussions with management and Deloitte & Touche LLP, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report to Shareholders for the year ended December 29, 2004.

Respectfully Submitted,

Jay Conzen, Chairman
Steve Catanzaro
William Means

Audit Fees

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The aggregate fees billed by Deloitte & Touche LLP ("Deloitte") for professional services rendered for the audit of the Company's annual financial statements for the fiscal years ended December 29, 2004 and December 31, 2003 and for the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q for those fiscal years were \$91,500 and \$71,500, respectively.

Audit-Related Fees

The aggregate fees billed by Deloitte for professional services rendered for audit-related fees for the fiscal years ended December 29, 2004 and December 31, 2003 were \$8,500 and \$8,000, respectively. These fees were billed for the performance of an audit of the Company's Employee Benefit (401k) Plan.

Tax Fees

The aggregate fees billed by Deloitte for professional services rendered for tax services for the fiscal years ended December 29, 2004 and December 31, 2003 were \$10,160 and \$9,500, respectively.

All Other Fees

The aggregate fees billed by Deloitte for services rendered to the Company, other than the services described above, for the fiscal years ended December 29, 2004 and December 31, 2003 were \$0 and \$1,000, respectively.

The Audit Committee has considered whether the provision of non-audit services is compatible with maintaining the principal accountant's independence.

REPORT OF THE EXECUTIVE COMPENSATION COMMITTEE

The Executive Compensation Committee (the "Committee"), currently consisting of Directors Ceiley and Means, uses the following objectives as guidelines for its executive compensation decisions: to provide a compensation package that will attract, motivate and retain qualified executives; to ensure a compensation mix that focuses executive behavior on the fulfillment of annual and long-term business objectives; and to create a sense of

ownership in the Company that causes executive decisions to be aligned with the best interests of the Company's shareholders.

The Company's compensation package in 2004 for its executive officers consisted of base salary and performance bonuses. The Committee determined salary levels for the Company's executive officers.

General Compensation Policies

In general, base salary levels are set at the minimum levels believed by the Company's executive officers to be sufficient to attract and retain qualified executives when considered with the other components of the Company's compensation structure.

The Committee adjusts salary levels for executive officers based on achievement of specific annual performance goals,

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including personal, departmental and overall Company goals depending upon each officer's specific job responsibilities. The Committee also uses its subjective judgment, based upon such criteria as the executive's knowledge of and importance to the Company's business, willingness and ability to accomplish the tasks for which he or she was responsible, professional growth and potential, the Company's operating earnings and an evaluation of individual performance, in making salary decisions. Compensation paid to executive officers in prior years is also taken into account. No particular weighting is applied to these factors.

The Committee may determine that the Company's financial performance and individual achievements merit the payment of annual bonuses. The Company instituted a bonus program for management of the Company beginning in 2003, based on a percentage of the earnings from operations of the Company.

The Committee determines stock option grants to the executive officers. The Committee determines annual stock option grants to other employees based on recommendations of the President. Stock options are intended to encourage key employees to remain employed by the Company by providing them with a long term interest in the Company's overall performance as reflected by the market price of the Company's Common Stock. No stock option grants were made in 2004.

The Committee will consider any federal income tax limitations on the deductibility of executive compensation in reaching compensation decisions and will seek shareholder

approval where such approval will eliminate any limitations on deductibility.

CEO Compensation

Mr. Alexander serves as President and Chief Operating Officer of the Company. His compensation consists of base salary and a performance bonus, which are approved by the Compensation Committee. Upon being promoted to President and Chief Operating Officer in April 2003, Mr. Alexander's base salary was set at \$125,500 based on several factors, including industry competitors for the position, the Company's size relative to such industry averages and the Company's historical and projected profitability. Effective April 2004, Mr. Alexander's salary was increased to \$129,400 based on the Company's profit performance versus other publicly-held restaurant companies, and considering increases in general cost of living.

The Compensation Committee has developed a performance incentive program based on a percentage of the Company's earnings from operations, paid quarterly and at year-end. In 2004, Mr. Alexander earned a total of \$19,555 under this program, a portion of which was paid in 2005.

