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Cal-Maine's 2009 fiscal year gets off to start, characterized by the effects of an earlier than normal Easter and feed price volatility.

Update:

NASDAQ: CALM \$37.90

CAL-MAINE FOODS



Projected price: \$ 67

The table egg laying hen population is at a four year low and should begin the seasonal add, which we believe will bring the USDA reported population back to roughly 283 million hens by late December.

Since the 2008 Easter holiday came along two weeks earlier than 2007, the seasonal price movements for eggs have had a corresponding shift two weeks to the left. The 2007 price low was in early June and the 2008 low was in late May. Egg prices should bottom out again over the next few weeks, followed by a rise in the first week of August that will bring us back to the mid June highs of \$1.20 to \$1.30 per dozen. We expect prices to again pull back during October before beginning the seasonal ascent to the \$1.60 to \$1.70 area during November and December. We believe that combined regional averages could reach as high as \$1.90 per dozen late in 2008 or early 2009. Corn prices have had a large spike and pull back during the current month in the midst of a volatile commodities market.

Cal-Maine will report its fourth quarter and full year 2008 earnings on Monday the 28th of July. This should result in earnings per share of \$1.25 and a dividend declaration of roughly 42 cents per share. We believe that the recent acquisition of Zephyr was made for cash and should be immediately accretive to CALM's earnings. Absent of acquisition costs, if any, Zephyr should add approximately 45 to 55 cents in earnings per share in 2009. The acquisition also adds to the companies specialty egg sales. Our adjustment in 4th quarter 2008 earnings is due mainly to a reduction in our prediction for specialty egg wholesale pricing during the quarter and a smaller reduction in average realized generic egg prices during the quarter. In the coming month we expect to gain information from CALM regarding trends and percentages in specialty egg pricing and revenues. We believe that we will continue to see similar to higher wholesale pricing for all regions and grades of eggs in 2008, with combined regional prices averaging 15% to 20% higher than 2007. We also note that there is an initiative on the California Ballot regarding caged farming which could have an outsized effect on the egg industry if passed.