

Egg Producer Agrees to Pay \$28 Million to Settle Price-Fixing Claims

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On July 23, 2013, Cal-Maine Foods Inc., the largest producer of fresh shell eggs in the U.S., announced that it had agreed to pay \$28 million to settlement the direct purchaser claims brought by plaintiffs in ***In re Processed Egg Products Antitrust Litigation***, 08-cv-2002 (E.D. Pa.). The direct purchaser plaintiffs alleged that Cal-Maine Foods and the other defendants engaged in a long-running scheme to limit egg supply in an effort to raise prices.

Cal-Maine Foods will be the third defendant to settle with the direct purchasers in this case. Defendants Sparboe Farms Inc. and Moark LLC previously settled the direct purchaser claims.

Cal-Maine Chairman, President, and CEO Dolph Baker said in a statement on Tuesday:

We remain confident that our conduct has at all times been lawful, appropriate and fair to our customers. The largest retailers and egg buyers in the country, including many of our customers, in fact, were fully aware of, and explicitly supported, the industry-wide animal welfare guidelines challenged in this litigation. And, the USDA was fully aware of, and explicitly supported, these animal welfare guidelines as well as all the other conduct the plaintiffs challenged. We were able to negotiate a settlement which would eliminate most of our exposure in the antitrust litigation against the Company for an amount that we believe is in the best interest of the shareholders, employees, customers and consumers. It significantly reduces the distraction, expense, exposure and inconvenience of protracted litigation and potentially multiple appeals, and allows us to focus on executing the long-term strategy of our business.

The terms of the settlement are subject to approval by the court following notice to all class members. The parties expect to file for preliminary approval of the settlement next week. The settlement does not affect the class actions filed on behalf of the indirect purchasers. Cal-Maine has stated that it intends to continue to defend the remaining cases and believes that it has strong defenses.

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