Respectfully Submitted,

Glen F. Ceiley
William Means

EXECUTIVE PAY

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The summary compensation table below sets forth a summary of the compensation earned by the Company's named executive officers during fiscal years 2002, 2003 and 2004.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation		Long-Term Compensation	
		Salary (\$)	Bonus (\$) (2)	Securities Underlying Options	All Other Compensation (\$) (1)
Edward B. Alexander (3)	2004	\$125,950	\$19,555	-0-	\$1,514
President	2003	125,559	-0-	-0-	1,554
Chief Operating Officer	2002	116,203	-0-	-0-	1,509

Explanation of Columns:

- (1) All Other Compensation: All other compensation that does not fall under any of the aforementioned categories. Amounts shown are contributions to the Company's 401(k) Plan on behalf of Mr. Alexander to match a portion of his deferred contributions in 2004, 2003 and 2002. All amounts shown for Mr. Conzen represent consulting fees paid.
- (2) A portion of Mr. Alexander's bonus was earned in 2004, but paid in 2005.
- (3) Mr. Alexander is an employee-at-will of the Company and does not have an employment contract.

Option Grants

There were no options to purchase the Company's Common Stock granted to the named executive officers in 2004.

Option Exercises And Year-End Option Value

The following table sets forth information concerning the number and value of unexercised options to purchase the Company's Common Stock held by the named executives at fiscal year end.

Aggregated Option Exercises in Last Fiscal Year, and Year-End Option Value

Option	Shares Acquired On Exercise in 2004 (#)	Value Realized (\$)	Number of Securities Underlying Unexercised	Value of Unexercised In-The-Money
			Options at Fiscal Year End (#)	at Fiscal Year-End (\$)(1)
Edward B. Alexander	0	\$0	21,600/0	\$0/0

- (1) Market value of underlying securities at year end (\$.73 at December 29, 2004,

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the last trading day of the Company's fiscal year), minus the various exercise prices.

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN

The SEC requires a five-year comparison of stock price performance of the Company with both a broad equity market index and a published industry line-of-business index. The Company's total return compared with the NASDAQ Market Index and the Media General Restaurant Index is shown on the following graph.

This graph assumes that \$100 was invested on January 1, 1999 and all dividends were reinvested in the Company's Common Stock

and the other indices. Each of the indexes is weighted on a market capitalization basis at the time of each reported data point.

(Graph Omitted)

	12/29/1999	1/3/2001	1/2/2002	1/1/2003	12/31/2003	12/29/2005
EACO CORPORATION	\$100.00	75.00	100.00	49.00	80.00	73.00
RESTAURANTS	\$100.00	95.04	96.38	76.94	105.93	129.37
NASDAQ MARKET INDEX	\$100.00	62.85	50.10	34.95	52.55	56.97

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Audit Committee has not yet recommended to the Board of Directors an accounting firm to be engaged as independent auditor for the Company for 2005 but will do so at a later date. The firm Deloitte & Touche LLP, served as the independent accountant for the Company for the fiscal year ending December 29, 2004. That firm has served as the auditor for the Company since 1991. Representatives of Deloitte & Touche are expected to be present at the annual meeting of shareholders where they will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

OTHER MATTERS

The Board of Directors is not aware of any other matters to come before the meeting. If any other business should come before the meeting, the persons named on the enclosed proxy will have discretionary authority to vote such proxy in accordance with their best judgment.

Any other matter which may be considered at the Annual Meeting will be approved if the votes cast favoring the matter exceed the votes opposing the matter, unless a greater number of affirmative votes or voting by classes is required by Florida law or the Company's Articles of Incorporation. Therefore, abstentions and broker non-votes have no effect under Florida law.

SHAREHOLDER PROPOSALS

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Proposals of shareholders to be presented at the 2006 Annual Meeting of Shareholders must be received by the Company (addressed to the attention of the Secretary) not later than December 28,

2005 to be considered for inclusion in the Company's proxy materials relating to that meeting. To be submitted at the meeting, any such proposal must be a proper subject for shareholder action under the laws of the State of Florida, and must otherwise conform to applicable regulations of the Commission.

