



Cal-Maine Foods, Inc. Issues Response to Texas Attorney General

April 24, 2020

JACKSON, Miss.--(BUSINESS WIRE)--Apr. 24, 2020-- Cal-Maine Foods, Inc. (NASDAQ: CALM) today issued the following response to a state of Texas lawsuit alleging that the Company has engaged in price-gouging during the COVID-19 pandemic:

Cal-Maine Foods strongly denies these allegations and will vigorously defend itself against the lawsuit.

Cal-Maine has not exploited this tragic national pandemic for gain. Cal-Maine Foods is the largest producer and distributor of fresh shell eggs in the United States and sells the majority of its shell eggs in states across the southwestern, southeastern, mid-western and mid-Atlantic regions. The Company's 3,490+ employees have worked hard during this crisis to meet increased consumer demand. In doing so, Cal-Maine Foods has not changed its longstanding approach to pricing. Any allegation to the contrary is simply not true.

There has always been great volatility in the egg pricing market. The COVID-19 pandemic caused a massive disruption in every sector of the economy, including the egg industry. Retail demand for eggs reached historically high levels and egg prices increased significantly in line with those demand trends. However, egg prices have since declined quickly to pre-COVID-19 levels.

The domestic egg market is intensely competitive and highly volatile even under normal market circumstances. For decades, like other egg producers, Cal-Maine Foods has priced egg sales based on a model utilizing independent, third-party market quotes published by Urner Barry, the leading provider of protein market news and information for the food industry. This market pricing methodology can be viewed at https://www.urnerbarry.com/Methodology/UB_Methodology_EGG_20191003.pdf. Since the mid-1800s, Urner Barry has been the standard medium through which buyers and sellers gauge fair market value across the supply chain. Importantly, the Urner Barry-based pricing model is mutually agreed to by our customers. Cal-Maine Foods has always been consistent in our pricing practices, whether we sell at a profit or a loss. Cal-Maine Foods has hewed to those practices and its longstanding customer agreements throughout the COVID-19 pandemic.

Egg prices can fluctuate on a weekly and even daily basis and are also subject to seasonal changes in demand. (See table on page 2 for recent egg prices). This is why egg buyers and sellers often refer to an industry benchmark service, such as Urner Barry, when negotiating pricing formulas. Much like other basic agricultural, oil and energy industries, the egg industry is subject to the balance of supply and demand and other natural market forces. The recent increase in the price of eggs is directly related to unprecedented retail demand, which also occurred during the peak Easter season when demand for eggs is typically high, not the result of price-gouging nor any other improper conduct by Cal-Maine Foods. The Company does not sell eggs directly to consumers or set retail egg prices.

Cal-Maine Foods is proud to have a large market presence in the State of Texas, with 12 production facilities and over 1,300 employees. We have enjoyed strong relationships in the Texas communities where we operate. We have made significant local investments in these communities and have created job opportunities for Texas citizens. We also have many loyal customers in Texas who look to Cal-Maine Foods as a trusted supplier of eggs. We are extremely grateful for these customers, and the favorable reputation we have earned in our Texas markets. Since 1958, Cal-Maine Foods has operated with honesty and integrity, and we will continue to follow these same guiding principles wherever we operate and deliver value to our customers and shareholders. We intend to defend our good name and prove that these allegations are without merit.

Urner Barry Southeast Region – U.S. Market Data for fiscal year 2020

The average market price thru 11 months is \$1.23 cents per dozen for Large Grade A eggs. The low price for the year was on May 30, 2019, at \$0.62 (62 cents) per dozen, or below break-even cost. The high price was \$3.18 per dozen on March 26, 2020.

Examples of egg price volatility:

August 1, 2019:	\$0.64
August 29, 2019:	\$1.29
September 19, 2019:	\$0.84
October 17, 2019:	\$0.85
November 21, 2019:	\$1.77
January 2, 2020:	\$0.97
January 16, 2020:	\$0.87

February 27, 2020:	\$1.13
March 26, 2020:	\$3.18
April 22, 2020:	\$1.16

About Cal-Maine Foods

Cal-Maine Foods, Inc. is primarily engaged in the production, grading, packing and sale of fresh shell eggs, including conventional, cage-free, organic and nutritionally enhanced eggs. The Company, which is headquartered in Jackson, Mississippi, is the largest producer and distributor of fresh shell eggs in the United States and sells the majority of its shell eggs in states across the southwestern, southeastern, mid-western and mid-Atlantic regions of the United States.

View source version on [businesswire.com](https://www.businesswire.com/news/home/20200424005552/en/): <https://www.businesswire.com/news/home/20200424005552/en/>

Max P. Bowman, Vice President and CFO
(601) 948-6813

Source: Cal-Maine Foods, Inc.