Excluding shareholder proposals to be included in the Company's proxy materials, a shareholder is required to comply with the Company's Bylaws with respect to any proposal to be brought before an annual meeting. The Bylaws generally require that each written proposal be delivered or mailed to and received by the Secretary of the Company at its principal executive office not less than sixty (60) days nor more than ninety (90) days prior to the anniversary date of the prior year's Annual Meeting, among other conditions. The notice must include certain additional information as specified in the Bylaws.

The Company may solicit proxies in connection with next year's Annual Meeting which confer discretionary authority to vote on any shareholder proposals of which the Company does not receive notice by March 15, 2006. Proposals should be sent to the Company's headquarters to the attention of the Corporate Secretary.

SOLICITATION OF PROXIES

This proxy is solicited by the Board of Directors of the Company. The cost of soliciting proxies will be borne by the Company. Following the original mailing of the proxy solicitation material, regular employees of the Company may solicit proxies by mail, telephone, facsimile and other electronic means. The Company may request brokerage houses and other nominees or fiduciaries to forward copies of its proxy material and Annual Report to beneficial owners of stock held in their names, and the Company will reimburse them for reasonable out-of-pocket expenses incurred with respect to such action.

DELIVERY TO SHAREHOLDERS SHARING ADDRESS

Only one Proxy Statement and Annual Report has been delivered to multiple shareholders sharing an address unless the Company has received contrary instructions from one or more of the shareholders. The Company will promptly deliver upon written or oral request a separate copy of this Proxy Statement or the Annual Report to a shareholder at a shared address to which a single copy

was sent. Shareholders residing at a shared address who would like to request an additional copy of the Proxy Statement or Annual Report now or with respect to future mailings (or to request to receive only one copy of the Proxy Statement or Annual Report if multiple copies are being received) may write or call the Company's Corporate Secretary at 2113 Florida Boulevard, Neptune Beach, FL 32266, (904) 249-4197.

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By Order of the Board of Directors

Glen F. Ceiley
Chairman of the Board

Date: May 19, 2005

EACO CORPORATION
2113 Florida Boulevard, Neptune Beach, Florida 32266
PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Patrick A. Fekula, and Edward B. Alexander (the "Proxy Agents"), and each of them individually, the attorneys, agents, and proxies of the undersigned with full power of substitution, to vote all of the shares of stock of EACO Corporation the "Company", owned by the undersigned on May 18, 2005 at the 2005 Annual Meeting of Shareholders of the Company, to be held at 10:00 a.m. on June 23, 2005 and any adjournment thereof, with all powers that the undersigned would possess if personally present, pursuant to the following directions:

(Continued and to be signed on the reverse side)

FOLD AND DETACH HERE

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED. NO DIRECTION IS GIVEN, THIS PROXY WILL BE VOTED FOR PROPOSALS 1 AND 2

Please mark here for Address Change or [] Comments SEE REVERSE SIDE

1. ELECTION OF DIRECTORS

Nominees:
01 Stephen Catanzaro,
02 Glen F. Ceiley
03 Jay Conzen, and
04 William L. Means

FOR all nominees listed (except as marked to the contrary) WITHHOLD AUTHORITY to vote for all nominees listed

[_] [_]

(To withhold authority to vote for any individual nominee, strike out that nominee's name.)

2. OTHER MATTERS

FOR Proxy Agents to vote in their discretion as to such other matters as may properly come before this meeting.

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AGAINST for Proxy Agents to vote in their discretion as to such other matters as may properly come before the meeting.

[] FOR [] AGAINST [] ABSTAIN

THE BOARD OF DIRECTORS RECOMMENDS A VOTE
FOR PROPOSALS 1 AND 2.

The undersigned hereby revokes any proxy heretofore given with respect to said Stock and acknowledges receipt of the Notice of Annual Meeting and Proxy Statement dated May 19, 2005.

Signature(s)

Title of Capacity

Dated -----, 2005

IMPORTANT: Please date this proxy and sign exactly as your name or names appear(s) hereon. If the shares are held jointly, signatures should include both names. Personal representatives, executors, guardians, and others signing in a representative capacity should give full title.

PLEASE RETURN PROMPTLY IN THE ACCOMPANYING ENVELOPE.

FOLD AND DETACH HERE